

# **KANAKA BAR INDIAN BAND**

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## **CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 2023**

# KANAKA BAR INDIAN BAND

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## CONSOLIDATED FINANCIAL STATEMENTS March 31, 2023

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# KANAKA BAR INDIAN BAND

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING March 31, 2023

The accompanying consolidated financial statements of Kanaka Bar Indian Band and all the information in this annual report for the year ended March 31, 2023 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

Jan. 11/24  
Date

  
Councillor

Jan 11, 2024  
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, 2023, 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, 2023, 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.  
JANUARY 11, 2024

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	\$ 8,469,587	\$ 7,499,935
Restricted cash (Note 2)	15,860	78,684
Accounts receivable (Note 3)	882,738	1,898,491
Rents receivable	-	700
Due from related parties (Note 8)	985,349	102,897
Long-term investments (Note 5)	3,322,650	2,940,938
Investments in GICs	348,938	548,990
	<b>14,025,122</b>	<b>13,070,635</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	518,802	571,009
Deferred revenue (Note 9)	1,257,980	1,686,864
Term loan (Note 10)	992,782	993,055
CMHC Mortgage (Note 11)	-	9,813
Replacement reserve (Note 12)	-	88,005
	<b>2,769,564</b>	<b>3,348,746</b>
<b>NET FINANCIAL ASSETS</b>	<b>11,255,558</b>	<b>9,721,889</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Notes 4 and 20)	8,437,451	7,839,770
Prepaid expenses	24,965	8,666
	<b>8,462,416</b>	<b>7,848,436</b>
<b>ACCUMULATED SURPLUS (Note 20)</b>	<b>\$ 19,717,974</b>	<b>\$ 17,570,325</b>

APPROVED ON BEHALF OF THE KANAKA BAR INDIAN BAND

 , Chief

 , Councillor

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31	2023	2022
<b>ANNUAL SURPLUS</b>	<b>\$ 2,147,649</b>	<b>\$ 7,971,131</b>
Acquisition of tangible capital assets	(1,212,802)	(1,822,755)
Amortization of tangible capital assets	477,210	395,959
Transfer of tangible capital assets to Kanaka Bar Land and Holdings LP	137,911	-
	<b>(597,681)</b>	<b>(1,426,796)</b>
Acquisition of prepaid asset	(24,965)	(8,666)
Use of prepaid asset	8,666	2,066
	<b>(16,299)</b>	<b>(6,600)</b>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<b>1,533,669</b>	<b>6,537,735</b>
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<b>9,721,889</b>	<b>3,184,154</b>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<b>\$ 11,255,558</b>	<b>\$ 9,721,889</b>

# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2023	2022
<b>REVENUE</b>		
Indigenous Services Canada	\$ 1,683,866	\$ 1,273,450
Province of British Columbia	1,350,246	1,754,081
Government of Canada	739,075	352,339
First Nations Drinking Water Settlement	500,000	-
First Nations Health Authority	419,705	572,552
Share of income (loss) from controlled entities	379,943	596,730
Taxation	368,759	345,009
Other (Note 13)	188,087	86,628
Interest income	272,219	81,701
Teck HVC Partnership	263,952	-
BC Hydro	111,684	14,184
Real Estate Foundation of BC	99,900	50,000
KNS store sales	88,630	39,857
First Nations Education Steering Committee	63,478	-
Investment Agriculture Foundation	49,296	-
Nature United	45,000	-
Nature-Based Solutions	30,000	-
Management fee	28,131	114,234
BC Aboriginal Child Care Society	15,000	-
Rental	10,653	9,745
Canada Mortgage and Housing Corporation	3,120	39,108
Crown Indigenous Relations	-	7,597,537
United Way BC	-	20,000
New Relationship Trust	-	5,000
	<b>6,710,744</b>	<b>12,952,155</b>
<b>EXPENSES</b>		
Lands and Resources	411,158	327,872
Governance	1,111,924	1,499,205
Health	545,728	222,059
Culture	45,529	29,242
Education and Training	284,723	205,062
Infrastructure and Maintenance	1,582,766	471,313
Economic Development	305,561	811,138
Social Development	174,811	195,656
Capital Fund	605,308	384,442
Social Housing Fund (Note 20)	17,688	27,602
	<b>5,085,196</b>	<b>4,173,591</b>
<b>ANNUAL SURPLUS BEFORE OTHER</b>	<b>1,625,548</b>	<b>8,778,564</b>
<b>OTHER</b>		
Transfer to deferred revenue	(144,697)	(1,689,857)
Deferred revenue recognized	573,581	882,424
Contribution from Replacement Reserve Fund	93,217	-
	<b>522,101</b>	<b>(807,433)</b>
<b>ANNUAL SURPLUS</b>	<b>2,147,649</b>	<b>7,971,131</b>
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<b>17,570,325</b>	<b>9,599,194</b>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<b>\$ 19,717,974</b>	<b>\$ 17,570,325</b>



