

**KANAKA BAR INDIAN BAND**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

# **KANAKA BAR INDIAN BAND**

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# Kanaka Bar Indian Band



## Kanaka Bar Indian Band

March 31, 2016

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Kanaka Bar Indian Band and all the information in this annual report for the year ended March 31, 2016 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Kanaka Bar Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the financial statements and recommends their approval. The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.

Patrick Molek  
Chief

July 27, 2016  
Date

Donna E. Vance  
Councillor

July 27, 2016  
Date

## INDEPENDENT AUDITORS' REPORT

### KANAKA BAR INDIAN BAND

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#### **Report on the financial statements**

We have audited the accompanying consolidated financial statements of Kanaka Bar Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Basis for qualified opinion**

Beginning April 1, 2009, generally accepted accounting principles for government entities required that the Band record the net value of tangible capital assets in its financial statements. The Band has not applied these new financial statement reporting standards. Because the Band did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Band and appropriate accumulated amortization and any impairment attributable to each of those assets, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year. Upon adoption of PS 1200 Financial Statement Presentation, the Band did not fully adopt all aspects of the standard as they relate to the aforementioned tangible capital assets as they have reported capital purchases and long-term debt payments as expenses and have failed to appropriately report depreciation as an expense.

## INDEPENDENT AUDITORS' REPORT (Continued)

### Opinion

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Kanaka Bar Indian Band as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.  
JULY 27, 2016

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION March 31, 2016

Statement 1

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	323,157	75,963
Restricted cash (Note 3)	72,215	355,952
Accounts receivable (Note 4)	186,908	517,172
Accounts receivable - renters	-	176,171
Accounts receivable - tobacco	-	32,052
Member loans receivable	-	11,063
Inventory	-	3,780
Due from related parties (Note 5)	2,532	131,831
Investment in All Nations Trust Company	11,220	11,220
	<b>596,032</b>	1,315,204
<b>LIABILITIES</b>		
Accounts payable (Note 6)	106,252	156,760
Due to related parties (Note 5)	20,613	17,409
Long-term debt (Note 7)	75,539	85,906
Investment in First Nation Controlled Entities (Note 8)	9,262,507	8,178,725
	<b>9,464,911</b>	8,438,800
<b>NET FINANCIAL DEBT</b>	<b>(8,868,879)</b>	(7,123,596)
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 1d, 9)	854,662	1,120,897
Prepaid expenses	12,249	-
	<b>866,911</b>	1,120,897
<b>MEMBERS' EQUITY (Note 10)</b>	<b>(8,001,968)</b>	(6,002,699)

APPROVED ON BEHALF OF  
THE KANAKA BAR INDIAN BAND

Patrick Mndey Chief

Donna E. Hance Councillor

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL DEBT For the year ended March 31, 2016

Statement 2

	2016 \$	2015 \$
<b>ANNUAL EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>(1,999,269)</b>	<b>(952,983)</b>
Acquisition of tangible capital assets	(95,146)	(518,587)
Disposition of tangible capital assets	304,520	-
Amortization of tangible capital assets	56,861	40,874
	<b>(1,733,034)</b>	<b>(1,430,696)</b>
Acquisition of prepaid asset	(12,249)	-
Use of prepaid assets	-	8,063
	<b>(12,249)</b>	<b>8,063</b>
<b>NET CHANGE IN NET FINANCIAL DEBT</b>	<b>(1,745,283)</b>	<b>(1,422,633)</b>
<b>NET FINANCIAL DEBT, BEGINNING OF THE YEAR</b>	<b>(7,123,596)</b>	<b>(5,700,963)</b>
<b>NET FINANCIAL DEBT, END OF THE YEAR</b>	<b>(8,868,879)</b>	<b>(7,123,596)</b>

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF OPERATIONS For the year ended March 31, 2016

