
KWAW-KWAW-APILT FIRST NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2015



KWAW-KWAW-APILT FIRST NATION
7654 Chilliwack River Road
Chilliwack, BC V2R 4L9

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, Manning Elliott Accountants and Business Advisors, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of the Kwaw-Kwaw-Apit First Nation and we meet when required. The accompanying Independent Auditors' Report re-iterates management's responsibility for the financial statements, outlines the auditors' responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the KWAW-KWAW-APILT First Nation:

Betty Henry
Name: Betty Henry
Title: Chief
Date: July 22 2015

Sandra Jol
Name: Sandra Jol
Title: Councilor
Date: July 22-2015

INDEPENDENT AUDITORS' REPORT

To the Members of:
Kwaw-kwaw-Apilt First Nation

Report on the Financial Statements

We have audited the accompanying financial statements of Kwaw-kwaw-Apilt First Nation which comprise the statement of financial position as at March 31, 2015, and the statements of operations and accumulated surplus, net debt and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

Opinion

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

INDEPENDENT AUDITORS' REPORT

Other Matters

The supplementary schedules are unaudited and included for informational purposes and have only been audited to the extent of the financial statements taken as a whole.

Manning Elliott LLP

Chartered Accountants

Abbotsford, British Columbia

July 6, 2015

KWAW-KWAW-APILT FIRST NATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	2015	2014
	(Note 8)	
FINANCIAL ASSETS		
Cash	\$ 136,232	\$ 48,820
Accounts receivable	914	510
Property taxes receivable	2,073	81,669
Investments in government business enterprises (Note 2)	274,732	243,809
Ottawa Trust Funds (Note 3)	26,525	25,797
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	\$ 440,476	\$ 400,605
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 34,015	\$ 16,656
Ministerial loan payable (Note 4)	449,594	413,193
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	483,609	429,849
NET DEBT	(43,133)	(29,244)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	83,006	116,857
Prepaid expenses and deposits	493	2,500
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	83,499	119,357
ACCUMULATED SURPLUS	\$ 40,366	\$ 90,113

Approved by the Council:

Betty (Stenay)

Chief

Sanjose

Councillor



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	Budget (Note 10)	2014 (Note 8)
REVENUE (Note 7)			
Property tax revenue	\$ 140,785	\$ 141,262	\$ 141,127
Aboriginal Affairs and Northern Development Canada	136,015	48,314	49,165
Province of British Columbia	35,000	78,289	72,478
Equity earnings from investments (Note 2)	30,923	4,607	5,879
Brighter Futures	13,960	5,195	10,390
Interest and other revenue	6,333	10,911	17,265
BC Hydro	2,000	-	2,000
Stó:lo Tribal Council	-	22,482	16,616
Travel and honoraria reimbursement	-	5,850	9,200
New Relationship Trust	-	1,000	2,000
	365,016	317,910	326,120
EXPENSES			
Administration	90,464	139,313	135,810
Amortization	35,191	39,383	49,694
Automotive	6,321	27,828	6,898
Honoraria	38,830	43,808	47,715
Insurance	2,507	1,946	3,392
Interest and bank charges	37,911	4,659	1,700
Office and miscellaneous	7,062	3,397	2,879
Professional fees	10,000	5,000	10,000
Repairs and maintenance	10,360	44,835	54,193
Service agreements	90,813	90,975	88,793
Telephone	10,974	12,475	11,557
Travel	8,366	23,954	29,950
Utilities	14,587	10,963	9,630
Wages and benefits	51,377	-	-
	414,763	448,536	452,211
ANNUAL DEFICIT FOR THE YEAR	(49,747)	(130,626)	(126,091)
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
BEFORE RESTATEMENT	90,113	90,113	271,204
RETROSPECTIVE RESTATEMENT (Note 8)	-	-	(55,000)
ACCUMULATED SURPLUS, BEGINNING OF YEAR, AFTER RESTATEMENT	90,113	90,113	216,204
ACCUMULATED SURPLUS, END OF YEAR	\$ 40,366	\$ (40,513)	\$ 90,113



**KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CHANGES NET DEBT
FOR THE YEAR ENDED MARCH 31, 2015**

	2015	2014
	(Note 8)	
ANNUAL DEFICIT FOR THE YEAR	\$ (49,747)	\$ (126,091)
 TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	(1,340)	(1,807)
Amortization of tangible capital assets	35,191	49,694
	33,851	47,887
 OTHER NON-FINANCIAL ASSETS		
Acquisition of prepaid expenses	(493)	(2,500)
Use of prepaid expenses	2,500	1,440
	2,007	(1,060)
 CHANGES IN NET FINANCIAL ASSETS	(13,889)	(79,264)
 NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR BEFORE RESTATEMENT	(29,244)	105,020
 RETROSPECTIVE RESTATEMENT (Note 8)	-	(55,000)
 NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR AFTER RESTATEMENT	(29,244)	50,020
 NET DEBT, END OF YEAR	\$ (43,133)	\$ (29,244)



