

# **KANAKA BAR INDIAN BAND**

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## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2021**

# KANAKA BAR INDIAN BAND

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## CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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# Kanaka Bar Indian Band



## KANAKA BAR INDIAN BAND

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2021

The accompanying consolidated financial statements of Kanaka Bar Indian Band and all the information in this annual report for the year ended March 31, 2021 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 Nation 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 Chief and Council. Reid Hurst Nagy Inc. have full and free access to the council for information purposes.

Patrol McMillan  
Chief  
Karen Hance  
Councillor

Sept 7/2021  
Date  
Sept 7/2021  
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, 2021, and the 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, 2021, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

*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 Nation 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.  
SEPTEMBER 7, 2021

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2021	2020
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 2,077,589	\$ 983,484
Restricted cash (Note 2)	73,297	77,165
Accounts receivable (Note 3)	890,196	672,410
Rents receivable	2,025	2,025
Due from related parties (Note 8)	56,233	277,481
Long-term investments (Note 5)	2,344,208	1,780,784
	<hr/>	<hr/>
	5,443,548	3,793,349
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	418,943	286,130
Deferred revenue (Note 10)	913,133	551,360
Due to related parties (Note 9)	145,499	962
Term loan (Note 11)	725,041	-
CMHC Mortgage (Note 12)	21,330	32,578
Replacement reserve (Note 13)	69,151	73,378
	<hr/>	<hr/>
	2,293,097	944,408
<b>NET FINANCIAL ASSETS</b>	<b>3,150,451</b>	<b>2,848,941</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 4)	6,412,974	4,874,821
Prepaid expenses	2,066	2,716
	<hr/>	<hr/>
	6,415,040	4,877,537
<b>ACCUMULATED SURPLUS</b>	<b>\$ 9,565,491</b>	<b>\$ 7,726,478</b>

### APPROVED ON BEHALF OF THE KANAKA BAR INDIAN BAND

Patricia Moleli, Chief

Karen Hamee, Councillor

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2021 Budget	2021 Actual	2020
<b>ANNUAL SURPLUS</b>	\$ (340,827)	\$ 1,839,013	\$ 277,724
Acquisition of tangible capital assets	(1,872,076)	(1,872,076)	(162,451)
Amortization of tangible capital assets	333,923	333,923	381,226
Disposition of tangible capital assets	-	-	56,735
	(1,538,154)	(1,538,153)	275,510
Acquisition of prepaid asset	650	(2,066)	(2,716)
Use of prepaid asset	-	2,716	5,695
	650	650	2,979
<b>INCREASE IN NET FINANCIAL ASSETS</b>	(1,878,331)	<b>301,510</b>	556,213
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	-	<b>2,848,941</b>	2,292,728
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	\$ -	<b>\$ 3,150,451</b>	\$ 2,848,941

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
<b>REVENUE</b>			
Indigenous Services Canada	\$ 3,883,486	\$ 2,238,676	\$ 927,909
Province of British Columbia	987,703	659,920	643,560
Share of income (loss) from controlled entities	-	563,424	265,070
Teck HVC Partnership	222,156	365,599	148,733
First Nations Health Authority	311,116	342,239	322,851
Taxation	342,366	332,706	340,336
Government of Canada	-	301,763	136,547
First Nations Emergency Services Society	-	156,630	90,573
Union of B.C Municipalities	5,000	93,201	39,165
Other (Note 14)	34,828	68,341	38,682
Management fee	175,766	58,248	42,000
Canada Mortgage and Housing Corporation	-	33,712	10,160
Interest income	13,056	30,617	14,755
New Relationship Trust	2,500	23,957	2,282
First Nations Education Steering Committee	-	19,037	526
BC Hydro	14,184	14,184	14,184
Rental	2,400	13,933	14,250
	5,994,561	5,316,187	3,051,583
<b>EXPENSES</b>			
Membership	107,639	255,852	28,837
Lands and Governance	4,373,209	1,197,079	806,257
Social Development	253,373	231,325	130,691
Education and Training	97,417	74,133	64,441
Health and Culture	457,318	294,524	319,092
Economic Development	15,000	270,294	202,599
Band Administration	283,752	292,918	324,073
Infrastructure and Maintenance	1,495,993	119,826	255,255
Capital Fund	-	333,922	381,226
Social Housing Fund	-	15,527	16,080
	7,083,701	3,085,400	2,528,551
<b>ANNUAL SURPLUS BEFORE OTHER</b>	(1,137,028)	<b>2,230,787</b>	523,032
<b>OTHER</b>			
Transfer to deferred revenue	700,000	(916,127)	(280,541)
Deferred revenue recognized	96,201	524,353	35,233
	796,201	(391,774)	(245,308)
<b>ANNUAL SURPLUS</b>	(340,827)	<b>1,839,013</b>	277,724
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	-	<b>7,726,478</b>	7,448,754
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	\$ (340,827)	<b>\$ 9,565,491</b>	\$ 7,726,478

