

KANAKA BAR INDIAN BAND
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017

KANAKA BAR INDIAN BAND

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Kanaka Bar Indian Band



Kanaka Bar Indian Band

March 31, 2017

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, 2017 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 Mitchell
Chief

July 20/2017
Date

Bobby Mitchell
Councillor

July 20/2017
Date

INDEPENDENT AUDITORS' REPORT

KANAKA BAR INDIAN BAND

To the Members of
Kanaka Bar Indian Band

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, 2017, 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 Consolidated 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.

INDEPENDENT AUDITORS' REPORT (Continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kanaka Bar Indian Band as at March 31, 2017, and the results of its operations, the changes in its net financial assets 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 20, 2017

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION March 31, 2017

Statement 1

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	2,339,569	323,157
Restricted cash (Note 4)	76,053	72,215
Accounts receivable (Note 5)	58,862	186,908
Accounts receivable - renters	1,300	-
Investment in All Nations Trust Company	11,220	11,220
Investment in First Nation Controlled Entities (Note 9)	1,637,264	1,267,799
	4,124,268	1,861,299
LIABILITIES		
Accounts payable (Note 7)	176,066	123,154
Due to related parties (Note 6)	8,307	1,179
Long-term debt (Note 8)	64,995	75,539
	249,368	199,872
NET FINANCIAL ASSETS		
	3,874,900	1,661,427
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 1d, 10)	3,582,434	3,543,953
Prepaid expenses	15,876	12,249
	3,598,310	3,556,202
MEMBERS' EQUITY (Note 11)		
	7,473,210	5,217,629

APPROVED ON BEHALF OF
THE KANAKA BAR INDIAN BAND

Patrick Mitchell Chief

Bobby Mitchell Councillor

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2017

Statement 2

	2017 \$	2016 \$
ANNUAL EXCESS OF REVENUE OVER EXPENDITURES	2,255,581	(382,820)
Acquisition of tangible capital assets	(172,309)	(95,146)
Disposition of tangible capital assets	-	304,520
Amortization of tangible capital assets	133,828	109,784
	2,217,100	(63,662)
Acquisition of prepaid asset	(15,876)	(12,249)
Use of prepaid assets	12,249	-
	(3,627)	(12,249)
NET CHANGE IN NET FINANCIAL ASSETS	2,213,473	(75,911)
NET FINANCIAL ASSETS, BEGINNING OF THE YEAR	1,661,427	(7,123,596)
PRIOR PERIOD ADJUSTMENT (Note 16)	-	8,860,934
NET FINANCIAL ASSETS, END OF THE YEAR	3,874,900	1,661,427

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS For the year ended March 31, 2017

Statement 3

	2017	2016
	\$	\$
REVENUE		
Indigenous and Northern Affairs Canada	2,574,000	491,507
BC Hydro	14,184	-
Aboriginal Skills Employment & Training Services	15,082	80,348
Canada Mortgage and Housing Corporation	18,632	-
Province of BC	208,067	196,424
First Nation Education Steering Committee	14,924	22,919
First Nations Health Authority	203,779	189,598
Scw'exmx Community Health Services Society	5,000	-
Taxation	309,067	330,022
Kwoiek Creek Resources LP	286,310	15,221
Kwoiek Creek Resources Inc.	-	226,324
Miscellaneous	45,722	91,896
Administration fees	106,632	3,359
Union of BC Municipalities	-	127,307
Social Housing Fund	29,975	202,875
Capital Fund	172,309	95,146
Transfer from Ottawa Trust Fund	-	356,489
Trust Fund	782	12,669
	4,004,465	2,442,104
EXPENDITURES		
Operating Fund		
Band Programs	1,012,252	1,522,402
Capital	7,500	66,331
Social Development	133,058	125,677
Health	98,209	129,617
Education	224,640	103,284
Economic Development	493,555	504,011
Social Housing Fund		
Operating and Replacement Reserve	25,848	198,768
Capital Fund	123,287	403,936
Trust Fund	-	356,489
	2,118,349	3,410,515
ANNUAL EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURES	1,886,116	(968,411)
Enterprise Fund	369,465	585,591
ANNUAL DEFICIT	2,255,581	(382,820)
OPENING EQUITY (DEFICIT)	5,217,629	(6,002,699)
CHANGES IN ACCOUNTING POLICY (Note 2)	-	2,742,215
PRIOR PERIOD ADJUSTMENT (Note 16)	-	8,860,933
EQUITY (DEFICIT) AT END OF YEAR	7,473,210	5,217,629

