

KANAKA BAR INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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KANAKA BAR INDIAN BAND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2022

The accompanying consolidated financial statements of Kanaka Bar Indian Band and all the information in this annual report for the year ended March 31, 2022 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.

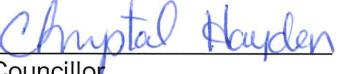
The Kanaka Bar Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nation's assets are appropriately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



Chief


Councillor

Feb. 10/23
Date
Feb 10, 2023
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, 2022, 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, 2022, 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 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.
FEBRUARY 10, 2023

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 8,048,925	\$ 2,077,589
Restricted cash (Note 2)	78,684	73,297
Accounts receivable (Note 3)	1,898,491	890,196
Rents receivable	700	2,025
Due from related parties (Note 8)	102,897	-
Long-term investments (Note 5)	2,940,938	2,344,208
	13,070,635	5,387,315
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	571,009	418,943
Deferred revenue (Note 9)	1,686,864	879,430
Due to related parties (Note 8)	-	89,266
Term loan (Note 10)	993,055	725,041
CMHC Mortgage (Note 11)	9,813	21,330
Replacement reserve (Note 12)	88,005	69,151
	3,348,746	2,203,161
NET FINANCIAL ASSETS	9,721,889	3,184,154
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	7,851,287	6,412,974
Prepaid expenses	8,666	2,066
	7,859,953	6,415,040
ACCUMULATED SURPLUS	\$ 17,581,842	\$ 9,599,194

APPROVED ON BEHALF OF THE KANAKA BAR INDIAN BAND

Andrea So, Chief
Chrytal Hayden, Councillor

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
ANNUAL SURPLUS	\$ 2,572,378	\$ 7,982,648	\$ 1,872,716
Acquisition of tangible capital assets	(1,785,088)	(1,822,755)	(1,872,076)
Amortization of tangible capital assets	367,662	384,442	333,923
	-	(1,438,313)	(1,538,153)
Acquisition of prepaid asset	(8,666)	(8,666)	(2,066)
Use of prepaid asset	2,066	2,066	2,716
	(6,600)	(6,600)	650
INCREASE IN NET FINANCIAL ASSETS	2,565,778	6,537,735	335,213
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	-	3,184,154	2,848,941
NET FINANCIAL ASSETS AT END OF YEAR	\$ -	\$ 9,721,889	\$ 3,184,154

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
REVENUE			
Indigenous Services Canada	\$ 615,289	\$ 1,273,450	\$ 2,238,676
Crown Indigenous Relations	7,597,537	7,597,537	-
Province of British Columbia	771,437	1,754,081	659,920
Share of income (loss) from controlled entities	-	596,730	563,424
First Nations Health Authority	417,144	572,552	342,239
Government of Canada	270,000	352,339	301,763
Taxation	346,706	345,009	332,706
Other (Note 13)	14,678	126,485	68,341
Management fee	42,000	114,234	58,248
Interest income	4,589	81,701	30,617
Canada Mortgage and Housing Corporation	50,000	39,108	33,712
Real Estate Foundation of BC	-	50,000	-
United Way BC	-	20,000	-
BC Hydro	14,184	14,184	14,184
Rental	1,382	9,745	13,933
New Relationship Trust	-	5,000	23,957
Teck HVC Partnership	123,443	-	365,599
First Nations Emergency Services Society	-	-	156,630
Union of B.C Municipalities	-	-	93,201
First Nations Education Steering Committee	-	-	19,037
	10,268,389	12,952,155	5,316,187
EXPENSES			
Lands and Resources	1,515,242	327,872	662,175
Governance	897,514	1,499,205	735,092
Health	957,077	474,992	485,956
Culture	118,762	29,242	8,935
Education and Training	73,406	205,062	80,898
Infrastructure and Maintenance	2,633,909	471,313	279,570
Economic Development	1,304,964	558,205	258,764
Social Development	195,137	195,656	224,562
Capital Fund	-	384,442	333,922
Social Housing Fund	-	16,085	15,526
	7,696,011	4,162,074	3,085,400
ANNUAL SURPLUS BEFORE OTHER	2,572,378	8,790,081	2,230,787
OTHER			
Transfer to deferred revenue	-	(1,689,857)	(882,424)
Deferred revenue recognized	-	882,424	524,353
	-	(807,433)	(358,071)
ANNUAL SURPLUS	2,572,378	7,982,648	1,872,716
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	9,599,194	7,726,478
ACCUMULATED SURPLUS AT END OF YEAR	\$ 2,572,378	\$ 17,581,842	\$ 9,599,194

