

KANAKA BAR INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

KANAKA BAR INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

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INDEPENDENT AUDITORS' REPORT

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Kanaka Bar Indian Band



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, 2018 are the responsibility of management and have been approved by the Chief and Council.

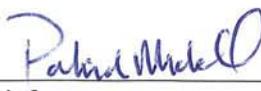
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen 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 the Nation's assets are appropriately accounted for and adequately safeguarded.

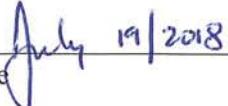
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet 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 Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

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

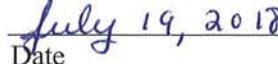


Chief

Date 



Councillor

Date 

Independent Auditors' Report

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, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets, 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

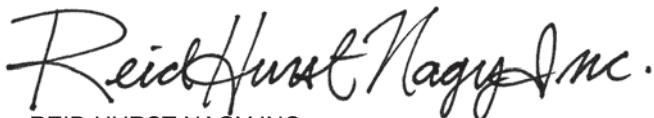
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain 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 auditor's 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 auditor considers internal control relevant to the First Nation'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 First Nation's internal control. 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.

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, 2018, 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 19, 2018

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 1,382,424	\$ 2,339,569
Restricted cash (Note 4)	87,009	76,053
Accounts receivable (Note 5)	144,590	58,862
Rents receivables	1,300	1,300
<u>Long-term investments (Note 6)</u>	<u>1,887,734</u>	<u>1,648,484</u>
	3,503,057	4,124,268
LIABILITIES		
Accounts payable (Note 7)	1,118,689	176,066
Due to related parties (Note 8)	5,901	8,307
Current portion of long-term debt (Note 9)	10,720	10,708
<u>Long-term debt (Note 9)</u>	<u>43,564</u>	<u>54,287</u>
	1,178,874	249,368
NET FINANCIAL ASSETS	2,324,183	3,874,900
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	5,637,768	3,582,434
<u>Prepaid expenses</u>	<u>17,457</u>	<u>15,876</u>
	5,655,225	3,598,310
MEMBERS' EQUITY	\$ 7,979,408	\$ 7,473,210

APPROVED ON BEHALF OF THE KANAKA BAR INDIAN BAND

Patrick Mitchell, Chief
Donna E. Hance, Councillor

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2018

	2018	2017
EXCESS OF REVENUE OVER EXPENDITURES	\$ 506,198	\$ 2,255,581
Acquisition of tangible capital assets	(2,345,591)	(172,309)
Amortization of tangible capital assets	290,257	133,828
	(2,055,334)	(38,481)
Acquisition of prepaid asset	(17,457)	(15,876)
Use of prepaid asset	15,876	12,249
	(1,581)	(3,627)
(DECREASE) INCREASE IN NET FINANCIAL ASSETS	(1,550,717)	2,213,473
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	3,874,900	1,661,427
NET FINANCIAL ASSETS AT END OF YEAR	\$ 2,324,183	\$ 3,874,900

