

Kwantlen First Nation
Consolidated Financial Statements
March 31, 2015

Kwantlen First Nation
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For the Year Ended March 31, 2015

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Management's Responsibility

To the Members of Kwantlen First Nation

The accompanying consolidated financial statements of Kwantlen First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Kwantlen First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 28, 2015

Signed by Carlo Zanuzzi

Director of Finance
& Administration

Signed by Chief Marilyn Gabriel

Chief

Independent Auditors' Report

To the Members of Kwantlen First Nation:

We have audited the accompanying consolidated financial statements of Kwantlen First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, remeasurement losses, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kwantlen First Nation as at March 31, 2015 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chilliwack, British Columbia

July 28, 2015

MNP LLP

Chartered Professional Accountants

Kwantlen First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Cash	881,925	843,650
Short-term investments (Note 3)	2,867,931	3,430,632
Accounts receivable (Note 4)	2,440,375	1,780,956
Inventory for resale	105,449	105,087
	6,295,680	6,160,325
Restricted assets		
Trust funds (Note 5)	2,223,034	2,682,627
Interest reserve (Note 6)	25,263	64,700
Replacement reserve (Note 7)	23,095	12,998
	2,271,392	2,760,325
	8,567,072	8,920,650
Financial liabilities		
Bank indebtedness (Note 8)	313,775	190,000
Accounts payable and accrued liabilities	2,381,925	2,353,460
Deferred revenue (Note 9)	526,097	111,438
Debt (Note 10)	14,906,138	15,275,783
Derivative instruments (Note 11)	947,513	336,122
Progress billings in excess of cost	2,183	35,245
	19,077,631	18,302,048
Net debt	(10,510,559)	(9,381,398)
Non-financial assets		
Tangible capital assets (Note 12)	20,356,470	20,847,646
Property under development	4,829,692	4,606,293
Other inventories	108,828	-
Prepaid expenses	13,801	33,535
	25,308,791	25,487,474
Accumulated surplus (Note 13)	14,798,232	16,106,076
Accumulated surplus is comprised of:		
Accumulated operating surplus	15,745,745	16,442,198
Accumulated remeasurement losses	(947,513)	(336,122)
	14,798,232	16,106,076

Approved on behalf of Chief and Council

Signed by Chief Marilyn Gabriel

Signed by Les Antone

The accompanying notes are an integral part of these financial statements

Kwantlen First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	3,994,100	4,935,780	2,350,757
AANDC recovery	(17,783)	(20,037)	(6,698)
AANDC recovery reversal	-	-	75,000
AANDC reimbursement	-	22,326	-
Contracting services	2,640,858	2,652,179	1,495,732
Commercial lease income	1,603,400	1,594,000	973,054
BC Hydro	22,875	1,474,438	1,452,327
Merchandise sales	1,092,486	1,122,450	412,309
First Nations Health Authority	317,272	322,592	301,217
Forestry revenue	361,781	277,264	386,687
Other income	142,402	104,157	361,937
Taxation	138,541	138,301	129,150
Rental income	126,380	137,062	35,604
Interest income	112,396	99,167	101,748
Province of British Columbia	80,000	74,021	3,478,357
Canada Mortgage and Housing Corporation	46,642	46,642	21,614
Land development	-	45,815	23,950
Sto:lo HRD	6,200	5,610	24,984
First Nations Financial Management Board	-	5,350	-
Heritage Society	5,000	5,000	-
Union of BC Municipalities	-	5,000	-
Naut'sa mawt Tribal Council	-	2,864	-
Donations	2,600	2,805	7,595
Township of Langley	2,200	2,800	-
New Relationship Trust	4,000	2,500	6,000
BC special distribution	583	583	561
Other agencies	-	-	6,486
	10,681,933	13,058,669	11,638,371
Expenses			
Administration	1,128,700	1,111,170	1,108,880
Capital	194,073	808,731	562,730
Member and Community Services	507,625	526,479	443,002
Infrastructure	259,477	296,705	199,669
Housing	219,556	231,429	101,578
Health Services	435,779	430,882	440,591
Social Development	122,698	153,509	133,573
Education	414,125	410,301	433,510
Economic Development	5,597,400	5,440,150	4,327,016
Lands and Resources	3,269,825	4,345,766	1,901,292
	12,149,258	13,755,122	9,651,841
Annual operating surplus (deficit)	(1,467,325)	(696,453)	1,986,530
Accumulated operating surplus, beginning of year	16,442,198	16,442,198	14,455,668
Accumulated operating surplus, end of year	14,974,873	15,745,745	16,442,198