KANAKA BAR INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022	2022	2021
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 7,982,648	\$ 1,872,716
Items not affecting cash		
Amortization	384,442	333,923
Share of (income) loss of First Nation controlled entities	(596,730)	(563,424)
	7,770,360	1,643,215
Change in non-cash operating working capital	(227,378)	605,302
	7,542,982	2,248,517
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,822,756)	(1,872,073)
FINANCING ACTIVITIES		
Repayment of CMHC mortgage	(11,517)	(11,248)
Proceeds from term loan	268,014	725,041
	256,497	713,793
INVESTING ACTIVITIES		
Restricted cash	(5,387)	3,868
INCREASE IN CASH AND CASH EQUIVALENTS	5,971,336	1,094,105
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,077,589	983,484
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,048,925	\$ 2,077,589

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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 the Canadian Institute of Chartered Accountants.

(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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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, 2021 and March 31, 2022, no liability for contaminated sites has been recorded.

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

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.

	2022	2021
Replacement Reserve Fund - restricted cash	\$ 68,105	\$ 67,740
Ottawa Trust Fund - restricted cash	10,579	5,557
	<hr/> \$ 78,684	<hr/> \$ 73,297

3. ACCOUNTS RECEIVABLE

	2022	2021
Real Estate Foundation of BC	\$ 50,000	\$ -
Indigenous Services Canada	322,345	259,720
Union of B.C. Municipalities	-	93,201
First Nations' Emergency Services Society	-	156,630
GST recoverable	25,776	17,468
Kwoiek Creek Resources LP	325,286	313,029
Province of BC	1,030,000	-
Government of Canada	84,800	8,007
GIC Interest Receivable	34,814	-
Other	25,470	42,141
	<hr/> \$ 1,898,491	<hr/> \$ 890,196

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

4. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2022 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ 163,516
Buildings	4,951,914	432,213	-	5,384,127	578,430	132,755	-	711,185 4,672,942
Automotive equipment	189,661	201,310	-	390,971	189,451	23,717	-	213,168 177,803
Computer equipment	55,276	15,411	-	70,687	33,875	7,364	-	41,239 29,448
Equipment	349,599	188,934	-	538,533	167,180	37,814	-	204,994 333,539
Social Housing	357,832	-	-	357,832	332,892	14,313	-	347,205 10,627
Roads	398,041	-	-	398,041	151,953	3,642	-	155,595 242,446
Domestic Water System	2,657,296	984,886	-	3,642,182	1,256,380	164,836	-	1,421,216 2,220,966
Software	17,500	-	-	17,500	17,500	-	-	17,500 -
Ice Rink	7,518	-	-	7,518	7,518	-	-	7,518 -
	\$ 9,148,153	\$ 1,822,754	\$ -	\$ 10,970,907	\$ 2,735,179	\$ 384,441	\$ -	\$ 3,119,620 \$ 7,851,287

	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	
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

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

5. LONG-TERM INVESTMENTS

	2022	2021
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	110	110
	11,330	11,330
KANAKA BAR LAND AND RESOURCES LIMITED PARTNERSHIP (99%)		
Units, at cost	100	100
Accumulated equity in earnings	2,893,418	2,282,329
	2,893,518	2,282,429
KANAKA BAR LAND AND RESOURCES INC. (100%)		
Units, at cost	1	1
Accumulated equity in earnings	242	177
	243	178
KBES SERVICES LLP (99%)		
Units, at cost	67,503	67,503
Accumulated partner's deficit	(31,656)	(17,232)
	35,847	50,271
	<hr/> \$ 2,940,938	<hr/> \$ 2,344,208