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2021	2021	2020
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 1,839,013	\$ 277,724
Items not affecting cash		
Amortization	333,923	381,226
Share of (income) loss of First Nation controlled entities	(563,424)	(265,070)
	1,609,512	393,880
Change in non-cash operating working capital	639,008	292,561
	2,248,520	686,441
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,872,076)	(162,451)
<b>FINANCING ACTIVITIES</b>		
Repayment of CMHC mortgage	(11,248)	(10,981)
Proceeds from term loan	725,041	-
	713,793	(10,981)
<b>INVESTING ACTIVITIES</b>		
Contribution to BCFN Gaming Revenue Sharing Limited Partnership	-	(110)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,090,237	512,899
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	1,060,649	547,750
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 2,150,886	\$ 1,060,649
<b>CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:</b>		
Cash and cash equivalents	\$ 2,077,589	\$ 983,484
Restricted cash	73,297	77,165
	\$ 2,150,886	\$ 1,060,649

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 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) Reporting Entity

The Kanaka Bar Indian Band reporting entity includes the Kanaka Bar Indian Band government and all related entities that are controlled by the First Nation.

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

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Kanaka Bar Indian Nation's investment in the government business and the business' net income and other changes in equity are recognized. No adjustment is made for accounting policies of the enterprises that are different from those of Kanaka Bar Indian Nation.

Segments consolidated in Kanaka Bar Indian Band's financial statements include:

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

Government business enterprises and government business partnerships accounted for on a modified equity basis include:

6. Kanaka Bar Land and Resources Inc.
7. Kanaka Bar Land and Resources Limited Partnership
8. KBES Services LLP

#### (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.

Taxation revenues are recognized when authorized by Council, and the taxable event has occurred.

#### (d) Cash and cash equivalents

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.

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (e) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the tangible capital assets, including installing the asset at the location and in the condition necessary for its intended use. The cost of a tangible capital asset includes the purchase price of the asset and other acquisition costs. The cost of a constructed asset include direct construction or development costs and overhead costs directly attributable to the construction or development activity.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the lease, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contract and First Nation's incremental cost of borrowing.

Amortization is provided from the point of time that the asset is put into use, for on a straight-line basis over their estimated useful lives as follows:

Automobile	5years Straight line
Buildings	25years Straight line
Computer equipment	5years Straight line
Domestic water systems	15years Straight line
Equipment and furniture	5years Straight line
Software	5years Straight line

The amortization method and estimate of the useful life of the remaining unamortized portion of tangible capital assets are reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated. Assets under construction is not amortized until the asset is available to be put into services.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expense in the statement of operations.

Contributed tangible capital assets are recorded into revenue at their fair value on the date of contribution, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

The difference between the net proceeds on disposal of a tangible capital asset and the net book value of the asset is accounted for as a revenue or expense in the statement of operations.

#### (f) 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.

#### (g) Budget

The budget figures presented in the consolidated statement of operations present the budget of the First Nation which was approved by the Chief and Council of Kanaka Bar Indian Band.

#### (h) Replacement Reserve

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

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

#### (i) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

#### (j) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the collectability of accounts receivable, useful life of tangible capital assets, accounts payable and accrued liabilities. Actual results could differ from these estimates.

#### (k) 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.

#### (l) Liability for contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) First Nation is directly responsible or accepts responsibility;
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made;

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2020 and March 31, 2021, no liability for contaminated sites has been recorded.

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 2. 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.