The accompanying notes are an integral part of these financial statements

Kwantlen First Nation
Consolidated Statement of Changes in Net Debt
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Annual operating surplus (deficit)	(1,467,325)	(696,453)	1,986,530
Tangible capital assets			
Acquisition of tangible capital assets	(14,000)	(317,555)	(12,791,407)
Amortization	194,073	808,731	562,730
	180,073	491,176	(12,228,677)
Property under development			
Costs incurred on property under development	-	(223,400)	(377,323)
Other inventories			
Change in other inventories	-	(108,828)	-
Prepaid expenses			
Acquisition of prepaid expenses	(3,400)	(13,801)	(33,535)
Use of prepaid expenses	3,402	33,535	20,349
	2	19,734	(13,186)
Net remeasurement losses			
Change in net remeasurement losses	-	(611,390)	(336,122)
Change in net debt	(1,287,250)	(1,129,161)	(10,968,779)
Net financial assets (debt), beginning of year	(9,381,398)	(9,381,398)	1,587,381
Net debt, end of year	(10,668,648)	(10,510,559)	(9,381,398)

The accompanying notes are an integral part of these financial statements

Kwantlen First Nation
Consolidated Statement of Cash Flows
For the Year Ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	(696,453)	1,986,530
Non-cash items		
Amortization	808,731	562,730
Revenue earned in trust funds	(320,407)	(370,578)
	(208,129)	2,178,682
Changes in working capital accounts		
Accounts receivable	(659,420)	(631,227)
Accounts payable and accrued liabilities	28,464	624,717
Deferred revenue	414,660	(1,453,977)
Inventory for resale	(362)	(41,704)
Prepaid expenses	19,735	(13,186)
Property under development	(223,400)	(377,323)
Progress billings in excess of cost	(33,062)	(71,452)
Other inventories	(108,828)	-
	(770,342)	214,530
Financing activities		
Advances of long-term debt	100,077	14,889,500
Repayment of long-term debt	(469,722)	(762,444)
Increase in bank indebtedness	123,775	190,000
	(245,870)	14,317,056
Investing activities		
Acquisition of tangible capital assets	(317,555)	(12,791,407)
Investment in short-term investments	(38,946)	(3,312,748)
Redemption of short-term investments	601,647	-
Deposits in reserve accounts	(10,096)	(12,998)
Withdrawal of reserve accounts	39,437	33,114
Deposits in trust funds	-	(16,669)
Withdrawal of trust funds	780,000	753,970
	1,054,487	(15,346,738)
Increase (decrease) in cash resources	38,275	(815,152)
Cash resources, beginning of year	843,650	1,658,802
Cash resources, end of year	881,925	843,650
Supplementary cash flow information:		
Interest received	99,167	101,748
Interest paid	660,625	223,825

The accompanying notes are an integral part of these financial statements

Kwantlen First Nation
Consolidated Statement of Remeasurement Losses
For the Year Ended March 31, 2015

	2015	2014
Accumulated remeasurement losses, beginning of year	(336,122)	-
Unrealized losses attributable to:		
Derivative instruments	(611,391)	(336,122)
Accumulated remeasurement losses, end of year	(947,513)	(336,122)

The accompanying notes are an integral part of these financial statements

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

1. Operations

Kwantlen First Nation (the "Nation") is a First Nation band located in the province of British Columbia that provides various services to its members. Kwantlen First Nation includes the Nation's government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements of Kwantlen First Nation are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis. Inter-entity balances and transactions have been eliminated on consolidation.

Organizations consolidated in Kwantlen First Nation's financial statements include:

- Seyem' Qwantlen Business Management Ltd.
- Seyem' Qwantlen Construction Ltd.
- Seyem' Qwantlen Construction Limited Partnership
- Seyem' Qwantlen Development Ltd.
- Seyem' Qwantlen Development Limited Partnership
- Seyem' Qwantlen Land Development Ltd.
- Seyem' Qwantlen Land Development Limited Partnership
- Seyem' Qwantlen Resources Ltd.
- Seyem' Qwantlen Resources Limited Partnership
- Seyem' Qwantlen Harbour Authority

In addition, the Nation has made investments in government partnerships, which are accounted for using the proportionate consolidation method:

- The Jackson Ridge Project (A Joint Venture) owned 50% by the Nation
- Seyem' QD / B&D Joint Venture owned 50% by the Nation
- Seyem' QD / Mutual Construction owned 51% by the Nation

Asset classification

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

Net financial assets (debt)

Kwantlen First Nation's financial statements are presented so as to highlight net financial assets (debt) as the measurement of financial position. The net financial assets (debt) of the Nation is determined by its financial assets less its liabilities. Net financial assets (debt) is comprised of two components, non-financial assets and accumulated surplus.

Inventories

Inventories are stated at the lower of average cost and net realizable value.

Short-term investments

Short-term investments consists of term deposits or guaranteed investment certificates and are recorded at cost. Accrued interest is recorded when earned.

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

2. Significant accounting policies *(continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually on a straight-line or declining balance basis over their estimated useful lives as follows:

Asset	Basis	Useful life
Land improvements	Straight-line	15 - 20 years
Buildings	Declining balance / straight-line	4% / 40 years
Infrastructure	straight-line	50 years
Equipment	Declining balance / straight-line	20 - 55% / 5 - 20 years
Automotive	Declining balance / straight-line	30% / 5 - 10 years
Art collection	Straight-line	25 years
Leasehold improvements	Straight-line	6 years

Funds held in Ottawa Trust fund

Funds held in trust on behalf of the Nation's members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from nonrenewable resource transactions on the sale of land or other tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Revenue recognition

Government funding

Kwantlen First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Contracting revenue

Contracting revenue is recognized on the accrual basis according to the terms of the contractual agreements.