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, 2022

6. INVESTMENTS IN FIRST NATION CONTROLLED ENTITIES, continued

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	KBES Services LLP	2022 Total	2021 Total
Cash	\$ 22,114	\$ -	\$ -	\$ 22,114	\$ 3,771
Accounts receivable	2,478	-	-	2,478	1,716
GST/HST receivable	-	-	-	-	10
Due from related parties	1	-	-	1	3,963
Due from shareholder	-	1	-	1	1
Capital assets	-	-	38,660	38,660	52,161
Investments in subsidiaries	<u>2,872,189</u>	<u>242</u>	-	<u>2,872,431</u>	<u>2,279,215</u>
 Total assets	 <u>\$ 2,896,782</u>	 <u>\$ 243</u>	 <u>\$ 38,660</u>	 <u>\$ 2,935,685</u>	 <u>\$ 2,340,837</u>

Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 5,652
Due to related parties	2,788	2	2,814	5,604	2,141
GST payable	249	-	-	249	-
 Total liabilities	 <u>3,037</u>	 <u>2</u>	 <u>2,814</u>	 <u>5,853</u>	 <u>7,793</u>
Share capital	100	1	67,501	67,602	65,764
Equity	<u>2,893,645</u>	<u>240</u>	<u>(31,655)</u>	<u>2,862,230</u>	<u>2,267,280</u>
 Total equity	 <u>2,893,745</u>	 <u>241</u>	 <u>35,846</u>	 <u>2,929,832</u>	 <u>2,333,044</u>
 Total liabilities and equity	 <u>\$ 2,896,782</u>	 <u>\$ 243</u>	 <u>\$ 38,660</u>	 <u>\$ 2,935,685</u>	 <u>\$ 2,340,837</u>

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	KBES Services LLP	2022 Total	2021 Total
Revenue	\$ 171,623	\$ -	\$ -	\$ 171,623	\$ 126,201
Net income (loss) from subsidiaries	587,652	65	-	587,717	618,626
Interest income	117	-	-	117	136
Gain on sale of capital assets	-	-	999	999	-
 759,392	 65	 999	 760,456	 744,963	
 Expenses	 \$ 148,242	 \$ -	 \$ 15,425	 \$ 163,667	 \$ 181,481

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable - general	\$ 395,585	\$ 375,409
Wages and benefits payable	15,424	43,534
Southern Alberta Institute of Technology	160,000	-
	\$ 571,009	\$ 418,943

8. DUE FROM RELATED PARTIES

	2022	2021
Kanaka Bar Employment Services Ltd.	\$ (35,274)	\$ 17,045
Kanakan Bar Land and Resources Limited Partnership	2,538	(962)
Kanaka Land and Holdings Ltd.	45,740	18,064
Siwash Watershed Resources Inc.	100	100
The Crossing Place Housing Society	89,793	21,024
Kwoiek Creek Resources Inc.	-	(144,537)
	\$ 102,897	\$ (89,266)

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

9. DEFERRED REVENUE

	March 31, 2021	Funding received, 2022	Revenue recognized, 2022	March 31, 2022
Federal Government				
Indigenous Services Canada	\$ 879,430	\$ 1,273,450	\$ (1,496,016)	\$ 656,864
Provincial Government				
Province of British Columbia	-	1,030,000	-	1,030,000
	\$ 879,430	\$ 2,303,450	\$ (1,496,016)	\$ 1,686,864

10. TERM LOAN

	2022	2021
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 prime rate plus 0.75% per annum. At the end of the interest only period, the loan repayment terms will be determined.	\$ 993,055	\$ 725,041

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

11. CMHC MORTGAGE

	2022	2021
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.	\$ 9,813	\$ 21,330

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

2023	\$ 9,813
	<hr/>

12. 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.