	2021	2020
Replacement Reserve Fund - restricted cash	\$ 67,740	\$ 76,177
Ottawa Trust Fund - restricted cash	5,557	988
	<hr/> <b>\$ 73,297</b>	<hr/> <b>\$ 77,165</b>

### 3. ACCOUNTS RECEIVABLE

	2021	2020
Indigenous Services Canada	\$ 259,720	\$ 136,193
Union of B.C. Municipalities	93,201	16,708
First Nations' Emergency Services Society	156,630	90,573
GST recoverable	17,468	10,718
Kwoiek Creek Resources LP	313,029	310,436
New Relationship Trust	-	59,900
Government of Canada	8,007	-
Canadian Environmental Assessment Agency	-	5,000
Canada Mortgage and Housing Corporation	-	347
Kanaka Bar Land and Holdings Ltd.	-	8,562
Kanaka Bar Employment Services Ltd.	-	11,067
Other	42,141	22,906
	<hr/> <b>\$ 890,196</b>	<hr/> <b>\$ 672,410</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 4. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated amortization				2021 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ -	\$ 163,516
Buildings	3,366,790	1,585,124	-	4,951,914	447,207	131,223	-	578,430	4,373,484
Automotive equipment	199,661	-	(10,000)	189,661	199,078	373	(10,000)	189,451	210
Computer equipment	35,300	19,976	-	55,276	28,624	5,251	-	33,875	21,401
Equipment	242,100	107,499	-	349,599	152,896	14,284	-	167,180	182,419
Social Housing	357,832	-	-	357,832	318,578	14,314	-	332,892	24,940
Roads	398,041	-	-	398,041	148,311	3,642	-	151,953	246,088
Domestic Water System	2,497,819	159,477	-	2,657,296	1,091,544	164,836	-	1,256,380	1,400,916
Software	17,500	-	-	17,500	17,500	-	-	17,500	-
Ice Rink	7,518	-	-	7,518	7,518	-	-	7,518	-
	\$ 7,286,077	\$ 1,872,076	\$ (10,000)	\$ 9,148,153	\$ 2,411,256	\$ 333,923	\$ (10,000)	\$ 2,735,179	\$ 6,412,974

	Cost				Accumulated amortization				2020 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ -	\$ 163,516
Buildings	3,280,573	86,217	-	3,366,790	315,984	131,223	-	447,207	2,919,583
Automotive equipment	439,763	-	(240,102)	199,661	377,275	22,083	(200,280)	199,078	583
Computer equipment	33,010	2,290	-	35,300	22,113	6,511	-	28,624	6,676
Equipment	253,097	48,664	(59,661)	242,100	157,956	37,688	(42,748)	152,896	89,204
Social Housing	357,832	-	-	357,832	304,265	14,313	-	318,578	39,254
Roads	398,041	-	-	398,041	144,331	3,980	-	148,311	249,730
Domestic Water System	2,472,539	25,280	-	2,497,819	926,116	165,428	-	1,091,544	1,406,275
Software	17,500	-	-	17,500	17,500	-	-	17,500	-
Ice Rink	7,518	-	-	7,518	7,518	-	-	7,518	-
	\$ 7,423,389	\$ 162,451	\$ (299,763)	\$ 7,286,077	\$ 2,273,058	\$ 381,226	\$ (243,028)	\$ 2,411,256	\$ 4,874,821

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 5. LONG-TERM INVESTMENTS

	2021	2020
INVESTMENT IN NON-CONTROLLED ENTITIES		
All Nations Trust Company - shares at cost	\$ 11,220	\$ 11,220
Investment in BC First Nations Gaming Revenue Limited Partnership	<u>110</u>	<u>110</u>
	11,330	11,330
KANAKA BAR LAND AND RESOURCES LIMITED PARTNERSHIP (99%)		
Units, at cost	100	100
Accumulated equity in earnings	<u>2,282,329</u>	<u>1,703,576</u>
	2,282,429	1,703,676
KANAKA BAR LAND AND RESOURCES INC. (100%)		
Units, at cost	1	1
Accumulated equity in earnings	<u>177</u>	<u>115</u>
	178	116
KBES SERVICES LLP (99%)		
Units, at cost	67,503	67,503
Accumulated partner's deficit	<u>(17,232)</u>	<u>(1,841)</u>
	50,271	65,662
	<hr/> <u>\$ 2,344,208</u>	<hr/> <u>\$ 1,780,784</u>

### 6. 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 INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 6. INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES, continued