Housing rental income

Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

First Nation capital and revenue trust funds

Kwantlen First Nation recognizes revenues at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

Other revenue

Other revenue is recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

2. Significant accounting policies *(continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management 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 financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable and amounts due from related entities are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies. When the Nation determines that a long-lived asset no longer has any long-term service potential to the Nation, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Nation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Nation determines if there is a significant adverse change in the expected amount of timing of future cash flows, the carrying value of the financial asset is reduced to the highest present value of the expected cash flows, the amount that could be realized from selling the financial asset of the amount the Nation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Derivative instruments are financial contracts whose value changes in response to a change in a specified interest rate, exchange rate or other variable, provided in the case of a non-financial variable, the variable is not specific to a party to the contract. Derivative contracts usually have no initial net investment, or a net investment which would be smaller than a non-derivative contract, and are settled at a future date.

Derivatives are initially recognized at fair value on the date which a derivative contract is entered into. They are subsequently re-measured at their fair value and reported as assets where they have a positive fair value or as liabilities where they have a negative fair value.

Segments

Kwantlen First Nation conducts its operations through various segments as described in Note 19. These operating segments are established by management to facilitate the achievement of the Nation's long-term objectives, to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

3. Short-term investments

Included in short-term investments are term deposits of \$108,607 (2014 - \$118,766) which secure letters of credit for the Jackson Ridge Project (A Joint Venture) development project. The bank can draw on these term deposits in the event they are required to pay out on the letters of credit.

4. Accounts receivable

	2015	2014
Trade receivables	2,224,827	1,563,419
Member loans	191,059	196,015
Other receivables	20,602	17,635
CMHC subsidy receivable	3,887	3,887
	2,440,375	1,780,956

5. Trust funds

Trust funds consist of Ottawa Trust accounts that arise from funds derived from capital or revenue sources as outlined in Section 62 of the Indian Act. The management of these funds are governed by Sections 63 to 69 of the Indian Act.

	2015	2014
Capital fund		
Balance, beginning of year	213,893	233,194
Housing loan repayments	-	16,669
Transfer to revenue fund	-	(32,000)
Withdrawals	(30,000)	(3,970)
Balance, end of year	183,893	213,893
Revenue Fund		
Balance, beginning of year	2,468,734	2,816,156
Rental income	267,500	285,720
Interest income	52,324	84,297
BC special distribution	583	561
Transfer from capital fund	-	32,000
Withdrawals	(750,000)	(750,000)
Balance, end of year	2,039,141	2,468,734
	2,223,034	2,682,627

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

6. Interest reserve

The interest reserve account consists of cash that is restricted for the payments of interest on the long-term debt in the Jackson Ridge Project (A Joint Venture) (see Note 14).

7. Replacement reserve

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$10,080 annually as stated in Schedule "B" of the Operating Agreement. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

As at March 31, 2015, \$23,095 (2014 - \$12,998) has been set aside to fund this reserve.

8. Bank indebtedness

The Nation carries operating lines of credit with Royal Bank of Canada and BMO Bank of Montreal that are secured by general security agreements. The operating lines entitles the Nation to borrow a maximum amount of \$760,000 with Royal Bank of Canada that bears interest at variable rates ranging from 1.2% to 1.45% above the bank's prime lending rate and \$800,000 with BMO Bank of Montreal that bears interest at a variable rate of bank prime plus 0.5%. As of March 31, 2015, \$313,775 (2014 - \$190,000) of the operating lines of credit were utilized.

9. Deferred revenue

	<i>Opening balance</i>	<i>Funds received</i>	<i>Revenue recognized</i>	<i>2015 Closing balance</i>	<i>2014</i>
Commercial rent	-	309,375	-	309,375	-
Resource projects	-	103,799	-	103,799	-
The Jackson Ridge Project (A Joint Venture)	75,000	-	-	75,000	75,000
Parklane Homes	25,000	-	-	25,000	25,000
First Nations Tax Commission	-	5,000	-	5,000	-
Gift certificates	-	5,263	-	5,263	-
CMHC rent	-	2,660	-	2,660	-
BC Hydro	11,438	-	(11,438)	-	11,438
	111,438	426,097	(11,438)	526,097	111,438

