

# **KANAKA BAR INDIAN BAND**

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## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2019**

# KANAKA BAR INDIAN BAND

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## CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

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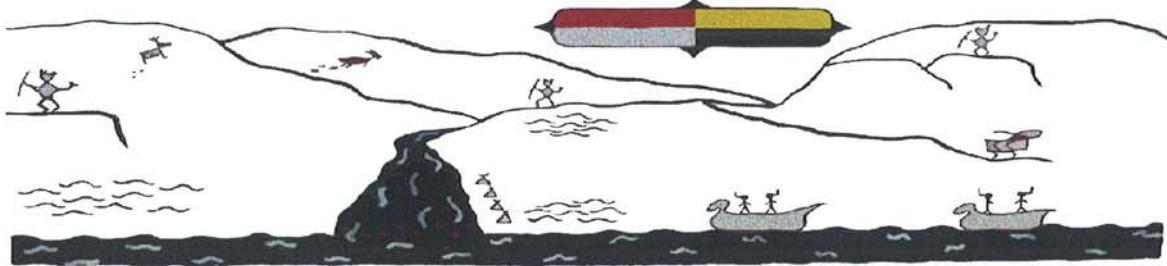
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# Kanaka Bar Indian Band



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2019

The accompanying consolidated financial statements of Kanaka Bar Indian Band and all the information in this annual report for the year ended March 31, 2019 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.

Patrick Mitchell  
Chief

July 23/2019  
Date

Donna E. Vance  
Councillor

July 23/2019  
Date

## Independent Auditors' Report

To the Members of  
**Kanaka Bar Indian Band**

*Opinion*

We have audited the consolidated financial statements of Kanaka Bar Indian Band, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with PSAB.

*Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAB, 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

*Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit 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.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.  
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.  
JULY 23, 2019

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31, 2019

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 442,721	\$ 1,382,424
Restricted cash (Note 4)	105,029	87,009
Accounts receivable (Note 5)	1,044,131	144,590
Rents receivable	3,475	1,300
Due from related parties (Note 8)	11,486	-
Long-term investments (Note 6)	1,448,101	1,887,734
	<hr/> 3,054,943	<hr/> 3,503,057
<b>LIABILITIES</b>		
Accounts payable (Note 7)	374,188	1,118,689
Due to related parties (Note 8)	-	5,901
Current portion of long-term debt (Note 9)	11,244	10,720
Long-term debt (Note 9)	32,315	43,564
	<hr/> 417,747	<hr/> 1,178,874
<b>NET FINANCIAL ASSETS</b>	<hr/> 2,637,196	<hr/> 2,324,183
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	5,268,421	5,637,768
Prepaid expenses	5,695	17,457
	<hr/> 5,274,116	<hr/> 5,655,225
<b>ACCUMULATED SURPLUS</b>	<hr/> \$ 7,911,312	<hr/> \$ 7,979,408

APPROVED ON BEHALF OF THE KANAKA BAR INDIAN BAND

Patrick Mitchell, Chief

Donna Ellance, Councillor

# KANAKA BAR INDIAN BAND

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## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS For the year ended March 31, 2019

	2019	2018
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ (68,096)	\$ 506,198
Acquisition of tangible capital assets	(17,340)	(2,345,591)
Amortization of tangible capital assets	<u>386,687</u>	<u>290,257</u>
	<b>369,347</b>	<b>(2,055,334)</b>
Acquisition of prepaid asset	(5,695)	(17,457)
Use of prepaid asset	<u>17,457</u>	<u>15,876</u>
	<b>11,762</b>	<b>(1,581)</b>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>313,013</b>	<b>(1,550,717)</b>
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<b>2,324,183</b>	<b>3,874,900</b>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<b>\$ 2,637,196</b>	<b>\$ 2,324,183</b>