Statement 3

	2016	2015
	\$	\$
<b>REVENUE</b>		
Indigenous and Northern Affairs Canada	491,507	547,926
Service Canada	-	1,484
Aboriginal Skills Employment & Training Services	80,348	-
Province of BC	185,920	66,684
First Nations Health Authority	189,598	312,393
Skeesht Health Society	-	91,628
Taxation	340,526	27,314
Kwoiek Creek Resources LP	15,221	565,342
Kwoiek Creek Resources Inc.	226,324	-
Miscellaneous	118,174	265,016
Union of BC Municipalities	127,307	61,239
Social Housing Fund	202,875	(57,231)
Capital Fund	95,146	518,587
Trust Fund	369,158	13,952
	<b>2,442,104</b>	2,414,334
<b>EXPENDITURES</b>		
Operating Fund		
Band Programs	1,522,400	1,226,554
Capital	66,331	331,360
Social Development	125,679	152,742
Health	129,618	112,418
Education	103,281	85,781
Economic Development	504,013	439,483
Social Housing Fund		
Operating and Replacement Reserve	198,768	10,213
Capital Fund	351,013	30,669
Trust Fund	356,489	-
	<b>3,357,592</b>	2,389,220
<b>ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES</b>	<b>(915,488)</b>	25,114
Enterprise Fund	(1,083,781)	(978,097)
<b>ANNUAL DEFICIT</b>	<b>(1,999,269)</b>	(952,983)
<b>OPENING EQUITY (DEFICIT)</b>	<b>(6,002,699)</b>	(5,049,716)
<b>EQUITY (DEFICIT) AT END OF YEAR</b>	<b>(8,001,968)</b>	(6,002,699)

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOW March 31, 2016

Statement 4

	2016	2015
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Excess (shortfall) of revenue over expenditures	(1,999,269)	(952,983)
Non-cash items:		
Share of income (loss) of First Nation Controlled Entities	1,537,452	978,097
Depreciation	56,861	40,874
Changes in non-cash operating net assets	473,927	211,663
	<b>68,971</b>	277,651
<b>FINANCING ACTIVITIES</b>		
Repayment of Social Housing and Capital Funds long-term debt	(10,368)	(10,205)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(95,146)	(518,587)
	<b>(95,146)</b>	(518,587)
<b>CHANGE IN CASH DURING YEAR</b>	<b>(36,543)</b>	(251,141)
<b>CASH, BALANCE BEGINNING OF YEAR</b>	<b>431,915</b>	683,056
<b>CASH, BALANCE END OF YEAR</b>	<b>395,372</b>	431,915
<b>REPRESENTED BY:</b>		
Cash	323,157	75,963
Restricted Cash	72,215	355,952
	<b>395,372</b>	431,915

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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### NOTE 1: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Consolidated Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Governments as recommended by the CPA Canada Public Sector Accounting Handbook.

#### a) Fund Accounting

The Kanaka Bar Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Kanaka Bar Indian Band maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation Administration.
- The Capital Fund which reports the capital assets of the First Nation, together with their related financing.
- The Social Housing Fund which reports the social housing assets of the First Nation, together with related activities.
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties
- The Enterprise Fund which reports the First Nation's investments in related entities.

#### b) Reporting Entity and Principles of Financial Reporting

The Kanaka Bar Indian Band reporting entity includes the Kanaka Bar Indian Band government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Kanaka Bar Indian Band Operating Fund
- Kanaka Bar Indian Band Social Housing Fund
- Kanaka Bar Indian Band Capital Fund
- Kanaka Bar Indian Band Trust Fund
- Kanaka Bar Indian Band Enterprise Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specified fund, transactions amongst the funds have not necessarily been eliminated on the individual schedules.

The following entities, which are owned and controlled by the Kanaka Bar Indian and not dependent on the First Nation for its continuing operations, are included in the summary financial statements using the modified equity method.

- Kanaka Bar Land and Resources Inc.
- Kanaka Bar Land and Resources Limited Partnership

#### c) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Summary Statement of Financial Position.

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2016

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### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### d) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

#### e) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### f) Long-term debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets.

#### g) Tangible Capital Assets

Tangible capital assets are expensed at the time of purchase and they are also capitalized at cost on the Balance Sheet.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity and Capital Assets.