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

10. Long-term debt

	2015	2014
BMO Bank of Montreal loan, payments of \$34,643 per month including interest at 4.97% per annum, matures December 1, 2023 (secured - see below)	5,050,430	5,210,790
BMO Bank of Montreal loan, payments of \$33,151 per month including interest at 4.45% per annum, matures December 1, 2020 (secured - see below)	5,038,146	5,207,651
BMO Bank of Montreal loan, payments of \$9,254 per month including variable interest at bank prime plus 0.75% per annum, matures November 1, 2038, secured by a general security agreement	1,736,056	1,781,534
BMO Bank of Montreal loan, payments of \$5,893 per month including interest at 3.97% per annum, matures December 1, 2018 (secured - see below)	931,248	964,278
Demand loan bearing interest at variable interest at bank prime plus 1.75% per annum, matures August 31, 2015, secured by the development costs in the Jackson Ridge Project (A Joint Venture) and by limited personal and corporate guarantees of the venturers	865,865	799,173
CMHC Phase 1 - All Nations Trust Company mortgage, payments of \$2,873 per month including interest at 1.52% per annum, renewal May 1, 2018, matures May 1, 2038	672,404	696,490
CMHC Phase 2 - All Nations Trust Company mortgage, payments of \$2,464 per month including interest at 2.04% per annum, renewal March 1, 2019, matures March 1, 2039	561,312	545,894
Tale'awtxw Aboriginal Capital Corporation loan, payments of \$1,693 per month including interest at 12.0% per annum, matures November 15, 2016, secured by a general security agreement	50,677	69,973
	14,906,138	15,275,783

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2016	503,424
2017	528,402
2018	522,493
2019	545,050
2020	568,619
	2,667,988

Three of the BMO Bank of Montreal loans totaling \$11,019,824 are secured by a mortgage of \$14,000,000 over specific land and buildings and an assignment of rents.

Long-term debt for CMHC housing projects are secured by Ministerial guarantees of the Ministry of Aboriginal Affairs and Northern Development Canada.

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

11. Derivative instruments

In the ordinary course of business, the Nation enters into various derivative contracts, including interest rate swaps. Derivative financial instruments may be undertaken to manage price risk from the Nation's exposure to fixed interest rates related to its debt.

Notional amounts of derivatives used to manage interest Rate Risk

	<i>Maturity of Derivatives in 1 to 5 Years</i>	<i>Maturity of Derivatives in 5 to 10 Years</i>	<i>Total 2015</i>	<i>Total 2014</i>
Receive fixed/pay floating swaps	931,248	10,088,576	11,019,824	11,382,719

Fair values of derivatives used to manage interest rate risk

	<i>2015</i>	<i>2014</i>
Receive fixed/pay floating swaps	(947,513)	(336,122)

The above interest rate swaps are amortized swaps that reduce over time as the associated debt is repaid.

12. Tangible capital assets

<i>Cost</i>	<i>Beginning of year</i>	<i>Acquisitions</i>	<i>Disposals</i>	<i>End of year</i>
Land	4,010,000	-	-	4,010,000
Land improvements	522,463	227,675	-	750,138
Buildings	13,433,747	4,328	-	13,438,075
Infrastructure	3,834,130	-	-	3,834,130
Equipment	577,790	62,945	-	640,735
Automotive	141,120	16,230	-	157,350
Art collection	134,889	-	-	134,889
Leasehold improvements	509,499	6,377	-	515,876
	23,163,638	317,555	-	23,481,193

<i>Accumulated amortization</i>	<i>Beginning of year</i>	<i>Amortization</i>	<i>Disposals</i>	<i>End of year</i>
Land improvements	73,560	49,585	-	123,145
Buildings	681,894	471,707	-	1,153,601
Infrastructure	1,152,536	76,682	-	1,229,218
Equipment	216,599	89,698	-	306,297
Automotive	47,541	29,973	-	77,514
Art collection	58,946	5,396	-	64,342
Leasehold improvements	84,916	85,690	-	170,606
	2,315,992	808,731	-	3,124,723

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

12. Tangible capital assets *(continued from previous page)*

Net book value	2015	2014
Land	4,010,000	4,010,000
Land improvements	626,993	448,903
Buildings	12,284,474	12,751,853
Infrastructure	2,604,912	2,681,594
Equipment	334,438	361,191
Automotive	79,836	93,579
Art collection	70,547	75,943
Leasehold improvements	345,270	424,583
	20,356,470	20,847,646

Amortization expense of \$808,731 (2014 - \$562,730) was recorded in the Capital Fund.

13. Accumulated surplus

	2015	2014
Unrestricted surplus (deficit)	(499,767)	442,993
Equity in replacement reserve	23,095	12,998
Equity in tangible capital assets	8,102,929	8,222,543
Equity in other non-financial assets	4,948,941	4,744,915
Equity in trust funds	2,223,034	2,682,627
	14,798,232	16,106,076

14. Investment in joint ventures

The Jackson Ridge Project (A Joint Venture)

The Jackson Ridge Project (A Joint Venture) was started in order to rezone, subdivide and develop land on Jackson Road for single family residences.

A summary of the financial position of The Jackson Ridge Project (A Joint Venture) as at March 31, 2015, with comparative information for 2014 is as follows:

	2015	2014
Assets	5,172,632	4,737,097
Liabilities	(2,069,762)	(1,837,097)
	3,102,870	2,900,000

The Jackson Ridge Project (A Joint Venture) did not have any revenues or expenses during the year ended March 31, 2015 or 2014.