# KANAKA BAR INDIAN BAND

## CONSOLIDATED SUMMARY STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31, 2019

	2019 Budget	2019 Actual	2018 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 421,834	\$ 633,648	\$ 1,208,293
Teck HVC Partnership	-	500,000	-
Taxation	640,000	334,901	324,912
First Nations Health Authority	211,127	326,116	215,624
Province of BC	-	171,617	304,419
Union of B.C Municipalities	-	96,493	25,409
First Nations Emergency Services Society	-	71,535	67,690
Administration fee	171,657	64,831	51,580
Share of income (loss) from First Nation controlled entities	-	60,367	239,250
New Relationship Trust	-	59,500	-
Interest	4,510	35,950	25,869
Canadian Environmental Assessment Agency	-	34,972	-
Fraser Basin Council	-	25,000	25,000
Proceeds from sale of assets	-	15,500	7,000
BC Hydro	28,368	14,184	26,184
Rental	2,400	13,200	13,200
Donation	10,000	12,110	13,000
First Nations Education Steering Committee	-	7,892	3,645
Kwoiek Creek Resources Limited Partnership	-	5,819	-
Canada Mortgage and Housing Corporation	-	5,009	14,410
Other	214,538	4,268	5,488
Produce sales	-	1,577	-
Scw'exmx Community Health Services Society	-	1,450	-
Aboriginal Skills Employment & Training Services	-	-	12,729
	1,704,434	2,495,939	2,583,702
<b>EXPENDITURES</b>			
Band Programs	623,366	652,454	693,851
Capital	-	91,995	70,726
Social Development	207,743	119,957	133,784
Education	92,606	63,400	111,604
Health	264,051	198,979	244,976
Economic Development	663,974	1,050,148	2,865,268
Capital Fund	-	375,961	283,552
Social Housing Fund	-	28,480	23,339
	1,851,740	2,581,374	4,427,100
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES BEFORE OTHER</b>			
OTHER	(147,306)	(85,435)	(1,843,398)
<b>OTHER</b>			
Tangible capital asset additions	-	17,340	2,349,596
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>(147,306)</b>	<b>(68,096)</b>	<b>506,198</b>
<b>EQUITY AT BEGINNING OF YEAR</b>	<b>-</b>	<b>7,979,408</b>	<b>7,473,210</b>
<b>EQUITY AT END OF YEAR</b>	<b>\$ (147,306)</b>	<b>\$ 7,911,312</b>	<b>\$ 7,979,408</b>

The accompanying notes are an integral part of the financial statements

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (68,096)	\$ 506,198
Items not affecting cash		
Amortization	386,687	290,257
Share of (income) loss of First Nation controlled entities	(60,367)	(239,250)
	<u>258,224</u>	<u>557,205</u>
Change in non-cash operating working capital	<u>(1,151,842)</u>	<u>852,908</u>
	<u>(893,618)</u>	<u>1,410,113</u>
<b>FINANCING ACTIVITIES</b>		
Repayment of Social Housing long-term debt	(10,725)	(10,711)
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	(17,340)	(2,345,591)
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>(921,683)</u>	<u>(946,189)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,469,433</u>	<u>2,415,622</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 547,750</u></b>	<b><u>\$ 1,469,433</u></b>
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash	\$ 442,721	\$ 1,382,424
Restricted cash	105,029	87,009
	<u>\$ 547,750</u>	<u>\$ 1,469,433</u>

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 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 Tangible Capital Assets.

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 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 Tangible Capital Assets.

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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 3. ECONOMIC DEPENDENCE

Kanaka Bar Indian Band receives a significant portion of its revenue (2019 - 25% and 2018 - 47%) 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.