# KANAKA BAR INDIAN BAND

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2023	2023	2022
<b>OPERATING ACTIVITIES</b>		
ANNUAL SURPLUS	\$ 2,147,649	\$ 7,971,131
Items not affecting cash		
Amortization (Note 20)	477,210	395,959
Share of (income) loss of First Nation controlled entities	(379,943)	(596,730)
Transfer of tangible capital assets to Kanaka Bar Land and Holdings LP	137,911	-
	<b>2,382,827</b>	<b>7,770,360</b>
Change in non-cash operating working capital		
Accounts receivable	1,015,753	(1,008,294)
Prepaid expenses	(16,299)	(6,600)
Accounts payable	(52,211)	152,066
Deferred revenue	(428,884)	807,434
Rents receivables	700	1,325
Due from/to Siwash Watershed Resources Inc.	(882,452)	(192,163)
Replacement reserve	(88,005)	18,854
	<b>1,931,429</b>	<b>7,542,982</b>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(1,212,802)	(1,822,756)
<b>FINANCING ACTIVITIES</b>		
Repayment of CMHC mortgage	(9,813)	(11,517)
Repayment of term loan	(273)	268,014
	<b>(10,086)</b>	<b>256,497</b>
<b>INVESTING ACTIVITIES</b>		
Restricted cash	62,824	(5,387)
Investment in GICs	200,052	200,000
Contribution to Kanaka Bar Land and Resources LP	(1,765)	-
	<b>261,111</b>	<b>194,613</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>969,652</b>	<b>6,171,336</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>7,499,935</b>	<b>1,328,599</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 8,469,587</b>	<b>\$ 7,499,935</b>

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 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, 2023

### 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	5 years Straight line
Buildings	25 years Straight line
Computer equipment	5 years Straight line
Domestic water systems	15 years Straight line
Equipment and furniture	5 years Straight line
Heat pump	15 years Straight line
Roads	100 years Straight line
Software	5 years Straight line
Solar Arrays	20 years 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) 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, 2023

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

#### (h) Financial Instruments

##### *Measurement of financial instruments*

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable, investment in GICs, and advances to related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, government remittance payable, amounts due to/from related parties.

##### *Impairment*

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

##### *Transaction costs*

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

#### (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.

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

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

#### (I) 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, 2022 and March 31, 2023, no liability for contaminated sites has been recorded.

### 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.

	2023	2022
Replacement Reserve Fund - restricted cash	\$ -	\$ 68,105
Ottawa Trust Fund - restricted cash	15,860	10,579
	<b>\$ 15,860</b>	<b>\$ 78,684</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 3. ACCOUNTS RECEIVABLE

	2023	2022
Real Estate Foundation of BC	\$ -	\$ 50,000
Indigenous Services Canada	-	322,345
GST recoverable	40,432	25,776
Kwoiek Creek Resources LP	346,736	325,286
Province of BC	135,987	1,030,000
Government of Canada	-	84,800
Department of natural resources	245,910	-
GIC Interest Receivable	52,637	34,814
BC Aboriginal Child Care Society	15,000	-
First Nations Education Steering Committee	25,315	-
Other	20,721	25,470
	<b>\$ 882,738</b>	<b>\$ 1,898,491</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 4. 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	Balance, end of year	2023 net book value
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ -	\$ 163,516
Buildings	5,384,127	388,069	-	5,772,196	849,986	76,036	-	926,022	4,846,174
Automotive equipment	390,971	155,652	-	546,623	213,168	60,007	-	273,175	273,448
Computer equipment	70,687	-	-	70,687	41,239	8,142	-	49,381	21,306
Equipment	538,533	3,350	-	541,883	204,994	70,782	-	275,776	266,107
Solar Arrays	-	298,904	-	298,904	-	-	-	-	298,904
Heat pump	-	366,827	-	366,827	-	15,788	-	15,788	351,039
Social Housing	357,832	-	(357,832)	-	219,921	-	(219,921)	-	-
Roads	398,041	-	-	398,041	155,595	3,643	-	159,238	238,803
Domestic Water System	3,642,182	-	-	3,642,182	1,421,216	242,812	-	1,664,028	1,978,154
Software	17,500	-	-	17,500	17,500	-	-	17,500	-
Ice Rink	7,518	-	-	7,518	7,518	-	-	7,518	-
	\$ 10,970,907	\$ 1,212,802	\$ (357,832)	\$ 11,825,877	\$ 3,131,137	\$ 477,210	\$ (219,921)	\$ 3,388,426	\$ 8,437,451