Kwantlen First Nation
Notes to the Consolidated Financial Statements
For the Year Ended March 31, 2015

14. Investment in joint ventures *(continued from previous page)*

Seyem' QD / B&D Joint Venture

The Seyem' QD / B&D Joint Venture was started to pursue and carry out civil construction projects.

A summary of the financial position and operations of The Seyem' QD / B&D Joint Venture as at March 31, 2015 and for the period ended March 31, 2015, with comparative information for 2014 is as follows:

	2015	2014
Assets	10,096	57,701
Liabilities	(3,585)	(38,665)
	6,511	19,036

	2015	2014
Revenues	2,742	124,922
Expenses	(5,081)	(110,143)
	(2,339)	14,779

Seyem' QD / Mutual Construction Joint Venture

The Seyem' QD / B&D Joint Venture was started to pursue and carry out civil construction projects.

A summary of the financial position and operations of The Seyem' QD / Mutual Construction Joint Venture as at March 31, 2015 and for the period ended March 31, 2015, with comparative information for 2014 is as follows:

	2015	2014
Assets	51,355	77,758
Liabilities	(60,635)	(26,381)
	(9,280)	51,377

	2015	2014
Revenues	502,037	396,734
Expenses	(566,360)	(351,722)
	(64,323)	45,012

15. Budget figures

The budget figures presented in these financial statements are based upon the operating and capital budgets approved by Council.

16. Contingent liability

Kwantlen First Nation may be contingently liable for seven guaranteed housing mortgages totaling \$493,266 (2014 - \$522,823).

17. Financial instruments

As part of its operations, Kwantlen First Nation carries a number of financial instruments. It is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through its normal operating and financing activities.

Kwantlen First Nation is exposed to interest rate cash flow risk with respect to its long-term debt held with BMO Bank of Montreal and its derivative instruments, which are subject to variable interest rates. Changes in the bank prime variable lending rates can cause fluctuations in interest payments and cash flows.

Kwantlen First Nation is exposed to interest rate price risk on its long-term debt with All Nations Trust Company as they are at fixed interest rates. The Nation carries two loans with All Nations Trust Company that are at fixed rates.

18. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. Inventory for resale has been reclassified from the non-financial assets section to the financial assets section on the statement of financial position.

19. Segmented information

Kwantlen First Nation operates a number of programs and receives funding from various sources. For the management of and for reporting purposes, the Nation groups revenues, expenses, and accumulated surplus or deficit by segment based on major functional classification of activities as outlined below:

1. Administration includes general operation, support, and financial management of the Nation, property taxation, and Ottawa Trust Fund.
2. Capital includes activities related to the Nation's tangible capital assets.
3. Member and Community Services includes support programs and cultural activities for Nation members.
4. Infrastructure includes the repairs, maintenance, and replacement of infrastructure assets such as roads, grounds, buildings, and utilities systems.
5. Housing includes repairs and maintenance of homes and provision of housing to Nation members.
6. Health includes the provision of Health services and programs to Nation members
7. Social Development includes the provision of social assistance and programs to low-income Nation members
8. Education includes provision of support and programs to Nation students registered in pre-school, elementary, secondary, and post-secondary education programs.
9. Economic Development includes activities related to generating additional revenues for the Nation and employment opportunities for Nation members.
10. Lands and Resources includes activities related to the development of Indian Reserve lands and natural resources.

Kwantlen First Nation
Schedule 1 - Consolidated Statement of Expenses by Object
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Expenses by Object			
Administration	48,572	36,252	44,994
Advertising	60,793	53,900	46,757
Amortization	194,073	808,731	562,730
Community activities and programs	5,570	1,850	26,522
Contracted services	413,773	384,799	159,508
Education programs and supplies	302,923	297,347	313,553
Forestry expenses	122,067	108,912	157,268
Health programs and supplies	132,568	98,519	109,990
Home owner grants	34,000	32,499	33,192
Honoraria	152,952	145,203	121,919
Housing programs and supplies	42,350	44,357	1
Insurance	70,575	72,823	58,864
Interest and bank charges	390,025	556,618	209,505
Interest on long-term debt	88,070	104,006	47,409
Licenses, dues and fees	2,837	2,392	1,841
Management expenses	659,499	717,972	63,783
Materials and supplies	709,839	752,519	384,529
Meetings and events	206,814	241,299	162,068
Member support	79,284	78,717	45,218
Office	167,229	174,378	270,715
Operational costs	68,004	94,759	36,333
Professional fees	4,605,590	4,982,566	3,033,649
Project expenses	123,946	402,852	908,217
Property taxes	8,988	8,988	-
Rent	53,867	47,891	51,671
Repairs and maintenance	105,995	135,116	94,915
Salaries, wages, and benefits	2,902,512	2,903,619	2,305,713
Service contracts	64,950	54,793	62,787
Social development programs and supplies	86,040	113,264	101,216
Telephone and communications	41,232	49,313	42,875
Training	1,757	1,760	1,178
Travel	122,062	170,165	130,855
Utilities	68,532	66,322	42,085
Workshops	11,970	10,621	19,981
	12,149,258	13,755,122	9,651,841