	<b>2019</b>	<b>2018</b>
Replacement Reserve Fund - restricted cash	\$ 76,739	\$ 67,470
Ottawa Trust Fund - restricted cash	28,290	19,539
	<b>\$ 105,029</b>	<b>\$ 87,009</b>

### 5. ACCOUNTS RECEIVABLE

	<b>2019</b>	<b>2018</b>
BC Hydro	\$ -	\$ 6,000
Canadian Environmental Assessment Agency	21,272	-
Canada Mortgage and Housing Corporation	1,756	8,184
First Nations' Emergency Services Society	35,768	62,690
GST recoverable	10,718	10,645
Indigenous Services Canada	-	15,000
Kanaka Bar Employment Services Ltd.	7,460	4,075
Kanaka Bar Land and Holdings Ltd.	8,298	8,709
Kwoiek Creek Resources LP	303,348	-
New Relationship Trust	59,900	-
Others	46,038	23,681
Teck HVC Partnership	500,000	-
Union of B.C. Municipalities	48,873	5,606
	<b>\$ 1,044,131</b>	<b>\$ 144,590</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 6. LONG-TERM INVESTMENTS

	2019	2018
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	1,436,694	1,876,338
	1,436,794	1,876,438
KANAKA BAR LAND AND RESOURCES INC. (100%)		
Units	1	1
Accumulated equity in earnings	86	75
	87	76
	<b>\$ 1,448,101</b>	<b>\$ 1,887,734</b>

### 7. ACCOUNTS PAYABLE

	2019	2018
Accounts payable - general	\$ 269,189	\$ 1,029,493
Indigenous Services Canada	20,664	11,049
Kanaka Bar Employment Services Ltd.	70,474	65,528
Wages and benefits payable	13,861	12,619
	<b>\$ 374,188</b>	<b>\$ 1,118,689</b>

### 8. DUE FROM (TO) RELATED PARTIES

	2019	2018
Kanaka Bar Employment Services Ltd.	\$ 3,562	\$ -
Kanaka Bar Land and Resources Limited Partnership	(302)	(15,802)
Kanaka Land and Holdings Ltd.	8,126	9,801
Siwash Watershed Resources Inc.	100	100
	<b>\$ 11,486</b>	<b>\$ (5,901)</b>

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

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 9. LONG-TERM DEBT

	2019	2018
All Nations Trust Company loan repayable in a blended monthly payments of of \$991.68 including interest at 2.39% per annum; secured by a Ministerial Guarantee from Indigenous Services Canada; maturing January 1, 2023.	\$ 43,559	\$ 54,284
Current portion	<u>11,244</u>	<u>10,720</u>
	<u><u>\$ 32,315</u></u>	<u><u>\$ 43,564</u></u>

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

2020	\$ 10,979
2021	11,244
2022	11,516
2023	9,820
	<u><u>\$ 43,559</u></u>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

### 10. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -
Buildings	3,280,573	-	-	3,280,573	181,586	134,398	-
Automotive equipment	449,763	-	(10,000)	439,763	347,131	40,144	(10,000)
Computer equipment	54,443	3,032	(24,465)	33,010	40,775	5,803	(24,465)
Equipment	253,097	-	-	253,097	122,095	35,861	-
Social Housing	357,832	-	-	357,832	175,450	10,725	-
Roads	398,041	-	-	398,041	140,350	3,981	-
Domestic Water System	2,448,231	24,308	-	2,472,539	762,091	164,025	-
Software	22,500	-	(5,000)	17,500	20,750	1,750	(5,000)
Ice Rink	7,518	-	-	7,518	7,518	-	-
	\$ 7,435,514	\$ 27,340	\$ (39,465)	\$ 7,423,389	\$ 1,797,746	\$ 396,687	\$ (39,465)
2018	Cost				Accumulated amortization		
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -
Buildings	1,072,793	2,207,780	-	3,280,573	135,499	46,087	-
Automotive equipment	425,649	37,469	(13,355)	449,763	320,742	30,395	(4,006)
Computer equipment	54,443	-	-	54,443	34,779	5,996	-
Equipment	210,129	42,968	-	253,097	89,361	32,734	-
Social Housing	357,832	-	-	357,832	164,739	10,711	-
Roads	398,041	-	-	398,041	136,370	3,980	-
Domestic Water System	2,377,505	70,726	-	2,448,231	601,233	160,858	-
Software	22,500	-	-	22,500	17,250	3,500	-
Ice Rink	7,518	-	-	7,518	7,518	-	-
	\$ 5,089,926	\$ 2,358,943	\$ (13,355)	\$ 7,435,514	\$ 1,507,491	\$ 294,261	\$ (4,006)