Tangible capital assets are depreciated annually with a resulting reduction of equity in capital assets.

Tangible capital assets acquired as part of the Social Housing Fund and Enterprise Fund are recorded as assets of those funds.

#### h) Depreciation

Tangible capital assets are recorded and depreciated annually with a corresponding reduction in Equity in Capital Assets. Assets are depreciated over their expected useful life using the straight-line method at the following rates:

Domestic water systems	15 years straight-line
Equipment and furniture	5 years straight-line
Computer equipment	5 years straight-line
Software	5 years straight-line
Automobile	5 years straight-line
Buildings	20 years straight-line

Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated in an amount equal to the principal reduction of the mortgages.

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2016

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### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### i) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

#### j) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

#### k) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

### NOTE 2: ECONOMIC DEPENDENCE

Kanaka Bar Indian Band receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Kanaka Bar Indian Band and Indigenous and Northern Affairs Canada. It is expected that the agreement will be renewed on an annual basis.

The Band also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

### NOTE 3: RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is underfunded by \$2,648 (2015 - \$58,624)

Ottawa Trust Fund:

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2016	2015
	\$	\$
Replacement Reserve Fund - restricted cash	60,083	-
Ottawa Trust Funds - restricted cash	12,132	355,952
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	72,215	355,952
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2016

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### NOTE 4: ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
First Nations Health Authority	-	250,000
Aboriginal Salish Employment & Training	32,496	-
Canada Mortgage and Housing Corporation	-	34,408
Province of B.C.	24,839	56,045
Union of B.C. Municipalities	105,274	-
Skeesht Health Society	-	36,393
Stein Valley	-	81,879
Others	24,299	58,447
	<hr/>	<hr/>
	186,908	517,172
	<hr/>	<hr/>

### NOTE 5: DUE FROM (TO) RELATED PARTIES

	2016	2015
	\$	\$
Kanaka Land and Holdings Ltd.	2,432	-
Kwoiek Creek Resources Inc.	-	109,476
Siwash Watershed Resources Inc.	100	-
Fraser Canyon Tribal Administration	-	22,355
Kanaka Bar Land and Resources Limited Partnership	(100)	-
Skuppah Indian Band	(16,902)	(17,409)
Kanaka Bar Employment Services Ltd.	(3,611)	-
	<hr/>	<hr/>
	(18,081)	114,422
	<hr/>	<hr/>

The balances due from related parties are unsecured, non-interest bearing with no specific terms of repayment.

### NOTE 6: ACCOUNTS PAYABLE

	2016	2015
	\$	\$
Accounts payable - general	84,285	136,065
Wages and benefits payable	21,967	20,695
	<hr/>	<hr/>
	106,252	156,760
	<hr/>	<hr/>

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2016

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### NOTE 7: LONG-TERM DEBT

	2016 \$	2015 \$
All Nations Trust Company loan, payments of \$973.50 per month including interest at 1.62% per annum, maturing January 1, 2023, secured by a Ministerial Guarantee from Aboriginal Affairs & Northern Development Canada	<b>75,539</b>	85,906

### FUTURE PRINCIPAL REPAYMENTS

The estimated principal payments for the next five years are as follows:

	\$
2017	<b>10,536</b>
2018	<b>10,708</b>
2019	<b>10,883</b>
2020	<b>11,241</b>
2021 and beyond	<b>32,171</b>
	<hr/> <b>75,539</b> <hr/>

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2016

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### NOTE 8: INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	2016	2015
	\$	\$
<b>KWOIEK CREEK RESOURCES INC. (100%)</b>		
Shares	-	1
Accumulated equity (deficit) in earnings	-	(8,178,726)
	-	(8,178,725)
<b>KANAKA BAR LAND AND RESOURCES LIMITED PARTNERSHIP. (99%)</b>		
Units	100	-
Advances	453,956	-
Accumulated equity in earnings	(9,716,410)	-
	(9,262,354)	-
<b>KANAKA BAR LAND AND RESOURCES INC. (100%)</b>		
Units	1	-
Advances	-	-
Accumulated equity in earnings	(154)	-
	(153)	-
<b>TOTAL</b>	<b>(9,262,507)</b>	<b>(8,178,725)</b>