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOW March 31, 2017

Statement 4

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Excess (shortfall) of revenue over expenditures	2,255,581	(382,820)
Non-cash items:		
Share of income (loss) of First Nation Controlled Entities	(369,465)	(131,921)
Depreciation	133,829	109,785
Changes in non-cash operating net assets	183,156	473,927
	2,203,101	68,971
FINANCING ACTIVITIES		
Repayment of Social Housing and Capital Funds long-term debt	(10,542)	(10,368)
INVESTING ACTIVITIES		
Purchase of capital assets	(172,309)	(95,146)
CHANGE IN CASH DURING YEAR		
	2,020,250	(36,543)
CASH, BALANCE BEGINNING OF YEAR		
	395,372	431,915
CASH, BALANCE END OF YEAR		
	2,415,622	395,372
REPRESENTED BY:		
Cash	2,339,569	323,157
Restricted Cash	76,053	72,215
	2,415,622	395,372

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

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, 2017

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, 2017

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: CHANGES IN ACCOUNTING POLICIES

Tangible Capital Assets:

The First Nation adopted Tangible Capital Asset reporting in 2017 in accordance with the Public Sector Accounting Board standard PS 3150. Calculation of opening balances include, where available, acquisition totals for 1973 onwards. Tangible capital assets are no longer treated as expenditures in the year of acquisition. Instead, accrual accounting requires that tangible capital assets be expensed over their useful lives by a charge to amortization expense. The prior period has been restated to reflect this change. The impact of adoption on the fiscal 2016 fiscal year was as follows:

Increase in amortization expense	\$52,923
Increase in net Tangible Capital Assets	\$2,689,292
Increase in Members' Equity	\$2,742,215

NOTE 3: 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 4: 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 \$3,720 (2016 - \$2,648)

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2017

NOTE 4: RESTRICTED CASH (continued)

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.

	2017	2016
	\$	\$
Replacement Reserve Fund - restricted cash	63,139	60,083
Ottawa Trust Funds - restricted cash	12,914	12,132
	<hr/> 76,053	<hr/> 72,215
	<hr/> <hr/>	<hr/> <hr/>

NOTE 5: ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
Aboriginal Skills Employment & Training	4,413	32,496
Canada Mortgage and Housing Corporation	5,144	-
Education Steering Committee	2,398	-
Kanaka Bar Land & Holdings Ltd.	8,298	-
Others	8,219	24,299
Province of B.C.	-	24,839
Union of B.C. Municipalities	30,390	105,274
	<hr/> 58,862	<hr/> 186,908
	<hr/> <hr/>	<hr/> <hr/>

NOTE 6: DUE FROM (TO) RELATED PARTIES

	2017	2016
	\$	\$
Kanaka Bar Employment Services Ltd.	-	(3,611)
Kanaka Bar Land and Resources Limited Partnership	(15,802)	(100)
Kanaka Land and Holdings Ltd.	7,395	2,432
Siwash Watershed Resources Inc.	100	100
	<hr/> (8,307)	<hr/> (1,179)
	<hr/> <hr/>	<hr/> <hr/>

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

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

NOTE 7: ACCOUNTS PAYABLE

	2017	2016
	\$	\$
Accounts payable - general	142,737	101,187
Wages and benefits payable	33,329	21,967
	176,066	123,154

NOTE 8: LONG-TERM DEBT

	2017	2016
	\$	\$
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	64,995	75,539

FUTURE PRINCIPAL REPAYMENTS

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

	\$
2018	10,708
2019	10,883
2020	11,241
2021	11,424
2022 and beyond	20,739
	<hr/>
	64,995