KANAKA BAR INDIAN BAND

CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
REVENUE			
Indigenous Services Canada	\$ 331,582	\$ 1,208,293	\$ 2,574,000
Aboriginal Skills Employment & Training Services	-	12,729	12,072
Administration fee	96,633	51,580	117,288
BC Hydro	-	26,184	14,184
Canada Mortgage and Housing Corporation	-	14,410	22,574
Donation	-	13,000	2,500
First Nations Education Steering Committee	-	3,645	14,924
First Nations Emergency Services Society	-	67,690	-
First Nations Health Authority	181,444	215,624	203,779
Fraser Basin Council	-	25,000	-
Government of Canada	-	-	13,000
Interest	-	25,869	10,240
Proceeds from sale of assets	-	7,000	26,600
Province of BC	30,000	304,419	130,706
Rental	-	13,200	13,450
Scw'exmx Community Health Services Society	-	-	5,000
Share of income (loss) from First Nation controlled entities	-	239,250	369,465
Taxation	-	324,912	621,743
Union of B.C Municipalities	-	25,409	30,391
Other	-	5,488	15,612
	639,659	2,583,702	4,197,528
EXPENDITURES			
Band Programs	260,490	693,851	1,012,252
Capital	-	70,726	7,500
Social Development	89,616	133,784	133,058
Education	84,614	111,604	98,209
Health	178,955	244,976	224,640
Economic Development	-	2,865,268	493,555
Capital Fund	-	283,552	123,286
Social Housing Fund	-	21,749	21,756
	613,675	4,425,510	2,114,256
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES BEFORE OTHER			
	25,984	(1,843,398)	2,083,272
OTHER			
Tangible capital asset additions	-	2,349,596	172,309
EXCESS OF REVENUE OVER EXPENDITURES	25,984	506,198	2,255,581
EQUITY AT BEGINNING OF YEAR	-	7,473,210	5,217,629
EQUITY AT END OF YEAR	\$ 25,984	\$ 7,979,408	\$ 7,473,210

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES		
EXCESS OF REVENUE OVER EXPENDITURES	\$ 506,198	\$ 2,255,581
Items not affecting cash		
Amortization	290,257	133,829
Share of (income) loss of First Nation controlled entities	(239,250)	(369,465)
	557,205	2,019,945
Change in non-cash operating working capital	852,908	183,156
	1,410,113	2,203,101
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(10,711)	(10,542)
INVESTING ACTIVITIES		
Purchase of capital assets	(2,345,591)	(172,309)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(946,189)	2,020,250
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,415,622	395,372
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,469,433	\$ 2,415,622
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 1,382,424	\$ 2,339,569
Restricted cash	87,009	76,053
	\$ 1,469,433	\$ 2,415,622

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(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 Consolidated 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 on the social housing assets of the First Nation together with their related activities.
- The Trust Fund which reports on the trust funds owned by the First Nation and held by third parties.
- The Enterprise Fund which reports the First Nation's investment in related entities.

(b) Reporting Entity Principles of Financial Reporting

These financial statements report only on the activities of the Kanaka Bar Indian Band.

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

The First Nation also prepares Financial Statements that consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation:

1. Kanaka Bar Indian Band Operating Fund
2. Kanaka Bar Indian Band Capital Fund
3. Kanaka Bar Indian Band Social Housing Fund
4. Kanaka Bar Indian Band Trust Fund
5. 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 specific fund, transactions amongst 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

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(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.

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Tangible Capital Assets

Tangible capital assets are expensed at the time of purchase and they are also capitalized at cost on the Statement of Financial Position.

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.

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:

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

(h) Replacement Reserve

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

(i) 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.

(j) 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."

2. 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.

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

3. ECONOMIC DEPENDENCE

Kanaka Bar Indian Band receives a significant portion of its revenue (2018 - 47% and 2017 - 61%) 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 Services 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.

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.

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.

	2018	2017
Replacement Reserve Fund - restricted cash	\$ 67,470	\$ 63,139
Ottawa Trust Fund - restricted cash	19,539	12,914
	\$ 87,009	\$ 76,053

5. ACCOUNTS RECEIVABLE

	2018	2017
Aboriginal Skills Employment & Training	\$ -	\$ 4,413
BC Hydro	6,000	-
Canada Mortgage and Housing Corporation	8,184	5,144
First Nations Education Steering Committee	-	2,398
First Nations' Emergency Services Society	62,690	-
GST recoverable	10,645	8,219
Indigenous Services Canada	15,000	-
Kanaka Bar Employment Services Ltd.	4,075	-
Kanaka Bar Land & Holdings Ltd.	8,709	8,298
Others	23,681	-
Union of B.C. Municipalities	5,606	30,390
	\$ 144,590	\$ 58,862