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	KBES Services LLP	2021 Total	2020 Total
Cash	\$ 3,771	\$ -	\$ -	\$ 3,771	\$ 67,519
Accounts receivable	1,716	-	-	1,716	-
GST/HST receivable	10	-	-	10	111
Due from related parties	3,963	-	-	3,963	303
Due from shareholder	-	1	-	1	1
Capital assets	-	-	52,161	52,161	-
Investments in subsidiaries	<u>2,279,037</u>	<u>178</u>	<u>-</u>	<u>2,279,215</u>	<u>1,403,714</u>
<b>Total assets</b>	<b>\$ 2,288,497</b>	<b>\$ 179</b>	<b>\$ 52,161</b>	<b>\$ 2,340,837</b>	<b>\$ 1,471,648</b>

Accounts payable and accrued liabilities	\$ 5,652	\$ -	\$ -	\$ 5,652	\$ 34,434
Due to related parties	250	2	1,889	2,141	252
<b>Total liabilities</b>	<b>5,902</b>	<b>2</b>	<b>1,889</b>	<b>7,793</b>	<b>34,686</b>
Share capital	100	1	65,663	65,764	1
Equity	2,282,495	176	(15,391)	2,267,280	1,436,961
<b>Total equity</b>	<b>2,282,595</b>	<b>177</b>	<b>50,272</b>	<b>2,333,044</b>	<b>1,436,962</b>
<b>Total liabilities and equity</b>	<b>\$ 2,288,497</b>	<b>\$ 179</b>	<b>\$ 52,161</b>	<b>\$ 2,340,837</b>	<b>\$ 1,471,648</b>

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	KBES Services LLP	2021 Total	2020 Total
Revenue	\$ 126,201	\$ -	\$ -	\$ 126,201	\$ 200,000
Net income (loss) from subsidiaries	618,564	62	-	618,626	275,079
Interest income	136	-	-	136	2,671
	<u>744,901</u>	<u>62</u>	<u>-</u>	<u>744,963</u>	<u>477,750</u>
Expenses	\$ 166,090	\$ -	\$ 15,391	\$ 181,481	\$ 417,377

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Accounts payable - general	\$ 375,409	\$ 238,976
Kanaka Bar Employment Services Ltd.	-	25,386
Kanaka Land and Holdings Ltd.	-	886
Wages and benefits payable	43,534	20,882
	<b>\$ 418,943</b>	<b>\$ 286,130</b>

### 8. DUE FROM RELATED PARTIES

	2021	2020
Kanaka Bar Employment Services Ltd.	\$ 17,045	\$ 25,000
Kanaka Land and Holdings Ltd.	18,064	214
Siwash Watershed Resources Inc.	100	100
The Crossing Place Housing Society	21,024	252,167
	<b>\$ 56,233</b>	<b>\$ 277,481</b>

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

### 9. DUE TO RELATED PARTIES

	2021	2020
Kwoiek Creek Resources Inc.	\$ (144,537)	\$ -
Kanaka Bar Land and Resources Limited Partnership	(962)	(962)
	<b>\$ (145,499)</b>	<b>\$ (962)</b>

### 10. DEFERRED REVENUE

	March 31, 2020	Funding received, 2021	Revenue recognized, 2021	March 31, 2021
<b>Federal Government</b>				
Indigenous Services Canada	\$ 299,253	\$ (299,253)	\$ 913,133	\$ 913,133
First Nation Health Authority	225,100	(225,100)	-	-
<b>Provincial Government</b>				
Province of British Columbia	524,353	(524,353)	913,133	913,133
	27,007	(27,007)	-	-
	<b>\$ 551,360</b>	<b>\$ (551,360)</b>	<b>\$ 913,133</b>	<b>\$ 913,133</b>

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 11. TERM LOAN

	2021	2020
Bank of Montreal, term loan repayable on demand provided that until demand is made by BMO. The first 12 months interest only payments, with interest at 3.20% per annum. At the end of the interest only period, the loan repayment terms will be determined.	\$ 725,041	\$ -

### 12. CMHC MORTGAGE

	2021	2020
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.	\$ 21,330	\$ 32,578

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

2022	\$ 11,244	
2023	\$ 10,086	
	<hr/> \$ 21,330	

### 13. REPLACEMENT RESERVE

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2021	2020
Balance, beginning of year	\$ 73,378	\$ 68,419
CMHC contribution	4,095	4,095
Interest	456	1,511
Expenditures	(8,778)	(647)
Balance, end of year	<hr/> \$ 69,151	<hr/> \$ 73,378