Financial information for the entity for year ending in 2016 is as follows:

	ASSETS	LIABILITIES	REVENUE	NET LOSS
	\$	\$	\$	\$
Year ended March 31, 2016				
Kanaka Bar Land and Resources Limited Partnership	238	9,262,745	(1,537,440)	(1,537,453)
Year ended March 31, 2016				
Kanaka Bar Land and Resources Inc.	1	(153)	(153)	(153)

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

### NOTE 9: TANGIBLE CAPITAL ASSETS

	Automotive	Buildings	Computer Equipment	Domestic Water Syst.	Equipment & Furniture	Land	Software	Social Housing	Total
<b>March 31, 2016</b>									
<b>Cost</b>									
Balance, beginning of year	313,725	439,847	27,214	818,443	81,827	468,036	22,500	357,832	<b>2,529,424</b>
Acquisitions	65,819	-	27,230	-	2,097	-	-	-	<b>95,146</b>
Disposals	-	-	-	-	-	(304,520)	-	-	<b>(304,520)</b>
Balance, end of year	379,544	439,847	54,444	818,443	83,924	163,516	22,500	357,832	<b>2,320,050</b>
Accumulated amortization									
Balance, beginning of year	282,513	62,316	26,388	818,443	64,788	-	10,250	143,829	<b>1,408,527</b>
Amortization	13,518	20,769	2,833	-	5,873	-	3,500	10,368	<b>56,861</b>
Disposals	-	-	-	-	-	-	-	-	-
Balance, end of year	296,031	83,085	29,221	818,443	70,661	-	13,750	154,197	<b>1,465,388</b>
Net Book Value of Tangible Capital Assets	<b>83,513</b>	<b>356,762</b>	<b>25,223</b>	-	<b>13,263</b>	<b>163,516</b>	<b>8,750</b>	<b>203,635</b>	<b>854,662</b>
<b>March 31, 2015</b>									
<b>Cost</b>									
Balance, beginning of year	280,245	268,490	27,214	818,443	73,797	163,516	22,500	357,832	<b>2,012,037</b>
Acquisitions	34,680	171,357	-	-	8,030	304,520	-	-	<b>518,587</b>
Disposals	(1,200)	-	-	-	-	-	-	-	<b>(1,200)</b>
Balance, end of year	313,725	439,847	27,214	818,443	81,827	468,036	22,500	357,832	<b>2,529,424</b>
Accumulated amortization									
Balance, beginning of year	280,245	44,974	25,728	818,443	59,089	-	6,750	133,624	<b>1,368,853</b>
Amortization	3,468	17,342	660	-	5,699	-	3,500	10,205	<b>40,874</b>
Disposals	(1,200)	-	-	-	-	-	-	-	<b>(1,200)</b>
Balance, end of year	282,513	62,316	26,388	818,443	64,788	-	10,250	143,829	<b>1,408,527</b>
Net Book Value of Tangible Capital Assets	<b>31,212</b>	<b>377,531</b>	<b>826</b>	-	<b>17,039</b>	<b>468,036</b>	<b>12,250</b>	<b>214,003</b>	<b>1,120,897</b>

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2016

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### NOTE 10: MEMBERS' EQUITY

	2016	2015
	\$	\$
<b>Restricted</b>		
Social Housing Fund	188,473	184,366
Trust Fund	12,132	355,952
Enterprise Fund	(9,251,287)	(8,167,505)
	<b>(9,050,682)</b>	<b>(7,627,187)</b>
<b>Unrestricted</b>		
Operating Fund	397,687	717,595
Capital Fund	651,027	906,894
	<b>1,048,714</b>	<b>1,624,489</b>
<b>TOTAL EQUITY</b>	<b>(8,001,968)</b>	<b>(6,002,698)</b>

### NOTE 11: SUBSIDY SURPLUS FUND

Under the terms of the agreement with Canada Mortgage & Housing Corporation (CMHC), excess federal assistance payments received may be retained in a subsidy surplus reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal.