	2022	2021
Balance, beginning of year	\$ 69,151	\$ 73,378
CMHC contribution	4,095	4,095
CMHC supplemental funding	14,250	-
Interest	509	456
Expenditures	-	(8,778)
 Balance, end of year	 \$ 88,005	 \$ 69,151

13. OTHER REVENUE

	2022	2021
	\$ -	\$ 19,677
	-	15,000
	-	15,000
	-	15,000
	5,855	11,124
	-	2,640
	8,075	2,000
	-	1,800
	921	700
	23,107	400
	39,857	-
	8,000	-
	310	-
	1,450	-
	30,000	-
	3,910	-
	5,000	-
 \$ 126,485	 \$ 68,341	

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

14. RELATED PARTY TRANSACTIONS

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

- (a) Received \$65,000 (2021 - \$42,000) in management fees from Kanaka Bar Land and Resources Limited Partnership;
- (b) Included in accounts receivable is \$14,055 (2021 - \$20,221) due from band members;
- (c) Paid the Kanaka Bar Employment Services Ltd. \$294,549 (2021 - \$386,935) in contracted services;
Paid the Kanaka Bar Employment Services Ltd. \$20,379 (2021 - 31,305) in rental income;
- (d) Received \$55,631 (2021 - nil) in management fees from the Kanaka Bar Employment Services Ltd.
- (e) Paid the Kanaka Land and Holdings Limited Partnership \$26,900 (2021 - \$26,566) in office rent;
Paid the Kanaka Land and Holdings Limited Partnership \$63,444 (2021 - nil) in contracted services.
- (f) Paid the Kanaka Bar Land and Resources Limited Partnership \$42,000 (2021 - \$43,853) in administration fee.

15. ECONOMIC DEPENDENCE

Kanaka Bar Indian Band receives a portion of its revenue (2022 - 10% and 2021 - 41%) 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.

16. 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 2021-2022 financial statements.

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

17. EXPENSES BY OBJECT

For the year ended March 31	2022 Budget	2022 Actual	2021 Actual
Administration fees	\$ 20,000	\$ 136,785	\$ 105,460
Amortization	-	384,442	333,922
Audit fees	60,000	57,645	57,132
Bad debts	-	9,029	22,771
Bank charges	15,644	38,026	17,241
Basic needs	83,961	85,880	75,082
Community support	118,182	11,817	38,938
Consulting fees	790,285	1,192,699	857,770
Contracted services	4,665,996	1,168,846	562,088
Contribution to social housing	-	13,998	10,010
Education living allowance	7,113	61,600	22,571
Equipment - small purchases	380,913	24,414	7,915
Honoraria	134,647	130,359	232,094
Insurance	50,810	29,718	42,491
Legal fees	42,500	133,813	113,351
Licenses, fees and dues	8,000	20,642	8,220
Materials and supplies	66,239	57,797	14,703
Mortgage interest payments	151,368	5,750	629
Office and miscellaneous	53,633	48,117	39,996
Other expense	750	3,111	506
Program costs	39,128	-	541
Rent	-	21,015	12,340
Replacement reserve	-	4,095	4,095
Shelter	14,518	37,549	51,809
Special Needs	9,285	3,927	54,807
Supplies	58,191	10,905	2,604
Training	11,700	57,179	1,995
Travel	8,067	14,273	9,938
Tuition	24,895	25,802	15,850
Utilities	29,200	35,779	42,827
Vehicle	5,793	385	4,788
Wages and benefits	845,193	336,677	320,916
	\$ 7,696,011	\$ 4,162,074	\$ 3,085,400

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. 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:

	Lands and Resources			Governance			Health		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 120,800	\$ 147,800	\$ 236,175	\$ 98,330	\$ 277,948	\$ 138,328	-	\$ 121,710	\$ 413,769
BC Hydro	-	-	-	\$ 14,184	\$ 14,184	\$ 14,184	-	-	-
Teck HVC Partnership	-	-	-	\$ 123,443	-	\$ 345,599	-	-	\$ 20,000
First Nations Health Authority	7,447	7,447	7,447	-	-	-	\$ 409,697	\$ 559,620	\$ 334,792
Taxation	-	-	-	\$ 346,706	\$ 325,286	\$ 313,029	-	-	-
Government of Canada	-	\$ 79,800	\$ 180,000	-	-	\$ 4,000	-	-	\$ 8,007
Province of British Columbia	46,562	23,433	49,811	\$ 72,159	\$ 205,630	\$ 323,393	-	1,000,000	-
First Nations' Emergency Services Society	-	-	156,630	-	-	-	-	-	-
Other revenue	7,917,537	7,896,446	203,200	57,971	270,100	111,327	2,678	71,792	29,262
Total revenue	8,092,346	8,154,926	833,263	712,793	1,093,148	1,249,860	412,375	1,753,122	805,830
Expenses									
Administration fees	-	36,193	16,853	20,000	69,791	84,372	-	-	\$ 639
Utilities	-	-	-	\$ 13,000	\$ 18,762	\$ 14,185	\$ 7,000	2,527	\$ 7,598
Contracted services	935,029	10,769	14,144	\$ 159,428	\$ 317,875	\$ 126,975	\$ 373,319	233,150	\$ 210,193
Honoraria	23,000	450	27,317	\$ 100,600	\$ 112,389	\$ 97,777	-	14,820	\$ 105,500
Professional fees	-	-	-	\$ 60,000	\$ 51,826	\$ 53,752	-	2,344	-
Wages and benefits	90,511	66,165	31,133	\$ 354,016	\$ 129,347	\$ 146,222	\$ 248,593	72,351	\$ 68,122
Other expenses	466,702	214,295	572,725	\$ 190,470	\$ 799,215	\$ 211,809	\$ 328,165	149,800	\$ 93,904
Total expenses	1,515,242	327,872	662,172	897,514	1,499,205	735,092	957,077	474,992	485,956
Other	6,577,104	7,827,054	171,091	(184,721)	(406,057)	514,768	(544,702)	1,278,130	319,874
Annual surplus (deficit)	\$ 6,577,104	\$ 7,822,984	\$ 105,437	\$ (184,721)	\$ (406,057)	\$ 514,768	\$ (544,702)	\$ 278,130	\$ 544,975

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	2022 Budget	Culture		Education and Training			Infrastructure and Maintenance		
		2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ 95,000	\$ 95,000	-	\$ 39,913	\$ 58,994	\$ 72,135	\$ 101,847	\$ 332,054	\$ 621,139
Gov't of Canada	-	-	-	-	7,540	9,756	-	-	-
Province of British Columbia	-	-	-	30,000	188,817	60,000	396,000	9,909	-
Other revenue	2,000	-	2,000	-	-	19,037	-	63,055	64,552
Total revenue	97,000	95,000	2,000	69,913	255,351	160,928	497,847	405,018	685,691
Expenses									
Administration fees	-	-	-	-	-	1,557	-	28,807	-
Utilities	-	-	-	-	-	-	9,200	11,885	18,439
Contracted services	-	-	-	-	5,441	-	2,048,675	231,016	109,718
Honoraria	7,447	-	-	-	900	-	3,600	1,800	1,500
Wages and benefits	34,680	6,405	-	18,493	1,858	27,487	35,440	4,779	-
Other expenses	76,635	22,837	8,935	54,913	196,863	51,854	536,994	193,026	149,916
Total expenses	118,762	29,242	8,935	73,406	205,062	80,898	2,633,909	471,313	279,573
Other	(21,762)	65,758	(6,935)	(3,493)	50,289	80,030	(2,136,062)	(66,295)	406,118
Annual surplus (deficit)	\$ (21,762)	\$ 65,758	\$ (6,935)	\$ (3,493)	\$ 172,731	\$ 48,915	\$ (2,136,062)	\$ (169,530)	\$ 312,680