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

6. LONG-TERM INVESTMENTS

	2018	2017
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 11,220	\$ 11,220
	11,220	11,220
KANAKA BAR LAND AND RESOURCES LIMITED PARTNERSHIP (99%)		
Units	100	100
Accumulated equity in earnings	1,876,338	1,637,120
	1,876,438	1,637,220
KANAKA BAR LAND AND RESOURCES INC. (100%)		
Units	1	1
Accumulated equity in earnings	75	43
	76	44
	\$ 1,887,734	\$ 1,648,484

7. ACCOUNTS PAYABLE

	2018	2017
Accounts payable - general	\$ 1,029,493	\$ 155,824
Indigenous Services Canada	11,049	-
Kanaka Bar Employment Services Ltd.	65,528	-
Wages and benefits payable	12,619	20,242
	\$ 1,118,689	\$ 176,066

8. DUE FROM (TO) RELATED PARTIES

	2018	2017
Kanaka Bar Land and Resources Limited Partnership	\$ (15,802)	\$ (15,802)
Kanaka Land and Holdings Ltd.	9,801	7,395
Siwash Watershed Resources Inc.	100	100
	\$ (5,901)	\$ (8,307)

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

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

9. LONG-TERM DEBT

	2018	2017
All Nations Trust Company loan repayable in a blended monthly payments of \$991.68 including interest at 2.39% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; maturing January 1, 2023.	\$ 54,284	\$ 64,995
Current portion	<u>10,720</u>	<u>10,708</u>
	<u>\$ 43,564</u>	<u>\$ 54,287</u>

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

2019	\$ 10,719
2020	10,979
2021	11,244
2022	11,516
2023 and thereafter	9,826
	<u>\$ 54,284</u>

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

10. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2018 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ -	\$ 163,516
Buildings	1,072,793	2,207,781	-	3,280,574	135,500	46,087	-	181,587	3,098,987
Automotive equipment	425,648	37,470	(13,355)	449,763	320,741	30,396	(4,006)	347,131	102,632
Computer equipment	54,444	-	-	54,444	34,778	5,996	-	40,774	13,670
Equipment	210,129	42,969	-	253,098	89,364	32,735	-	122,099	130,999
Social Housing	357,832	-	-	357,832	164,739	10,711	-	175,450	182,382
Roads	398,041	-	-	398,041	136,370	3,980	-	140,350	257,691
Domestic Water System	2,377,505	70,726	-	2,448,231	601,232	160,858	-	762,090	1,686,141
Software	22,500	-	-	22,500	17,250	3,500	-	20,750	1,750
Ice Rink	7,518	-	-	7,518	7,518	-	-	7,518	-
	\$ 5,089,926	\$ 2,358,946	\$ (13,355)	\$ 7,435,517	\$ 1,507,492	\$ 294,263	\$ (4,006)	\$ 1,797,749	\$ 5,637,768

	Cost				Accumulated amortization				2017 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	on disposals	Balance, end of year	
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ -	\$ 163,516
Buildings	1,072,793	-	-	1,072,793	98,907	36,593	-	135,500	937,293
Automotive equipment	379,544	46,104	-	425,648	296,031	24,710	-	320,741	104,907
Computer equipment	54,444	-	-	54,444	29,221	5,557	-	34,778	19,666
Equipment	83,924	126,205	-	210,129	70,661	18,703	-	89,364	120,765
Social Housing	357,832	-	-	357,832	154,197	10,542	-	164,739	193,093
Roads	398,041	-	-	398,041	132,390	3,980	-	136,370	261,671
Domestic Water System	2,377,505	-	-	2,377,505	570,989	30,243	-	601,232	1,776,273
Software	22,500	-	-	22,500	13,750	3,500	-	17,250	5,250
Ice Rink	7,518	-	-	7,518	7,518	-	-	7,518	-
	\$ 4,917,617	\$ 172,309	\$ -	\$ 5,089,926	\$ 1,373,664	\$ 133,828	\$ -	\$ 1,507,492	\$ 3,582,434