Kwantlen First Nation
Segmented Information - Administration
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	209,471	209,471	174,875
BC Hydro	-	1,463,000	-
Commercial lease income	276,900	267,500	285,720
Taxation	138,541	138,301	129,150
Interest income	112,377	94,107	101,649
First Nations Financial Management Board	-	5,350	-
BC special distribution	583	583	561
Province of British Columbia	-	-	3,300,000
Merchandise sales	-	-	23,885
	737,872	2,178,312	4,015,840
Expenses			
Administration	42,166	31,084	43,530
Community activities and programs	900	-	200
Contracted services	128,879	86,984	137,131
Home owner grants	34,000	32,499	33,192
Honoraria	83,500	86,200	84,365
Insurance	4,835	5,550	4,835
Interest and bank charges	6,400	7,518	6,998
Interest on long-term debt	66,000	65,574	33,786
Licenses, dues and fees	1,637	1,761	915
Materials and supplies	25,178	16,083	54,374
Meetings and events	18,000	15,322	19,148
Office	26,118	32,046	17,741
Professional fees	44,362	54,157	32,480
Salaries, wages and benefits	517,000	516,013	526,423
Service contracts	64,950	54,793	62,787
Telephone and communications	9,175	17,055	12,003
Travel	55,600	88,531	38,972
	1,128,700	1,111,170	1,108,880
Operating surplus before transfers	(390,828)	1,067,142	2,906,960

Continued on next page

Kwantlen First Nation
Segmented Information - Administration
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
<i>Continued from previous page</i>			
Operating surplus before transfers	(390,828)	1,067,142	2,906,960
Transfers			
Transfer to Capital	-	(6,800)	-
Transfer to Member and Community Services	(487,537)	(517,382)	(312,934)
Transfer from (to) Infrastructure	56,205	(20,991)	100,577
Transfer to Housing	-	-	(67,749)
Transfer to Health Services	-	-	(135,882)
Transfer to Social Development	-	-	(22,105)
Transfer to Education	-	-	(174,147)
Transfer from Economic Development	37,675	20,239	-
Transfer from (to) Lands and Resources	620	446	(3,970)
	(505,447)	(524,488)	(616,209)
Operating surplus (deficit)	(896,275)	542,654	2,290,751
Accumulated operating surplus (deficit), beginning of year	1,894,238	1,894,238	(396,513)
Accumulated operating surplus, end of year	997,963	2,436,892	1,894,238

Kwantlen First Nation
Segmented Information - Capital
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Expenses			
Amortization	194,073	808,731	562,730
Operating deficit before transfers	(194,073)	(808,731)	(562,730)
Transfers			
Transfer from Administration	-	6,800	-
Transfer from Infrastructure	14,000	13,831	1,907,531
Transfer to Infrastructure	-	(33,386)	(714,202)
Transfer from Housing	41,974	42,053	20,542
Transfer from (to) Economic Development	-	659,819	(498,843)
	55,974	689,117	715,028
Operating surplus (deficit)	(138,099)	(119,614)	152,298
Accumulated operating surplus, beginning of year	10,667,356	10,667,356	10,515,058
Accumulated operating surplus, end of year	10,529,257	10,547,742	10,667,356

Kwantlen First Nation
Segmented Information - Member and Community Services
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Sto:lo HRD	6,200	5,610	24,984
Donations	200	1,545	7,595
BC Hydro	11,437		91,053
Other income	750		2,442
New Relationship Trust	-	-	2,000
First Nations Education Steering Committee	-	-	1,994
	18,587	7,155	130,068
Expenses			
Community activities and programs	4,400	1,850	26,322
Honoraria	3,600	2,000	450
Licenses, dues and fees	1,200	376	926
Materials and supplies	17,336	25,697	9,367
Meetings and events	175,350	200,959	128,232
Member support	79,284	78,717	45,218
Salaries, wages and benefits	214,175	200,513	227,827
Telephone and communications	1,080	1,547	873
Travel	2,749	7,238	2,807
Workshops	8,450	7,582	980
	507,624	526,479	443,002
Operating deficit before transfers	(489,037)	(519,324)	(312,934)
Transfers			
Transfer from Administration	487,537	517,382	312,934
Transfer from Economic Development	1,500	1,942	-
	489,037	519,324	312,934
Operating surplus (deficit)	-	-	-