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 14. OTHER REVENUE

	2021	2020
Nlaka'pamux Health Services Society	\$ 19,677	\$ -
BC Indigenous Clean Energy Initiative	15,000	-
Trans-Mountain	15,000	-
Other revenue	11,124	11,945
Aboriginal Skills Employment & Training	2,640	-
Donations	2,000	6,900
School District 74	1,800	-
Travel Reimbursements	700	7,524
Fraser Basin Council	400	10,992
Dividend income	-	1,321
	<hr/> <b>\$ 68,341</b>	<hr/> <b>\$ 38,682</b>

### 15. RELATED PARTY TRANSACTIONS

During the year, the First Nation entered into the following transactions with related parties:

- (a) Received \$42,000 (2020 - \$42,000) in management fees from Kanaka Bar Land and Resources Limited Partnership;
- (b) Included in accounts receivable is \$20,221 due from band members;
- (c) Paid the Kanaka Bar Employment Services Ltd. \$386,935 (2020 - \$464,346) in contracted services;  
Paid the Kanaka Bar Employment Services Ltd. \$31,305 (2020 - nil) in rental income.
- (d) Paid the Kanaka Land and Holdings Limited Partnership \$26,566 (2020 - \$14,400) in office rent;
- (e) Paid the Kanaka Bar Land and Resources Limited Partnership \$43,853 (2020 - \$120,000) in administration fee.

### 16. ECONOMIC DEPENDENCE

Kanaka Bar Indian Band receives a significant portion of its revenue (2021 - 41% and 2020 - 30%) 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.

### 17. 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 2020-2021 financial statements.

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 18. SUBSEQUENT EVENTS

In late June 2021, a devastating wildfire raged through Lytton destroying 90% of the homes and business structures forcing the immediate evacuation of residents and those in the surrounding area. The area's watershed has risk of contamination from chemicals used to fight the fire. Electricity, sewer and water services have been affected. Railway and highway access to the community have also sustained significant damage. Most evacuees have not been able to return to the area as extensive rebuilding will be necessary. The costs of rebuilding and re-establishing the infrastructure is unknown at this time but expected to be significant.

Mid July, another fire to the south of Kanaka was located and by early August had grown to a point where Kanaka had to issue an evacuation alert on August 6th followed by an evacuation order on August 14th. At the time of preparation of these financial statements, the community infrastructure has not been impacted nor has there been any loss of life. The situation is very dynamic and relevant agencies are working hard to save impacted people, livestock and built assets.

### 19. COVID 19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the organization's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extent of the impact of the pandemic and related impact on the First Nation's operations cannot be reliably estimated at this time.

In accordance with the provincial safety measures, the First Nation has developed a COVID-19 safety plan and the First Nation plans to continue operating under the new protocols beginning on March 11, 2020.

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2021

### 20. EXPENSES BY OBJECT

For the year ended March 31	2021 Budget	2021 Actual	2020 Actual
Administration fees	\$ 160,000	\$ 103,919	\$ 120,191
Advertising and marketing	-	-	454
Amortization	-	333,922	381,226
Audit fees	35,000	57,132	52,003
Bad debts	-	22,771	-
Bank charges	2,291	17,241	1,335
Basic needs	65,414	75,082	45,150
Community support	191,049	38,938	50,294
Consulting fees	462,954	706,210	275,299
Contracted services	4,986,205	713,645	496,977
Contribution to social housing	-	10,010	-
Education living allowance	35,900	22,571	17,840
Equipment - small purchases	1,700	7,915	3,133
Honoraria	124,200	234,787	132,049
Insurance	11,840	42,491	11,301
Legal fees	226,831	113,351	277,453
Licenses, fees and dues	9,800	8,220	8,898
Materials and supplies	25,500	14,703	9,544
Mortgage interest payments	-	629	897
Office and miscellaneous	117,271	38,844	34,016
Other expense	-	506	7,158
Program costs	1,794	541	6,199
Rent	-	12,340	-
Repairs and maintenance	-	-	7,749
Replacement reserve	-	4,095	4,095
Shelter	40,000	51,809	40,252
Special Needs	15,046	54,807	711
Supplies	12,296	2,604	2,735
Training	83,124	1,995	26,310
Travel	23,759	9,938	29,986
Tuition	15,011	15,850	16,876
Utilities	37,800	42,827	42,510
Vehicle	4,800	4,788	1,364
Wages and benefits	394,116	320,919	412,789
Workshops	-	-	11,757
	\$ 7,083,701	\$ 3,085,400	\$ 2,528,551