### NOTE 12: COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

# **KANAKA BAR INDIAN BAND**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2016**

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### **NOTE 13: FINANCIAL INSTRUMENTS**

The First Nation's financial instruments consist of cash, accounts receivable, accounts payable and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

### **NOTE 14: SEGMENTED INFORMATION**

The Kanaka Indian Band is a government institution that provides a range of programs and services to its members, including band programs, capital projects, social development, health, education and economic development. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide.

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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### NOTE 14: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2016
<b>REVENUE</b>									
Indigenous and Northern Affairs Canada	242,638	25,000	98,537	74,082	-	51,250	-	-	491,507
Aboriginal Skills Employment & Training Services	80,348	-	-	-	-	-	-	-	80,348
Province of BC	1,104	-	-	-	-	184,816	-	-	185,920
First Nations Health Authority	-	(663)	-	-	190,261	-	-	-	189,598
Taxation	340,526	-	-	-	-	-	-	-	340,526
Kwoiek Creek Resources LP	15,221	-	-	-	-	-	-	-	15,221
Kwoiek Creek Resources Inc.	226,324	-	-	-	-	-	-	-	226,324
Miscellaneous	84,452	1,000	19,087	9,199	1,006	3,430	-	-	118,174
Union of BC Municipalities	-	-	-	-	-	127,307	-	-	127,307
Social Housing Fund	-	-	-	-	-	-	-	202,875	202,875
Capital Fund	-	-	-	-	-	-	95,146	-	95,146
Trust Fund	356,489	-	-	-	-	-	12,669	-	369,158
	1,347,102	25,337	117,624	83,281	191,267	366,803	107,815	202,875	2,442,104

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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### NOTE 14: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2016
<b>EXPENSES</b>									
Administration fees	1,354	-	2,005	-	-	-	-	1,725	<b>5,084</b>
Contracted services	89,302	2,148	-	2,250	2,340	217,368	-	-	<b>313,408</b>
Depreciation	-	-	-	-	-	-	351,013	10,368	<b>361,381</b>
Donations	-	-	-	-	-	-	-	176,171	<b>176,171</b>
Education	-	-	-	79,383	-	-	-	-	<b>79,383</b>
Equipment purchases	135,722	1,065	-	-	-	-	-	-	<b>136,787</b>
Honoraria	112,140	-	-	-	-	-	-	-	<b>112,140</b>
Insurance	29,644	-	-	-	-	-	-	2,200	<b>31,844</b>
Office and Miscellaneous	37,318	-	-	9	734	6,289	-	-	<b>44,350</b>
Other	346,517	1,966	22,582	2,718	48,758	121,669	1,440,270	5,394	<b>1,989,874</b>
Professional fees	202,636	60,541	569	1,500	-	36,456	-	2,390	<b>304,092</b>
Rent	673	-	-	-	-	-	-	-	<b>673</b>
Repairs and maintenance	27,444	-	-	8	-	644	-	520	<b>28,616</b>
Salaries and benefits	450,629	-	47,119	38,038	45,625	48,097	-	-	<b>629,508</b>
Social assistance program	-	-	40,985	-	-	-	-	-	<b>40,985</b>
Supplies	8,535	611	1,621	1,294	2,378	48,983	-	-	<b>63,422</b>
Telephone	8,351	-	-	-	-	-	-	-	<b>8,351</b>
Training	18,327	-	-	4,825	2,000	3,521	-	-	<b>28,673</b>
Travel	25,952	-	100	(407)	1,401	2,537	-	-	<b>29,583</b>
Utilities	9,743	-	10,698	-	45	-	-	-	<b>20,486</b>
Vehicle	18,113	-	-	-	-	18,449	-	-	<b>36,562</b>
	1,522,400	66,331	125,679	129,618	103,281	504,013	1,791,283	198,768	<b>4,441,373</b>
	(175,298)	(40,994)	(8,055)	(46,337)	87,986	(137,210)	(1,683,468)	4,107	(1,999,269)