	Cost			Accumulated amortization					
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	2022 Net book value
Land	\$ 163,516	\$ -	\$ -	\$ 163,516	\$ -	\$ -	\$ -	\$ -	\$ 163,516
Buildings	4,951,914	432,213	-	5,384,127	702,918	147,068	-	849,986	4,534,141
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	208,404	11,517	-	219,921	137,911
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	\$ 395,958	\$ -	\$ 3,131,137	\$ 7,839,770

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 5. LONG-TERM INVESTMENTS

	2023	2022
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	3,290,744	2,893,418
	3,290,844	2,893,518
KANAKA BAR LAND AND RESOURCES INC. (100%)		
Units, at cost	1	1
Accumulated equity in earnings	146	242
	147	243
KBES SERVICES LLP (99%)		
Units, at cost	67,503	67,503
Accumulated partner's deficit	(47,174)	(31,656)
	20,329	35,847
	\$ 3,322,650	\$ 2,940,938

### 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, 2023

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

	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	KBES Services LLP	2023 Total	2022 Total
Cash	\$ 29,380	\$ -	\$ -	\$ 29,380	\$ 22,114
Accounts receivable	11,886	-	-	11,886	2,478
Due from related parties	20,331	-	-	20,331	1
Due from shareholder	-	1	-	1	1
Capital assets	-	-	25,160	25,160	38,660
Investments in subsidiaries	3,248,424	283	-	3,248,707	2,872,431
<b>Total assets</b>	<b>\$ 3,310,021</b>	<b>\$ 284</b>	<b>\$ 25,160</b>	<b>\$ 3,335,465</b>	<b>\$ 2,935,685</b>
Accounts payable and accrued liabilities	\$ 17,360	\$ 35	\$ -	\$ 17,395	\$ -
Due to related parties	250	2	4,834	5,086	5,604
GST payable	1,301	-	-	1,301	249
Government remittances payable	-	100	-	100	-
<b>Total liabilities</b>	<b>18,911</b>	<b>137</b>	<b>4,834</b>	<b>23,882</b>	<b>5,853</b>
Share capital	100	1	67,504	67,605	67,602
Equity	3,291,110	146	(47,178)	3,244,078	2,862,230
<b>Total equity</b>	<b>3,291,210</b>	<b>147</b>	<b>20,326</b>	<b>3,311,683</b>	<b>2,929,832</b>
<b>Total liabilities and equity</b>	<b>\$ 3,310,121</b>	<b>\$ 284</b>	<b>\$ 25,160</b>	<b>\$ 3,335,565</b>	<b>\$ 2,935,685</b>
	Kanaka Bar Land and Resources Limited Partnership	Kanaka Bar Land and Resources Inc.	KBES Services LLP	2023 Total	2022 Total
Revenue	\$ 141,920	\$ -	\$ -	\$ 141,920	\$ 171,623
Net income (loss) from subsidiaries	374,467	41	-	374,508	587,717
Interest income	594	-	-	594	117
Gain on sale of capital assets	-	-	-	-	999
	<b>516,981</b>	<b>41</b>	<b>-</b>	<b>517,022</b>	<b>760,456</b>
<b>Expenses</b>	<b>\$ 121,385</b>	<b>\$ 100</b>	<b>\$ 15,520</b>	<b>\$ 137,005</b>	<b>\$ 163,667</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Accounts payable - general	\$ 480,387	\$ 395,585
Wages and benefits payable	38,415	15,424
Southern Alberta Institute of Technology	-	160,000
	<b>\$ 518,802</b>	<b>\$ 571,009</b>

### 8. DUE FROM RELATED PARTIES

	2023	2022
Kanaka Bar Employment Services Ltd.	\$ 48,423	\$ (35,274)
Kanakan Bar Land and Resources Limited Partnership	(20,330)	2,538
Kanaka Land and Holdings Ltd.	214	-
Kanaka Land and Holdings Limited Partnership	867,149	45,740
Siwash Watershed Resources Inc.	100	100
The Crossing Place Housing Society	89,793	89,793
	<b>\$ 985,349</b>	<b>\$ 102,897</b>