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2017

NOTE 9: INVESTMENT IN FIRST NATION CONTROLLED ENTITIES

	2017 \$	2016 \$
KANAKA BAR LAND AND RESOURCES LIMITED PARTNERSHIP. (99%)		
Units	100	100
Advances	-	453,956
Accumulated equity in earnings	1,637,120	813,713
	<hr/> 1,637,220	1,267,784
KANAKA BAR LAND AND RESOURCES INC. (100%)		
Units	1	1
Advances	-	-
Accumulated equity in earnings	43	14
	<hr/> 44	15
TOTAL	<hr/> 1,637,264	1,267,799

Financial information for the entity for year ending in 2017 is as follows:

	ASSETS \$	LIABILITIES \$	REVENUE \$	NET INCOME \$
Year ended March 31, 2017				
Kanaka Bar Land and Resources Limited Partnership	94,878	250	622,394	369,473
Year ended March 31, 2017				
Kanaka Bar Land and Resources Inc.	1	2	29	29

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

NOTE 10: TANGIBLE CAPITAL ASSETS

	Automotive	Buildings	Roads	Computer Equipment	Domestic Water Syst.	Equipment & Furniture	Land	Software	Social Housing	Total
March 31, 2017										
Cos										
Balance, beginning of year	379,544	1,072,793	398,041	54,444	2,377,505	83,924	163,516	22,500	357,832	4,910,099
Acquisitions	46,104	-	-	-	-	126,205	-	-	-	172,309
Balance, end of year	425,648	1,072,793	398,041	54,444	2,377,505	210,129	163,516	22,500	357,832	5,082,408
Accumulated amortization										
Balance, beginning of year	296,031	98,907	132,390	29,221	570,989	70,661	-	13,750	154,197	1,366,146
Amortization	24,710	36,593	3,980	5,557	30,243	18,703	-	3,500	10,542	133,828
Balance, end of year	320,741	135,500	136,370	34,778	601,232	89,364	-	17,250	164,739	1,499,974
Net Book Value of Tangible Capital Assets	104,907	937,293	261,671	19,666	1,776,273	120,765	163,516	5,250	193,093	3,582,434
March 31, 2016										
Cost										
Balance, beginning of year	313,725	1,072,793	398,041	27,214	2,377,505	81,827	468,036	22,500	357,832	5,119,473
Acquisitions	65,819	-	-	27,230	-	2,097	-	-	-	95,146
Disposals	-	-	-	-	-	-	(304,520)	-	-	(304,520)
Balance, end of year	379,544	1,072,793	398,041	54,444	2,377,505	83,924	163,516	22,500	357,832	4,910,099
Accumulated amortization										
Balance, beginning of year	282,513	62,326	132,390	26,388	540,746	64,788	-	10,250	143,829	1,263,230
Amortization	13,518	36,581	-	2,833	30,243	5,873	-	3,500	10,368	102,916
Balance, end of year	296,031	98,907	132,390	29,221	570,989	70,661	-	13,750	154,197	1,366,146
Net Book Value of Tangible Capital Assets	83,513	973,886	265,651	25,223	1,806,516	13,263	163,516	8,750	203,635	3,543,953

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2017

NOTE 11: MEMBERS' EQUITY

	2017	2016
	\$	\$
Restricted		
Social Housing Fund	192,600	188,473
Trust Fund	12,914	12,132
Enterprise Fund	1,648,484	1,279,019
	<hr/> 1,853,998	1,479,624
Unrestricted		
Operating Fund	2,229,871	397,686
Capital Fund	3,389,341	3,340,319
	<hr/> 5,619,212	3,738,005
TOTAL EQUITY	<hr/> 7,473,210	5,217,629
	<hr/>	<hr/>

NOTE 12: 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 13: COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

NOTE 14: 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.

On April 25, 2015, Kanaka Bar Indian Band was named as a defendant in the Supreme Court of B.C. and filed a response and counterclaim on June 22, 2017. The merits of the claims or the potential financial outcomes is not determinable at the date of the audit report approval (July 20, 2017). No provision has been recorded in the 2016-2017 financial statements.

During the fiscal year 2016-2017, Kanaka Bar Indian Band was named as defendant in a Canada Labour Code claim and on May 3, 2017 a preliminary decision was rendered in the amount of \$16,223.76. Kanaka Bar Indian Band's appeal of the decision was granted on June 20, 2017 and is currently waiting notification of process and hearing dates. No provision for compensation has been recorded in the 2016-2017 financial statements.