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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### NOTE 14: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2015
<b>REVENUE</b>									
Indigenous and Northern Affairs Canada	209,016	48,636	105,438	97,989	-	86,847	-	-	547,926
Service Canada	1,484	-	-	-	-	-	-	-	1,484
Province of BC	14,184	-	-	-	-	52,500	-	-	66,684
Fraser Canyon Tribal Health Authority	-	250,000	-	-	62,393	-	-	-	312,393
Skeesht Health Council	-	-	-	-	91,628	-	-	-	91,628
Taxation	27,314	-	-	-	-	-	-	-	27,314
Kwoiek Creek Resources LP	565,342	-	-	-	-	-	-	-	565,342
Other	198,176	41,408	-	(9,696)	2,697	32,431	-	-	265,016
Union of BC Municipalities	-	-	-	-	-	61,239	-	-	61,239
Social Housing Fund	-	-	-	-	-	-	-	(57,231)	(57,231)
Capital Fund	-	-	-	-	-	-	518,587	-	518,587
Trust Fund	-	-	-	-	-	-	13,952	-	13,952
	1,015,516	340,044	105,438	88,293	156,718	233,017	532,539	(57,231)	2,414,334

# KANAKA BAR INDIAN BAND

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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### NOTE 14: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2015
<b>EXPENSES</b>									
Administration fees	5,000	-	18,057	6,027	-	-	-	1,669	<b>30,753</b>
Contracted services	30,855	17,340	-	-	367	101,798	-	-	<b>150,360</b>
Depreciation	-	-	-	-	-	-	30,669	10,205	<b>40,874</b>
Donations	871	-	-	-	1,000	-	-	-	<b>1,871</b>
Education	-	-	-	61,230	-	-	-	-	<b>61,230</b>
Equipment purchases	366,850	185,907	-	-	-	4,851	-	-	<b>557,608</b>
Honoraria	9,400	-	-	-	-	-	-	-	<b>9,400</b>
Insurance	38,183	-	-	-	-	-	-	2,200	<b>40,383</b>
Office and Miscellaneous	50,360	200	-	825	2,669	4,704	-	-	<b>58,758</b>
Other	59,237	35,493	-	4,927	29,535	5,982	978,097	(7,001)	<b>1,106,270</b>
Professional fees	307,327	4,287	-	-	-	10,272	-	2,620	<b>324,506</b>
Rent	4,382	980	-	-	-	-	-	-	<b>5,362</b>
Repairs and maintenance	20,516	45,950	-	-	-	1,145	-	520	<b>68,131</b>
Salaries and benefits	274,408	-	25,288	34,486	39,988	279,692	-	-	<b>653,862</b>
Social assistance program	-	-	108,811	-	-	-	-	-	<b>108,811</b>
Supplies	497	33,595	375	-	8,388	11,260	-	-	<b>54,115</b>
Telephone	10,729	7,068	-	629	-	1,955	-	-	<b>20,381</b>
Training	535	-	-	4,294	1,446	9,147	-	-	<b>15,422</b>
Travel	19,958	-	211	-	2,388	4,320	-	-	<b>26,877</b>
Utilities	4,604	540	-	-	-	-	-	-	<b>5,144</b>
Vehicle	22,842	-	-	-	-	4,357	-	-	<b>27,199</b>
	1,226,554	331,360	152,742	112,418	85,781	439,483	1,008,766	10,213	<b>3,367,317</b>
	(211,038)	8,684	(47,304)	(24,125)	70,937	(206,466)	(476,227)	(67,444)	(952,983)

# **KANAKA BAR INDIAN BAND**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2016**

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### **NOTE 15: CONTINGENT LIABILITIES**

The First Nation is contingently liable (with Kwoiek Creek Resources Ltd.) as the Covenantor of a term loan for Kwoiek Creek Resources Limited Partnership. The First Nation will be required to perform under the guarantee in the event that Kwoiek Creek Resources Limited Partnership is not able to make scheduled payments of interest and principal as they become due. The First Nation's maximum potential liability under the guarantee is \$3,100,000.