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

11. INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	2018 Total	2017 Total
Cash	\$ 242,306	\$ -	\$ 242,306	\$ 35,195
GST/HST receivable	97	-	97	32
Due from related parties	119,102	-	119,102	59,651
Due from shareholder	-	1	1	1
Investments in subsidiaries	1,515,258	77	1,515,335	1,542,688
 Total assets	 \$ 1,876,763	 \$ 78	 \$ 1,876,841	 \$ 1,637,567
 Due to related parties	 \$ 250	 \$ 2	 \$ 252	 \$ 252
 Total liabilities	 250	 2	 252	 252
 Share capital	 -	 1	 1	 1
 Equity	 1,876,513	 75	 1,876,588	 1,637,314
 Total equity	 1,876,513	 76	 1,876,589	 1,637,315
 Total liabilities and equity	 \$ 1,876,763	 \$ 78	 \$ 1,876,841	 \$ 1,637,567

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	2018 Total	2017 Total
Revenue	\$ 652,516	\$ -	\$ 652,516	\$ 624,581
Net income (loss) from subsidiaries	(27,384)	32	(27,352)	(7,836)
 625,132		32	625,164	616,745
 Expenses	 \$ 385,890	 \$ -	 \$ 385,890	 \$ 247,243

12. COMPARATIVE AMOUNTS

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

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

13. 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 year-end date. No provision has been recorded in the 2017-2018 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 a hearing will occur in the 2018-19 fiscal year. No provision for compensation has been recorded in the 2017-2018 financial statements.

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

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, as follows:

	Band Programs			Capital			Social Development		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 170,257	\$ 265,521	\$ 418,178	-	\$ 70,726	\$ 25,000	\$ 64,616	\$ 113,288	\$ 116,669
BC Hydro	-	14,184	14,184	-	-	-	-	-	-
First Nations' Emergency Services Society	-	10,000	-	-	-	-	-	-	-
Province of BC	-	5,000	-	-	-	-	30,000	30,000	-
Taxation	-	295,315	289,173	-	-	-	-	-	-
Interest	-	11,621	6,273	-	-	-	-	-	-
Other revenue	96,633	108,946	504,617	-	-	-	-	10,450	18,632
Total revenue	266,890	710,587	1,232,425	-	70,726	25,000	94,616	153,738	135,301
Expenses									
Legal fees	-	46,789	43,992	-	-	-	-	-	-
Contracted services	98,554	159,264	229,081	-	70,726	7,500	-	14,880	10,090
Honoraria	-	119,651	120,807	-	-	-	-	-	-
Professional fees	9,000	71,406	45,645	-	-	-	450	-	3,733
Wages and benefits	104,208	139,085	229,545	-	-	-	25,000	25,389	37,551
Other expenses	63,128	157,656	343,185	-	-	-	69,166	93,515	81,684
Total expenses	274,890	693,851	1,012,252	-	70,726	7,500	94,616	133,784	133,058
Annual surplus (deficit)	\$ (8,000)	\$ 16,736	\$ 220,173	-	\$ -	\$ 17,500	\$ -	\$ 19,954	\$ 2,243