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, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
<b>Federal Government</b>				
Indigenous Services Canada	\$ 656,864	\$ 144,697	\$ (45,218)	\$ 756,343
<b>Provincial Government</b>				
Province of British Columbia	1,030,000	-	(528,363)	501,637
	<b>\$ 1,686,864</b>	<b>\$ 144,697</b>	<b>\$ (573,581)</b>	<b>\$ 1,257,980</b>

### 10. TERM LOAN

	2023	2022
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.	<b>\$ 992,782</b>	<b>\$ 993,055</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 11. CMHC MORTGAGE

	2023	2022
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

### 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.

	2023	2022
Balance, beginning of year	\$ 88,005	\$ 69,151
CMHC contribution	3,071	4,095
CMHC supplemental funding	-	14,250
Interest	2,141	509
Contribution to the Band Support Fund	(93,217)	-
Balance, end of year	\$ -	\$ 88,005

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 13. OTHER REVENUE

	2023	2022
First Peoples' Heritage , Lanuages & Culture Council	\$ 35,464	\$ -
TCEI Funding	27,703	-
UBC	26,500	-
United Way	21,493	-
Wow-um community gathering project	10,000	-
Vancity	10,000	-
Donations	8,182	8,075
Other revenue	7,927	5,855
OTL Project Funding	7,880	-
CFDC of CIFN	7,500	-
ISPARC Biochar Event Funding	5,200	-
Biochar Workshop Funding	4,224	-
OTL Funding	4,166	-
Travel Reimbursements	3,424	-
Highway 1 Reinstatement	3,000	-
Common Food Action	2,300	-
Honoraria for Wow-Um project	1,250	-
Nlaka'pamux Health Service honoraria	1,000	-
Travel Reimbursements	-	921
Fraser Basin Council	-	23,107
Northern Development Initiative	-	8,000
Pattison Outdorr Advertising LP	624	310
Produce Sales	250	1,450
FPCC Funding	-	30,000
NBSF Funding	-	3,910
Naut'sa Mawt	-	5,000
	<b>\$ 188,087</b>	<b>\$ 86,628</b>

### 14. RELATED PARTY TRANSACTIONS

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

- (a) Paid the Kanaka Bar Land and Resources Limited Partnership \$60,000 (2022 - \$65,000) in management fees;  
Received \$24,500 (2022 - \$42,000) in administration fee from Kanaka Bar Land and Resources Limited Partnership;
- (b) Included in accounts receivable is \$9,584 (2022 - \$14,055) due from band members;
- (c) Paid the Kanaka Bar Employment Services Ltd. \$212,339 (2022 - \$294,549) in contracted services;  
Paid the Kanaka Bar Employment Services Ltd. \$7,917 (2022 - \$20,379) in rental income;
- (d) Received \$nil (2022 - \$55,631) in management fees from the Kanaka Bar Employment Services Ltd.
- (e) Paid the Kanaka Land and Holdings Limited Partnership \$2,112 (2022 - \$26,900) in office rent;  
Paid the Kanaka Land and Holdings Limited Partnership \$85,994 (2022 - \$63,444) in contracted services;

# KANAKA BAR INDIAN BAND

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 15. ECONOMIC DEPENDENCE

Kanaka Bar Indian Band receives a portion of its revenue (2023 - 25% and 2022 - 10%) 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 2022-2023 financial statements.

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 17. EXPENSES BY OBJECT

For the year ended March 31	2023	2022
Administration fees	\$ 71,824	\$ 136,785
Amortization	605,308	384,442
Audit fees	50,378	57,645
Bad debts	5,490	9,029
Bank charges	17,807	38,026
Basic needs	71,569	85,880
Community support	70,296	11,817
Consulting fees	433,905	1,192,699
Contracted services	1,706,189	1,168,846
Contribution to social housing	3,631	13,998
Education living allowance	150,813	61,600
Equipment - small purchases	184,931	24,414
Honoraria	140,259	130,359
Insurance	15,783	29,718
Legal fees	136,061	133,813
Licenses, fees and dues	1,128	20,642
Loan payments	9,813	11,517
Materials and supplies	114,830	57,797
Mortgage interest payments	37,270	5,750
Office and miscellaneous	132,451	48,117
Other expense	2,331	3,111
Patient travel	14,049	11,583
Program costs	907	-
Rent	18,300	21,015
Replacement reserve	3,071	4,095
Shelter	39,822	37,549
Special Needs	4,096	3,927
Supplies	13,665	10,905
Training	65,423	57,179
Travel	30,472	2,690
Tuition	59,606	25,802
Utilities	38,427	35,779
Vehicle	9,033	385
Wages and benefits	826,258	336,677
	<b>\$ 5,085,196</b>	<b>\$ 4,173,591</b>