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS March 31, 2017

NOTE 15: 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 16: PRIOR PERIOD ADJUSTMENT

The comparative figures have been retroactively restated to reflect the change in the share of net loss in the related entity, Kanaka Bar Land and Resources LP reflected in the Enterprise Fund. The change is due to the correction in the Kanaka Bar Land and Resources LP's financial statements to change the investment in Kwoiek Creek Resources Inc.

Effect on the Consolidated Statement of Financial Position:

	2016
	\$
Investment in First Nation Controlled Entities, as previously stated	(8,178,725)
Restatement of investment due to loss readjustment	8,860,933
Annual excess (shortfall) of revenue over expenditures, restated	131,921
Transfer of investment originally stated	453,670
Investment in First Nation Controlled Entities, restated	1,267,799

Effect on the Consolidated Statement of Operations:

	2016
	\$
Annual excess (shortfall) of revenue over expenditures, as previously stated	(1,537,452)
Adjustment to net losses due to readjustment	1,669,373

Annual excess (shortfall) of revenue over expenditures, restated

131,921

Effect on the Consolidated Statement of Financial Position - Members' Equity:

	2016
	\$
Members' Equity - Enterprise Fund, as previously stated	(9,251,287)
Restatement of investment due to loss readjustment	8,860,933
Adjustment to net losses due to readjustment	1,669,373
Members' Equity - Enterprise Fund, restated	1,279,019

NOTE 17: 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, 2017

NOTE 17: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2017
REVENUE									
Indigenous and Northern Affairs Canada	418,178	25,000	116,669	77,084	-	1,937,069	-	-	2,574,000
BC Hydro	14,184	-	-	-	-	-	-	-	14,184
Canada Mortgage and Housing Corporation	-	-	18,632	-	-	-	-	-	18,632
Aboriginal Skills Employment & Training Services	15,082	-	-	-	-	-	-	-	15,082
Province of BC	10,528	-	-	-	-	197,539	-	-	208,067
First Nation Education Steering Committee	14,924	-	-	-	-	-	-	-	14,924
First Nations Health Authority	-	-	-	-	203,779	-	-	-	203,779
Scw'exmx Community Health Services Society	-	-	-	-	5,000	-	-	-	5,000
Taxation	309,067	-	-	-	-	-	-	-	309,067
Kwoiek Creek Resources LP	286,310	-	-	-	-	-	-	-	286,310
Miscellaneous	57,519	-	-	4,390	-	20,255	-	-	82,164
Administration fees	106,632	-	-	-	-	-	-	-	106,632
Union of BC Municipalities	-	-	-	-	-	(36,442)	-	-	(36,442)
Social Housing Fund	-	-	-	-	-	-	-	29,975	29,975
Capital Fund	-	-	-	-	-	-	172,309	-	172,309
Trust Fund	-	-	-	-	-	-	782	-	782
Enterprise Fund	-	-	-	-	-	-	369,465	-	369,465
	1,232,424	25,000	135,301	81,474	208,779	2,118,422	542,556	29,975	4,373,930

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

NOTE 17: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2017
EXPENSES									
Administration fees	67,073	-	1,536	4,496	-	-	-	1,836	74,941
Contracted services	210,673	7,500	10,435	-	64,145	451,352	-	-	744,105
Depreciation	-	-	-	-	-	-	123,287	10,542	133,829
Education	-	-	-	64,708	-	-	-	-	64,708
Equipment purchases	99,114	-	-	-	257	-	-	-	99,371
Honoraria	120,807	-	-	-	-	-	-	-	120,807
Insurance	14,549	-	-	-	1,477	-	-	2,694	18,720
Office and Miscellaneous	31,857	-	225	-	2,252	335	-	-	34,669
Other	40,779	-	3,343	3,243	56,485	1,067	-	5,671	110,588
Professional fees	89,080	-	3,733	3,733	5,433	1,950	-	3,085	107,014
Rent	-	-	-	-	494	-	-	-	494
Repairs and maintenance	-	-	-	-	2,047	-	-	2,020	4,067
Salaries and benefits	229,544	-	37,552	20,813	73,682	25,556	-	-	387,147
Social assistance program	2,661	-	65,859	-	4,538	-	-	-	73,058
Supplies	28,863	-	1,367	-	3,818	12,210	-	-	46,258
Telephone	9,717	-	-	-	4,962	-	-	-	14,679
Training	13,237	-	-	-	1,745	43	-	-	15,025
Travel	26,708	-	-	1,216	1,234	861	-	-	30,019
Utilities	16,163	-	9,008	-	2,071	-	-	-	27,242
Vehicle	772	-	-	-	-	181	-	-	953
Contributions to Social Housing	10,655	-	-	-	-	-	-	-	10,655
	1,012,252	7,500	133,058	98,209	224,640	493,555	123,287	25,848	2,118,349
	220,172	17,500	2,243	(16,735)	(15,861)	1,624,867	419,269	4,127	2,255,581