Kwantlen First Nation
Segmented Information - Infrastructure
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	63,306	70,602	47,106
AANDC recovery	(17,783)	(17,783)	-
AANDC recovery reversal	-	-	75,000
Rental income	22,853	30,636	350
BC Hydro	11,438	11,438	1,361,274
Heritage Society	5,000	5,000	-
Naut'sa mawt Tribal Council	-	2,864	-
Township of Langley	2,200	2,800	-
Other income	1,500	300	17,803
	88,514	105,857	1,501,533
Expenses			
Contracted services	18,725	3,306	21,681
Honoraria	1,500	1,500	250
Materials and supplies	2,902	7,311	3,734
Meetings and events	550	7,403	-
Member housing capital costs	30,000	30,309	1
Operational costs	68,004	94,759	36,333
Repairs and maintenance	39,054	54,674	34,137
Salaries, wages and benefits	60,813	58,830	66,422
Telephone and communications	1,402	814	256
Travel	450	6,761	1,233
Utilities	34,057	29,350	32,919
Workshops	2,020	1,688	2,703
	259,477	296,705	199,669
Operating surplus (deficit) before transfers	(170,963)	(190,848)	1,301,864
Transfers			
Transfer from (to) Administration	56,205	20,991	(100,577)
Transfer from (to) Capital	(14,000)	19,556	(1,193,330)
Transfer to Housing	(23,951)	(21,397)	(7,957)
Transfer from Economic Development	152,709	171,698	-
	170,963	190,848	(1,301,864)
Operating surplus (deficit)	-	-	-

Kwantlen First Nation
Segmented Information - Housing
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	80,635	80,635	-
Rental income	51,999	51,999	29,449
Canada Mortgage and Housing Corporation	46,642	46,642	21,614
Other income	-	321	401
Interest income	19	17	1
	179,295	179,614	51,465
Expenses			
Administration	6,406	5,168	1,464
Contracted services	7,200	13,040	-
Demolition	12,350	14,048	-
Honoraria	1,650	600	-
Insurance	35,678	39,586	32,161
Interest on long-term debt	22,070	21,366	10,644
Meetings and events	5,880	2,344	-
Professional fees	24,606	23,271	12,341
Repairs and maintenance	45,915	56,178	24,576
Salaries, wages and benefits	56,701	54,728	19,864
Utilities	1,100	1,100	530
	219,556	231,429	101,580
Operating deficit before transfers	(40,261)	(51,815)	(50,115)
Transfers			
Transfer from Administration	-	-	67,749
Transfer to Capital	(41,974)	(42,053)	(20,542)
Transfer from Infrastructure	23,951	21,397	7,957
Transfer from Economic Development	78,955	92,164	-
	60,932	71,508	55,164
Operating surplus	20,671	19,693	5,049
Accumulated operating surplus (deficit), beginning of year	5,051	5,049	-
Accumulated operating surplus, end of year	25,722	24,742	5,049

Kwantlen First Nation
Segmented Information - Health Services
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
First Nations Health Authority	317,272	322,592	301,217
New Relationship Trust	2,000	2,000	2,000
BC Association of Aboriginal Friendship Centres	-	-	1,492
	319,272	324,592	304,709
Expenses			
Client support	7,000	4,530	8,184
Community activities and programs	270	-	-
Contracted services	-	-	697
Counselling	21,300	19,200	24,264
Health services	39,550	33,940	17,535
Home and community care	21,098	11,094	1,420
Honoraria	1,400	2,909	4,390
Insurance	3,300	3,391	3,602
Materials and supplies	9,540	12,714	7,983
Medical care supplies	6,200	5,143	6,063
Medical transportation	18,000	18,124	17,384
Meetings and events	1,800	5,430	1,798
Member health activities	6,820	6,206	23,724
Prenatal, babies and toddlers	2,600	284	2,709
Salaries, wages and benefits	269,853	294,703	272,608
Telephone and communications	4,800	3,771	4,744
Travel	12,249	9,443	18,481
Treatment centre assistance	10,000	-	8,707
Workshops	-	-	16,298
	435,780	430,882	440,591
Operating deficit before transfers	(116,508)	(106,290)	(135,882)
Transfers			
Transfer from Administration	-	-	135,882
Transfer from Economic Development	116,508	106,290	-
	116,508	106,290	135,882
Operating surplus (deficit)	-	-	-

Kwantlen First Nation
Segmented Information - Social Development
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	99,488	99,488	118,166
AANDC recovery	-	(2,254)	(6,698)
AANDC reimbursement	-	22,326	-
	99,488	119,560	111,468
Expenses			
Adult in home care	20,122	32,395	34,295
Basic needs	29,582	51,908	31,509
Salaries, wages and benefits	36,408	39,490	32,026
Special needs	5,136	2,882	1,130
Training employment and support initiative	-	-	1,160
Travel	251	755	331
Youth and family programs	31,200	26,079	33,123
	122,699	153,509	133,574
Operating deficit before transfers	(23,211)	(33,949)	(22,106)
Transfers			
Transfer from Administration	-	-	22,106
Transfer from Economic Development	23,211	33,949	-
	23,211	33,949	22,106
Operating surplus (deficit)	-	-	-