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 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.	2019 Total	2018 Total
Cash	\$ 67,519	\$ -	\$ 67,519	\$ 242,306
GST/HST receivable	111	-	111	97
Due from related parties	303	-	303	119,102
Due from shareholder	-	1	1	1
Investments in subsidiaries	1,403,626	88	1,403,714	1,515,335
 Total assets	 \$ 1,471,559	 \$ 89	 \$ 1,471,648	 \$ 1,876,841
 Accounts payable and accrued liabilities	 \$ 34,434	 \$ -	 \$ 34,434	 \$ -
Due to related parties	250	2	252	252
 Total liabilities	 34,684	 2	 34,686	 252
Share capital	-	1	1	1
Equity	1,436,875	86	1,436,961	1,876,588
 Total equity	 1,436,875	 87	 1,436,962	 1,876,589
 Total liabilities and equity	 \$ 1,471,559	 \$ 89	 \$ 1,471,648	 \$ 1,876,841

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	2019 Total	2018 Total
Revenue	\$ 202,671	\$ -	\$ 202,671	\$ 652,516
Net income (loss) from subsidiaries	275,068	11	275,079	(27,352)
	477,739	11	477,750	625,164
Expenses	\$ 417,377	\$ -	\$ 417,377	\$ 385,890

### 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

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### March 31, 2019

#### 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 2018-2019 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. The payment order issued on May 3, 2017 was rescinded with a decision rendered on July 10, 2019. There is no liability to the First Nation.

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 14. SEGMENTED INFORMATION

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

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been grouped together to provide the segmented information, along with the services they provide, as follows:

	Band Programs			2018 Actual	2019 Budget	Capital 2019 Actual	2018 Actual	2019 Budget	So
	2019 Budget	2019 Actual	2018 Actual						
<b>Revenues</b>									
Indigenous Services Canada	\$ 190,365	\$ 249,897	\$ 265,521	-	\$ 93,500	\$ 70,726	\$ 140,520		
BC Hydro	14,184	14,184	14,184	-	-	-	-	-	
First Nations' Emergency Services Society	-	-	10,000	-	-	-	-	-	
Province of BC	-	-	5,000	-	-	-	-	-	
Taxation	-	-	295,315	-	-	-	-	-	
Interest	510	3,459	11,621	-	-	-	-	-	
Other revenue	293,138	596,487	108,946	-	-	-	-	60,204	
<b>Total revenue</b>	<b>498,197</b>	<b>864,027</b>	<b>710,587</b>	<b>-</b>	<b>93,500</b>	<b>70,726</b>	<b>200,724</b>		
<b>Expenses</b>									
Legal fees	-	-	46,789	-	-	-	-	-	
Contracted services	114,475	186,332	159,264	-	90,525	70,726	10,774		
Honoraria	-	-	119,651	-	-	-	-	-	
Professional fees	13,000	27,905	71,406	-	-	-	-	-	
Wages and benefits	398,628	220,004	139,085	-	-	-	-	66,749	
Other expenses	97,263	218,213	157,656	-	1,470	-	-	130,220	
<b>Total expenses</b>	<b>623,366</b>	<b>652,454</b>	<b>693,851</b>	<b>-</b>	<b>91,995</b>	<b>70,726</b>	<b>207,743</b>		
<b>Annual surplus (deficit)</b>	<b>\$ (125,169)</b>	<b>\$ 711,573</b>	<b>\$ 16,736</b>	<b>-</b>	<b>\$ 1,505</b>	<b>\$ (7,019)</b>	<b>-</b>	<b>\$</b>	<b></b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