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 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		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 45,000	\$ 147,800	-	\$ 159,130	\$ 277,948	-	\$ 122,050	\$ 121,710
BC Hydro	-	-	-	-	14,184	14,184	-	-	-
First Nations Health Authority	-	-	7,447	-	-	-	-	419,384	459,620
Taxation	-	-	-	-	346,736	325,286	-	-	-
Government of Canada	-	255,179	79,800	-	105,000	-	-	-	-
Province of British Columbia	-	185,987	23,433	-	323,965	205,630	-	-	-
Other revenue	-	156,924	7,896,446	-	822,367	270,100	-	180,231	45,342
Total revenue	-	643,090	8,154,926	-	1,771,382	1,093,148	-	721,665	626,672
Expenses									
Administration fees	-	-	36,193	-	11,495	69,791	-	-	-
Utilities	-	-	-	-	16,527	18,762	-	10,294	2,685
Contracted services	-	82,146	10,769	-	96,075	317,875	-	79,176	61,621
Honoraria	-	-	450	-	129,428	112,389	-	5,381	14,820
Professional fees	-	-	-	-	50,378	51,826	-	-	2,344
Wages and benefits	-	102,286	66,165	-	420,534	129,347	-	185,249	61,975
Other expenses	-	226,726	214,295	-	387,487	799,215	-	265,628	78,614
Total expenses	-	411,158	327,872	-	1,111,924	1,499,205	-	545,728	222,059
Other	-	231,932	7,827,054	-	659,458	(406,057)	-	175,937	404,613
	-	16,172	(4,070)	-	91,449	-	-	(41,271)	-
Annual surplus (deficit)	\$ -	\$ 248,104	\$ 7,822,984	-	\$ 750,907	\$ (406,057)	-	\$ 134,666	\$ 404,613

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	2023 Budget	Culture 2023 Actual	2022 Actual	2023 Budget	Education and Training 2023 Actual	2022 Actual	2023 Budget	Infrastructure and Maintenance 2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 114,569	\$ 95,000	\$ -	\$ 60,706	\$ 58,994	\$ -	\$ 809,450	\$ 332,054
BC Hydro	-	-	-	-	-	-	-	97,500	-
Government of Canada	-	-	-	-	-	7,540	-	-	-
Province of British Columbia	-	-	-	-	46,000	188,817	-	137,911	9,909
Other revenue	-	2,500	-	-	67,305	-	-	217,734	63,055
Total revenue	-	117,069	95,000	-	174,011	255,351	-	1,262,595	405,018
Expenses									
Administration fees	-	-	-	-	-	-	-	60,000	28,807
Utilities	-	-	-	-	-	-	-	11,442	11,885
Contracted services	-	1,000	-	-	14,439	5,441	-	1,308,508	231,016
Honoraria	-	1,375	-	-	425	900	-	3,650	1,800
Wages and benefits	-	13,143	6,405	-	-	1,858	-	-	4,779
Other expenses	-	30,011	22,837	-	269,859	196,863	-	199,166	193,026
Total expenses	-	45,529	29,242	-	284,723	205,062	-	1,582,766	471,313
Other	-	71,540	65,758	-	(110,712)	50,289	-	(320,171)	(66,295)
Annual surplus (deficit)	\$ -	\$ 71,540	\$ 65,758	\$ -	\$ (110,712)	\$ 172,731	\$ -	\$ (306,178)	\$ (169,530)



# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Economic Development			Social Development			Capital Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 116,000	\$ -	\$ -	\$ 256,961	\$ 239,944	\$ -	\$ -	\$ -
Teck HVC Partnership	-	263,952	-	-	-	-	-	-	-
First Nations Health Authority	-	-	100,000	-	-	-	-	-	-
Government of Canada	-	180,016	-	-	-	-	-	-	-
Province of British Columbia	-	656,383	1,326,292	-	-	-	-	-	-
Other revenue	-	144,708	26,450	-	-	-	-	-	-
Total revenue	-	1,361,059	1,452,742	-	256,961	239,944	-	-	-
Expenses									
Basic needs	-	-	-	-	71,569	85,880	-	-	-
Shelter	-	-	-	-	39,822	37,549	-	-	-
Utilities	-	53	(158)	-	111	-	-	-	-
Contracted services	-	124,842	529,801	-	-	12,328	-	-	-
Wages and benefits	-	49,633	10,376	-	55,413	55,772	-	-	-
Other expenses	-	131,033	271,119	-	7,896	4,127	-	605,308	384,442
Total expenses	-	305,561	811,138	-	174,811	195,656	-	605,308	384,442
Other	-	1,055,498	641,604	-	82,150	44,288	-	(605,308)	(384,442)
	-	439,990	(801,428)	-	-	(21,142)	-	-	-
Annual surplus (deficit)	\$ -	\$ 1,495,488	\$ (159,824)	\$ -	\$ 82,150	\$ 23,146	\$ -	\$ (605,308)	\$ (384,442)

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	Social Housing Fund			Trust Fund			Enterprise Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Other revenue	\$ -	\$ 17,688	\$ 27,602	-	\$ 5,281	\$ 5,022	-	\$ 379,943	\$ 596,730
Total revenue	-	17,688	27,602	-	5,281	5,022	-	379,943	596,730
Expenses									
Administration fees	-	329	1,994	-	-	-	-	-	-
Utilities	-	-	2,605	-	-	-	-	-	-
Professional fees	-	-	3,475	-	-	-	-	-	-
Other expenses	-	17,359	19,528	-	-	-	-	-	-
Total expenses	-	17,688	27,602	-	-	-	-	-	-
Other	-	-	-	-	5,281	5,022	-	379,943	596,730
	-	-	-	-	-	-	-	1,768	-
Annual surplus (deficit)	\$ -	\$ -	\$ -	-	\$ 5,281	\$ 5,022	-	\$ 381,711	\$ 596,730

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 18. SEGMENTED INFORMATION, continued

	2023 Budget	Consolidated totals 2023 Actual	2022 Actual
Revenues			
Indigenous Services Canada	\$ -	\$ 1,683,866	\$ 1,273,450
BC Hydro	-	111,684	14,184
Teck HVC Partnership	-	263,952	-
First Nations Health Authority	-	419,384	567,067
Taxation	-	346,736	325,286
Government of Canada	-	540,195	87,340
Province of British Columbia	-	1,350,246	1,754,081
Other revenue	-	1,994,681	8,930,747
Total revenue	-	6,710,744	12,952,155
Expenses			
Administration fees	-	71,824	136,785
Basic needs	-	71,569	85,880
Shelter	-	39,822	37,549
Utilities	-	38,427	35,779
Contracted services	-	1,706,186	1,168,851
Honoraria	-	140,259	130,359
Professional fees	-	50,378	57,645
Wages and benefits	-	826,258	336,677
Other expenses	-	2,140,473	2,184,066
Total expenses	-	5,085,196	4,173,591
Other	-	1,625,548	8,778,564
	-	522,101	(807,433)
Annual surplus (deficit)	\$ -	\$ 2,147,649	\$ 7,971,131

# KANAKA BAR INDIAN BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 19. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

#### *Liquidity risk*

The First Nation does have a liquidity risk in the accounts payable and accruals of \$518,802. Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

#### *Credit risk*

The First Nation does have credit risk in accounts receivable of \$882,738. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

#### *Interest rate risk*

The First Nation is exposed to interest rate risk due to the variable rate interest on their loans payable. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

### 20. PRIOR PERIOD RESTATEMENT

During the year, Kanaka Bar Indian Band determined that adjustments are required to recognize the difference in depreciation expenses on the building managed by the Kanaka Bar Indian Band Social Housing Program for consolidation purposes.

The consolidated financial statements as at March 31, 2022 have been restated as follows:

For the year ended March 31	As previously stated in 2022	Adjustments Increase (Decrease)	Restated 2022
Consolidated Statement of Financial Position			
Non-financial assets			
Tangible capital assets	\$ 7,851,287	\$ (11,517)	\$ 7,839,770
Accumulated surplus	17,581,842	(11,517)	17,570,325
Consolidated Statement of Operations			
Expenses			
Social Housing Fund	16,085	11,517	27,602
Annual surplus	8,790,081	(11,517)	8,778,564
Consolidated Statement of Cash Flows			
Items not affecting cash			
Amortization	\$ 384,442	\$ 11,517	\$ 395,959

### 21. COMPARATIVE AMOUNTS

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