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

	Economic Development			Social Development			Capital Fund		
	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual	2022 Budget	2022 Actual	2021 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ 500,000	\$ 159,399	\$ 239,944	\$ 257,130	\$ -	\$ -	\$ -
Province of British Columbia	\$ 226,716	\$ 326,292	\$ 226,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	226,716	326,292	726,716	159,399	239,944	257,130	-	-	-
Expenses									
Basic needs	-	-	-	83,961	85,880	75,082	-	-	-
Shelter	-	-	-	14,518	37,549	51,809	-	-	-
Contracted services	1,149,545	358,272	101,055	-	12,328	-	-	-	-
Wages and benefits	-	-	-	63,460	55,772	47,952	-	-	-
Other expenses	155,419	199,933	157,709	33,198	4,127	49,719	-	384,442	333,922
Total expenses	1,304,964	558,205	258,764	195,137	195,656	224,562	-	384,442	333,922
Other	(1,078,248)	(231,913)	467,952	(35,738)	44,288	32,568	-	(384,442)	(333,922)
Other	-	198,572	(354,539)	-	(21,142)	(38,426)	-	-	-
Annual surplus (deficit)	\$ (1,078,248)\$	(33,341)\$	113,413 \$	(35,738)\$	23,146 \$	(5,858)\$	-	\$ (384,442)\$	(333,922)

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

18. SEGMENTED INFORMATION, continued

		Consolidated totals		
		2022 Budget	2022 Actual	2021 Actual
Revenues				
Indigenous Services Canada		\$ 615,289	\$ 1,273,450	\$ 2,238,676
BC Hydro		14,184	14,184	14,184
Teck HVC Partnership		123,443	-	365,599
First Nations Health Authority		417,144	567,067	342,239
Taxation		346,706	325,286	313,029
Gov't of Canada		-	87,340	201,763
Province of British Columbia		771,437	1,754,081	659,920
First Nations' Emergency Services Society		-	-	156,630
Other revenue		7,980,186	8,930,747	1,024,147
Total revenue		10,268,389	12,952,155	5,316,187
Expenses				
Administration fees		20,000	136,785	105,460
Basic needs		83,961	85,880	75,082
Shelter		14,518	37,549	51,809
Utilities		29,200	35,779	42,827
Contracted services		4,665,996	1,168,851	562,085
Honoria		134,647	130,359	232,094
Professional fees		60,000	57,645	57,132
Wages and benefits		845,193	336,677	320,916
Other expenses		1,842,496	2,172,549	1,637,995
Total expenses		7,696,011	4,162,074	3,085,400
Other		2,572,378	8,790,081	2,230,787
Other		-	(807,433)	(358,071)
Annual surplus (deficit)		\$ 2,572,378	\$ 7,982,648	\$ 1,872,716

KANAKA BAR INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS March 31, 2022

19. PRIOR PERIOD RESTATEMENT

During the year, Kanaka Bar Indian Band determined that adjustments are required to correct the deferred revenue, revenue and expenses related to programs administrated by the First Nation in its comparative information.

The consolidated financial statements as at March 31, 2021 have been restated as follows:

For the year ended March 31	As previously stated in 2021 Actual	Adjustments		Restated 2021 Actual
		Increase (Decrease)	Actual	
Consolidated Statement of Financial Position				
Liabilities				
Deferred revenue	\$ 913,133	\$ (33,703)	\$ 879,430	
Consolidated Statement of Operations				
Revenue				
Transfer to deferred revenue	(916,127)	33,703	(882,424)	
Annual surplus (deficit)	1,839,013	33,703	1,872,716	
Consolidated Statement of Accumulated surplus				
Accumulated surplus	\$ 9,565,491	\$ 33,703	\$ 9,599,194	

20. COMPARATIVE AMOUNTS

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