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

14. SEGMENTED INFORMATION, continued

	2018 Budget	Education 2018 Actual	2017 Actual	2018 Budget	Health 2018 Actual	2017 Actual	2018 Budget	Economic Development 2018 Actual	2017 Actual
Revenues									
Indigenous Services Canada	\$ 84,614	\$ 89,663	\$ 77,084	-	\$ -	\$ -	\$ 12,095	\$ 669,095	\$ 1,937,069
BC Hydro	-	-	-	-	-	-	-	12,000	-
First Nations' Emergency Services Society	-	-	-	-	-	-	-	57,690	-
First Nations Health Authority	-	-	-	181,444	215,624	203,779	-	-	-
Province of BC	-	-	-	-	-	-	-	269,419	130,706
Interest	-	-	-	-	-	-	-	8,209	4,356
Other revenue	-	-	4,390	-	-	5,000	-	53,235	46,291
Total revenue	84,614	89,663	81,474	181,444	215,624	208,779	12,095	1,069,648	2,118,422
Expenses									
Legal fees	-	-	-	-	-	-	-	6,256	1,950
Allowance	17,389	59,431	43,800	-	-	-	-	-	-
Consulting fees	-	-	-	5,235	-	-	-	168,401	86,689
Contracted services	-	-	-	2,423	60,219	86,404	-	2,339,287	289,663
Honoraria	-	-	-	-	-	-	-	4,430	-
Professional fees	-	-	3,733	-	-	5,433	-	186,210	75,000
Wages and benefits	-	6,437	18,692	102,162	135,253	74,899	-	69,871	25,556
Other expenses	67,225	20,931	31,984	71,624	49,504	57,904	-	90,813	14,697
Total expenses	84,614	111,604	98,209	181,444	244,976	224,640	-	2,865,268	493,555
Annual surplus (deficit)	\$ -	\$ (21,941)	\$ (16,735)	-	\$ (29,352)	\$ (15,861)	\$ 12,095	\$ (1,795,620)	\$ 1,624,867

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

14. SEGMENTED INFORMATION, continued

	Capital Fund		Social Housing Fund		Trust Fund		2017 Actual
	2018 Budget	2018 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	
Revenues							
Interest	\$ -	\$ -	\$ -	\$ 758	\$ 483	\$ -	\$ 6,624
Other revenue	-	-	-	27,084	25,397	-	-
Total revenue	-	-	-	27,842	25,880	-	6,624
Expenses							
Amortization	-	283,552	123,286	-	-	-	-
Professional fees	-	-	-	2,910	3,085	-	-
Other expenses	-	-	-	20,429	18,668	-	-
Total expenses	-	283,552	123,286	-	23,339	21,753	-
Other income	-	(283,552)	(123,286)	-	4,503	4,127	-
Annual surplus (deficit)	\$ -	\$ 2,066,044	\$ 49,023	\$ 4,503	\$ 4,127	\$ -	\$ 6,624
							782

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2018

14. SEGMENTED INFORMATION, continued

	2018 Budget	Enterprise Fund		2017 Actual	Consolidated totals	
		2018 Actual	2018 Budget		2018 Actual	2017 Actual
Revenues						
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ 331,582	\$ 1,208,293	\$ 2,574,000
BC Hydro	-	-	-	-	26,184	14,184
First Nations' Emergency Services Society	-	-	-	-	67,690	-
First Nations Health Authority	-	-	-	181,444	215,624	203,779
Province of BC	-	-	-	30,000	304,419	130,706
Taxation	-	-	-	-	295,315	289,173
Interest	-	-	-	-	27,212	11,894
Share of income (loss) from controlled entities	-	239,250	369,465	-	239,250	369,465
Other revenue	-	-	-	96,633	199,715	604,327
Total revenue	-	239,250	369,465	639,659	2,583,702	4,197,528
Expenses						
Legal fees	-	-	-	-	53,045	45,942
Allowance	-	-	-	17,389	59,431	43,800
Amortization	-	-	-	-	283,552	123,286
Consulting fees	-	-	-	5,235	168,401	86,689
Contracted services	-	-	-	100,977	2,644,376	622,738
Honoraria	-	-	-	-	124,081	120,807
Professional fees	-	-	-	9,450	260,526	136,629
Wages and benefits	-	-	-	231,370	376,035	386,243
Other expenses	-	-	-	271,143	432,848	548,122
Total expenses	-	-	-	635,564	4,427,100	2,114,256
Other income	-	239,250	369,465	4,095	(1,843,398)	2,083,272
Annual surplus (deficit)	\$ -	\$ 239,250	\$ 369,465	\$ 4,095	\$ 506,198	\$ 2,255,581