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 21. 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:

	Membership			Lands and Governance			Social Development		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 98,562	\$ 437,018	\$ 17,387	\$ 2,810,000	\$ 603,623	\$ 400,104	\$ 159,686	\$ 257,130	\$ 152,630
BC Hydro	-	-	-	14,184	14,184	14,184	-	-	-
Teck HVC Partnership	-	2,000	-	222,156	345,599	148,733	-	-	-
Taxation	-	-	-	342,366	313,029	310,436	-	-	-
Government of Canada	-	-	-	-	284,000	118,770	-	-	-
Province of British Columbia	-	-	-	957,703	599,920	612,560	30,000	60,000	30,000
Other revenue	5,795	69,489	6,764	20,882	88,714	55,832	33,933	-	-
<b>Total revenue</b>	<b>104,357</b>	<b>508,507</b>	<b>24,151</b>	<b>4,367,291</b>	<b>2,249,069</b>	<b>1,660,619</b>	<b>223,619</b>	<b>317,130</b>	<b>182,630</b>
<b>Expenses</b>									
Administration fees	-	-	-	160,000	85,913	120,000	-	-	-
Basic needs	-	-	-	-	-	-	65,414	75,082	45,150
Shelter	-	-	-	-	-	-	40,000	51,809	40,252
Utilities	-	456	-	10,000	101	5,339	-	-	-
Contracted services	14,000	41,184	1,528	3,280,166	213,364	48,550	32,574	-	6,965
Honoraria	-	105,500	-	124,200	129,287	132,049	-	-	-
Professional fees	-	-	-	-	-	12,150	-	-	-
Wages and benefits	4,000	4,394	-	34,200	53,469	45,677	56,649	47,952	27,378
Other expenses	89,639	104,317	27,305	764,643	694,868	442,492	58,736	56,482	10,946
<b>Total expenses</b>	<b>107,639</b>	<b>255,851</b>	<b>28,833</b>	<b>4,373,209</b>	<b>1,177,002</b>	<b>806,257</b>	<b>253,373</b>	<b>231,325</b>	<b>130,691</b>
<b>Other</b>	<b>(3,282)</b>	<b>252,656</b>	<b>(4,682)</b>	<b>(5,918)</b>	<b>1,072,067</b>	<b>854,362</b>	<b>(29,754)</b>	<b>85,805</b>	<b>51,939</b>
<b>Annual surplus (deficit)</b>	<b>\$ (3,282)</b>	<b>\$ 238,541</b>	<b>\$ (4,682)</b>	<b>\$ 90,283</b>	<b>\$ 1,061,883</b>	<b>\$ 727,951</b>	<b>\$ (29,754)</b>	<b>\$ 44,386</b>	<b>\$ 18,139</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 21. SEGMENTED INFORMATION, continued

	Education and Training			Health and Culture			Economic Development		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 59,901	\$ 72,135	\$ 96,713	-	\$ 18,000	-	\$ 15,000	\$ 542,000	\$ 15,000
Teck HVC Partnership	-	-	-	-	-	-	-	-	-
First Nations Health Authority	-	-	-	311,116	342,239	317,144	-	-	-
Gov't of Canada	-	9,756	17,777	-	8,007	-	-	-	-
Province of British Columbia	-	-	-	-	-	1,000	-	-	-
First Nations' Emergency Services Society	-	-	-	-	-	-	-	156,630	90,573
Other revenue	18,758	19,037	526	70,351	19,319	24,925	5,000	88,201	39,165
<b>Total revenue</b>	<b>78,659</b>	<b>100,928</b>	<b>115,016</b>	<b>381,467</b>	<b>387,565</b>	<b>343,069</b>	<b>20,000</b>	<b>786,831</b>	<b>144,738</b>
<b>Expenses</b>									
Administration fees	-	1,557	-	-	639	-	-	13,771	-
Utilities	-	-	-	7,200	7,142	10,064	-	-	-
Contracted services	19,258	-	484	147,386	178,856	71,484	13,944	151,561	152,077
Professional fees	-	-	-	5,000	-	5,000	-	-	-
Wages and benefits	19,727	27,487	26,006	163,216	68,122	162,985	-	-	-
Other expenses	58,432	45,089	37,951	134,516	39,765	69,559	48,944	104,962	50,521
<b>Total expenses</b>	<b>97,417</b>	<b>74,133</b>	<b>64,441</b>	<b>457,318</b>	<b>294,524</b>	<b>319,092</b>	<b>62,888</b>	<b>270,294</b>	<b>202,598</b>
Other	(18,758)	26,795	50,575	(75,851)	93,041	23,977	(42,888)	516,537	(57,860)
<b>Annual surplus (deficit)</b>	<b>\$ (18,758)\$</b>	<b>(1,327)\$</b>	<b>(2,584)\$</b>	<b>(75,851)\$</b>	<b>318,142 \$</b>	<b>(7,961)\$</b>	<b>(42,888)\$</b>	<b>72,825 \$</b>	<b>(57,860)</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 21. SEGMENTED INFORMATION, continued