Kwantlen First Nation
Segmented Information - Education
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	265,186	259,808	257,363
New Relationship Trust	2,000	500	2,000
	267,186	260,308	259,363
Expenses			
After school programs	403	403	18,371
Educational awards	20,000	19,872	25,521
Employee benefits	-	-	-
Financial assistance	4,200	3,795	4,710
Grad program	500	500	824
Honoraria	5,000	4,100	11,775
Living allowance	75,500	74,700	64,190
Materials and supplies	22,519	21,775	17,452
Meetings and events	3,000	4,770	3,382
Pre-school	3,000	1,500	1,000
Salaries, wages and benefits	77,583	77,754	84,505
School fees	2,603	1,815	2,421
Transportation fees	3,200	2,326	2,650
Travel	1,600	3,205	2,845
Tuition fees	190,517	186,166	189,863
Tutoring and educational assessments	3,000	6,270	4,001
Workshops	1,500	1,350	-
	414,125	410,301	433,510
Operating deficit before transfers	(146,939)	(149,993)	(174,147)
Transfers			
Transfer from Administration	-	-	174,147
Transfer from Economic Development	146,939	149,993	-
	146,939	149,993	174,147
Operating surplus (deficit)	-	-	-

Kwantlen First Nation
Segmented Information - Economic Development
Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	11,139	11,139	10,000
Contracting services	2,634,038	2,645,359	1,495,732
Rental income	1,289,028	1,291,927	603,139
Merchandise sales	1,092,486	1,122,450	388,424
Forestry revenue	361,781	277,264	386,687
Other income	140,152	103,536	341,290
Commercial lease income	89,000	89,000	90,000
Land development	-	45,815	23,950
Interest income	-	5,044	98
Province of British Columbia	-	-	100,000
	5,617,624	5,591,534	3,439,320
Expenses			
Advertising	60,793	53,900	46,757
Consulting fees	1,083,626	515,364	737,816
Contracted services	258,969	281,469	-
Forestry expenses	122,067	108,912	157,268
Honoraria	43,802	35,395	8,689
Insurance	26,762	24,296	18,266
Interest and bank charges	383,625	549,100	202,507
Interest on long-term debt	-	17,066	-
Licenses, dues and fees	-	155	-
Management expenses	659,499	717,972	63,783
Materials and supplies	631,440	659,766	288,022
Meetings and events	2,234	5,070	9,508
Office	141,111	142,332	252,974
Professional fees	197,596	219,984	373,954
Project expenses	123,946	257,834	908,217
Property taxes	8,988	8,988	-
Rent	53,867	47,891	51,671
Repairs and maintenance	21,026	24,264	36,202
Salaries, wages and benefits	1,669,979	1,656,637	1,076,042
Telephone and communications	24,775	26,125	24,998
Training	1,757	1,760	1,178
Travel	48,164	49,998	60,526
Utilities	33,375	35,872	8,637
	5,597,401	5,440,150	4,327,015
Operating surplus (deficit) before transfers	20,223	151,384	(887,695)

Continued on next page

Kwantlen First Nation
Segmented Information - Economic Development
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
<i>Continued from previous page</i>			
Operating surplus (deficit) before transfers	20,223	151,384	(887,695)
Transfers			
Transfer to Administration	(37,675)	(20,239)	-
Transfer from (to) Capital	-	(659,819)	498,843
Transfer to Member and Community Services	(1,500)	(1,942)	-
Transfer to Infrastructure	(152,709)	(171,698)	-
Transfer to Housing	(78,955)	(92,164)	-
Transfer to Health	(116,508)	(106,290)	-
Transfer to Social Development	(23,211)	(33,949)	-
Transfer to Education	(146,939)	(149,993)	-
Transfer to Lands and Resources	-	(54,474)	(72,718)
	(557,497)	(1,290,568)	426,125
Operating deficit	(537,274)	(1,139,184)	(461,570)
Accumulated operating surplus, beginning of year	3,875,554	3,875,554	4,337,124
Accumulated operating surplus, end of year	3,338,280	2,736,370	3,875,554

Kwantlen First Nation
Segmented Information - Lands and Resources
For the Year Ended March 31, 2015

	<i>Budget</i>	<i>2015</i>	<i>2014</i>
Revenue			
Aboriginal Affairs and Northern Development Canada	3,264,875	4,204,637	1,743,247
Province of British Columbia	80,000	74,021	78,357
Contracting services	6,820	6,820	-
Union of BC Municipalities	-	5,000	-
Donations	2,400	1,260	-
Vancouver Fraser Port Authority	-	-	3,000
	3,354,095	4,291,738	1,824,604
Expenses			
Consulting fees	-	10,469	-
Honoraria	12,500	12,500	12,000
Interest on long-term debt	-	-	2,980
Licenses, dues and fees	-	100	-
Materials and supplies	925	9,176	3,593
Professional fees	3,340,675	4,159,320	1,877,060
Project expenses	-	145,018	-
Salaries, wages and benefits	-	4,951	-
Travel	1,000	4,232	5,660
	3,355,100	4,345,766	1,901,293
Operating deficit before transfers	(1,005)	(54,028)	(76,689)
Transfers			
Transfer from (to) Administration	(620)	(446)	3,970
Transfer from Economic Development	1,625	54,474	72,719
	1,005	54,028	76,689
Operating surplus (deficit)	-	-	-