### 14. SEGMENTED INFORMATION, continued

	2019 Budget	Education 2019 Actual	2018 Actual	2019 Budget	Health 2019 Actual	2018 Actual	2019 Budget	Econ
<b>Revenues</b>								
Indigenous Services Canada	\$ 78,890	\$ 130,087	\$ 89,663	-	\$ -	\$ -	\$ 12,059	
BC Hydro	-	-	-	-	-	-	-	14,184
First Nations' Emergency Services Society	-	-	-	-	-	-	-	-
First Nations Health Authority	-	-	-	211,127	326,116	215,624	-	
Province of BC	-	-	-	-	-	-	-	
Taxation	-	-	-	-	-	-	-	640,000
Interest	-	-	-	-	-	-	-	4,000
Other revenue	9,300	-	-	24,953	1,702	-	-	11,000
<b>Total revenue</b>	<b>88,190</b>	<b>130,087</b>	<b>89,663</b>	<b>236,080</b>	<b>327,818</b>	<b>215,624</b>	<b>681,243</b>	
<b>Expenses</b>								
Legal fees	-	-	-	-	382	-	-	60,000
Allowance	32,012	36,684	59,431	-	-	-	-	-
Consulting fees	-	-	-	-	-	-	-	-
Contracted services	-	-	-	34,994	80,042	60,219	179,338	
Honoraria	-	-	-	-	-	-	-	232,000
Professional fees	-	-	-	-	-	-	-	20,000
Wages and benefits	13,716	9,404	6,437	166,311	65,292	135,253	-	-
Other expenses	46,878	17,312	20,931	62,746	53,263	49,504	-	172,636
<b>Total expenses</b>	<b>92,606</b>	<b>63,400</b>	<b>111,604</b>	<b>264,051</b>	<b>198,979</b>	<b>244,976</b>	<b>663,974</b>	
<b>Annual surplus (deficit)</b>	<b>\$ (4,416)</b>	<b>\$ 66,687</b>	<b>\$ (21,941)</b>	<b>\$ (27,971)</b>	<b>\$ 128,839</b>	<b>\$ (29,352)</b>	<b>\$ 17,269</b>	

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

### 14. SEGMENTED INFORMATION, continued

	Capital Fund			Social Housing Fund			2018 Actual	2019 Budget
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual		
Revenues								
Interest	\$ -	\$ -	\$ -	\$ -	\$ 3,942	\$ 758		
Other revenue	-	-	-	-	23,825	27,084		
Total revenue	-	-	-	-	27,767	27,842		
Expenses								
Amortization	-	375,961	283,552	-	-	-		
Professional fees	-	-	-	-	3,075	2,910		
Other expenses	-	-	-	-	25,405	20,429		
Total expenses	-	375,961	283,552	-	28,480	23,339		
Other income	-	(375,961)	(283,552)	-	(713)	4,503		
Annual surplus (deficit)	\$ -	\$ (358,621)	\$ 2,066,044	-	\$ (713)	\$ 4,503		

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2019

### 14. SEGMENTED INFORMATION, continued

	Enterprise Fund				Co
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	Co
Revenues					
Indigenous Services Canada	\$	-	\$	-	\$
BC Hydro		-	-	-	421,834
First Nations' Emergency Services Society		-	-	-	28,368
First Nations Health Authority		-	-	-	211,127
Province of BC		-	-	-	-
Taxation		-	-	-	640,000
Interest		-	-	-	4,510
Share of income (loss) from controlled entities		-	60,367	239,250	-
Other revenue		-	-	-	398,595
Total revenue	-	60,367	239,250	1,704,434	
Expenses					
Legal fees		-	-	-	60,000
Allowance		-	-	-	32,012
Amortization		-	-	-	-
Consulting fees		-	-	-	-
Contracted services		-	-	-	339,581
Honoraria		-	-	-	232,000
Professional fees		-	-	-	33,000
Wages and benefits		-	-	-	645,404
Other expenses		-	-	-	509,743
Total expenses	-	-	-	-	1,851,740
Other income	-	60,367	239,250	(147,306)	
Annual surplus (deficit)	\$	-	\$ 60,367	\$ 239,250	\$ (147,306)