	Band Administration			Infrastructure and Maintenance			Capital Fund		
	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual	2021 Budget	2021 Actual	2020 Actual
<b>Revenues</b>									
Indigenous Services Canada	\$ 135,220	\$ 133,328	\$ 135,220	\$ 605,117	\$ 193,442	\$ 110,855	-	\$ -	\$ -
Other revenue	55,724	44,619	42,498	23,107	-	10,992	-	-	-
<b>Total revenue</b>	<b>190,944</b>	<b>177,947</b>	<b>177,718</b>	<b>628,224</b>	<b>193,442</b>	<b>121,847</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses</b>									
Utilities	6,600	14,084	6,638	14,000	18,439	17,864	-	-	-
Contracted services	33,400	33,024	73,650	1,445,477	95,656	142,239	-	-	-
Professional fees	30,000	53,752	31,628	-	-	-	-	-	-
Wages and benefits	164,212	119,492	150,738	-	-	-	-	-	-
Other expenses	49,540	72,566	61,419	36,516	29,304	95,152	-	333,922	381,226
<b>Total expenses</b>	<b>283,752</b>	<b>292,918</b>	<b>324,073</b>	<b>1,495,993</b>	<b>143,399</b>	<b>255,255</b>	<b>-</b>	<b>333,922</b>	<b>381,226</b>
Other	(92,808)	(114,971)	(146,355)	(867,769)	50,043	(133,408)	-	(333,922)	(381,226)
<b>Annual surplus (deficit)</b>	<b>\$ (92,808)\$</b>	<b>(114,971)\$</b>	<b>(146,355)\$</b>	<b>(167,769)\$</b>	<b>(29,280)\$</b>	<b>(133,408)\$</b>	<b>-</b>	<b>\$ (333,922)\$</b>	<b>(381,226)</b>

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

### 21. SEGMENTED INFORMATION, continued

		Consolidated totals		
		2021 Budget	2021 Actual	2020 Actual
Revenues				
Indigenous Services Canada		\$ 3,883,486	\$ 2,238,676	\$ 927,909
BC Hydro		14,184	14,184	14,184
Teck HVC Partnership		222,156	365,599	148,733
First Nations Health Authority		311,116	342,239	317,144
Taxation		342,366	313,029	310,436
Gov't of Canada		-	301,763	136,547
Province of British Columbia		987,703	659,920	643,560
First Nations' Emergency Services Society		-	156,630	90,573
Other revenue		233,550	924,147	462,497
Total revenue		5,994,561	5,316,187	3,051,583
Expenses				
Administration fees		160,000	103,919	120,196
Basic needs		65,414	75,082	45,150
Shelter		40,000	51,809	40,252
Utilities		37,800	42,827	42,510
Contracted services		4,986,205	713,645	496,977
Honoria		124,200	234,787	132,049
Professional fees		35,000	57,132	52,003
Wages and benefits		442,004	320,916	412,784
Other expenses		1,240,966	1,420,882	1,186,630
Total expenses		7,131,589	3,085,400	2,528,551
Other		(1,137,028)	2,230,787	523,032
		796,201	(391,774)	(245,308)
Annual surplus (deficit)		\$ (340,827)	\$ 1,839,013	\$ 277,724