KANAKA BAR INDIAN BAND

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

NOTE 17: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2016
REVENUE									
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	11,608	-	-	-	-	184,816	-	-	196,424
First Nation Education Steering Committee	22,919	-	-	-	-	-	-	-	22,919
First Nations Health Authority	-	(663)	-	-	190,261	-	-	-	189,598
Taxation	330,022	-	-	-	-	-	-	-	330,022
Kwoiek Creek Resources LP	15,221	-	-	-	-	-	-	-	15,221
Kwoiek Creek Resources Inc.	226,324	-	-	-	-	-	-	-	226,324
Miscellaneous	58,174	1,000	19,087	9,199	1,006	3,430	-	-	91,896
Administration Fees	3,359	-	-	-	-	-	-	-	3,359
Union of BC Municipalities	-	-	-	-	-	127,307	-	-	127,307
Social Housing Fund	-	-	-	-	-	-	-	202,875	202,875
Capital Fund	-	-	-	-	-	-	95,146	-	95,146
Transfer from Ottawa Trust Fund	356,489	-	-	-	-	-	-	-	356,489
Trust Fund	-	-	-	-	-	-	12,669	-	12,669
	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, 2017

NOTE 17: SEGMENTED INFORMATION (Continued)

	Band Programs	Capital	Social Dev't	Education	Health	Economic Dev't	Other	Housing	Total 2016
EXPENSES									
Administration fees	1,354	-	2,005	-	-	-	-	1,725	5,084
Contracted services	216,884	64,655	-	2,250	2,340	217,368	-	-	503,497
Depreciation	-	-	-	-	-	-	403,936	10,368	414,304
Donations	-	-	-	-	-	-	-	176,171	176,171
Education	-	-	-	77,258	-	-	-	-	77,258
Equipment purchases	135,722	1,065	-	-	270	-	-	-	137,057
Honoraria	112,140	-	-	-	-	-	-	-	112,140
Insurance	29,644	-	-	-	-	-	-	2,200	31,844
Office and Miscellaneous	43,283	-	-	9	734	6,289	-	-	50,315
Other	338,090	-	8,784	2,718	48,491	121,666	-	5,394	525,143
Professional fees	232,439	-	569	1,500	-	36,456	-	2,390	273,354
Rent	673	-	-	-	-	-	-	-	673
Repairs and maintenance	43,833	-	-	8	-	644	-	520	45,005
Salaries and benefits	278,819	-	47,119	35,998	45,625	48,097	-	-	455,658
Social assistance program	-	-	54,781	-	-	-	-	-	54,781
Supplies	9,036	611	1,621	1,294	2,378	48,984	-	-	63,924
Telephone	7,875	-	-	-	-	-	-	-	7,875
Training	17,888	-	-	8,989	2,000	3,521	-	-	32,398
Travel	26,391	-	100	(407)	1,401	2,537	-	-	30,022
Utilities	10,218	-	10,698	-	45	-	-	-	20,961
Vehicle	18,113	-	-	-	-	18,449	-	-	36,562
Ottawa Trust Fund	-	-	-	-	-	-	356,489	-	356,489
	1,522,402	66,331	125,677	129,617	103,284	504,011	760,425	198,768	3,410,515
	(175,300)	(40,994)	(8,053)	(46,336)	87,983	(137,208)	(652,610)	4,107	(968,411)