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Annual deficit for the year	\$ (49,747)	\$ (126,091)
Items not involving cash:		
Amortization	35,191	49,694
Equity earnings from investments	(30,923)	(5,879)
	(45,479)	(82,276)
Change in non-cash working capital items:		
Accounts receivable	(404)	(510)
Property taxes receivable	79,596	735
Prepaid expenses and deposits	2,007	(1,060)
Accounts payable and accrued liabilities	17,359	2,757
	53,079	(80,354)
FINANCING TRANSACTIONS		
Increase in Ministerial Loan Guarantee	36,401	-
CAPITAL AND INVESTING TRANSACTIONS		
Acquisition of tangible capital assets	(1,340)	(1,807)
Ottawa Trust Funds	(728)	(1,105)
	(2,068)	(2,912)
INCREASE (DECREASE) IN CASH DURING THE YEAR	87,412	(83,266)
CASH, BEGINNING OF YEAR	48,820	132,086
CASH, END OF YEAR	\$ 136,232	\$ 48,820



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

NATURE OF OPERATIONS

The Kwaw-Kwaw-Apilt First Nation (the "Band") is a band government of the Stó:lo people located in the Fraser Valley region near the City of Chilliwack in the Province of British Columbia. The Band is a member government of the Stó:lo Tribal Council. The Band provides various services to its members including the Band's members, government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

b) Net financial assets

The Band's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

c) 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 and prepaid expenses.

d) Cash resources

Cash resources include balances held with banks at year-end.

e) Tangible capital assets

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

f) Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

Recreational vehicle	30%	declining balance basis
Mobile homes	30%	declining balance basis
Equipment	20%	declining balance basis



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Revenue recognition

Government transfers

The Band 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 Band recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The Band recognizes externally restricted inflows as revenue in the period the resources are used for the purposes specified in accordance with an agreement or legislation. Until this time, the Band records externally restricted inflows in deferred revenue.

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Investments in Government Business Enterprises

The Band uses the modified equity method to account for its investments in various business entities whereby acquisition costs are increased by the Band's proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

Other revenue

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

h) 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 expenses during the reporting period.

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



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the Band reporting entity, except for the Band business entities. All inter-entity balances have been eliminated upon consolidation.

The Band's business entities, owned or controlled by the Band's Council but not dependent on the Band for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Band. Thus, the Band's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

j) Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016 though early adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption, therefore, financial statements of prior periods, including comparative information, are not restated.

Related party transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 2200 Related party disclosures to define a related party and establish the disclosure required for a related party transaction. Disclosure of information about related party transactions and their relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. PS 2200 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted.

Assets

In June 2015, the Public Sector Accounting Board (PSAB) issued PS 3210 Assets which provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason for this should be disclosed. As a result of the issuance of PS 3210, there have been numerous consequential amendments made to other Sections. PS 3210 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted.

The Band has not yet determined the effect of these new standards on its financial statements.



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

2. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Band has investments in the following entities:

		2015	2014
Centre Creek Limited Partnership	11.00%	\$ 180,427	\$ 179,642
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	12.36%	42,798	18,399
<u>Ch-Ihl-Kway-Uhk Tribe Society</u>	11.11%	51,507	45,768
 Investments in government business enterprises		 \$ 274,732	 \$ 243,809

The Band's investment in Centre Creek Limited Partnership was established for the purpose of purchasing or otherwise acquiring real and personal property of all kinds located within the Chilliwack River Valley. The partnership is also responsible for managing the acquired properties.

The Band's investment in Ch-Ihl-Kway-Uhk Forestry Limited Partnership is to develop, operate and participate in various forestry activities in and around Chilliwack, British Columbia.

The Band's membership in the Ch-Ihl-Kway-Uhk Tribe Society is to earn income from property rental and management activities.

	Ch-Ihl-Kway-	Centre Creek	Uhk Forestry	Ch-Ihl-Kway-	2015	2014
		Limited	Limited	Uhk Tribe		
		Partnership	Partnership	Society		
Current assets	\$ 40,274	\$ 504,886	\$ 343,573	\$ 888,733	\$ 745,980	
Capital assets	2,499,512	-	239	2,499,751	2,539,812	
Advances to related party	-	-	128,897	128,897	128,897	
Total assets	2,539,786	504,886	472,709	3,517,381	3,414,689	
Current liabilities	12,465	114,768	9,149	136,382	720,138	
Long-term debt	433,307	-	-	433,307	-	
Advances from related parties	530,704	-	-	530,704	533,758	
Total liabilities	976,476	114,768	9,149	1,100,393	1,253,896	
Equity	1,563,310	390,118	463,560	2,416,988	2,160,793	
Total liabilities and equity	\$ 2,539,786	\$ 504,886	\$ 472,709	\$ 3,517,381	\$ 3,414,689	
Revenue	\$ 128,900	\$ 700,558	\$ 75,865	\$ 905,323	\$ 408,737	
Expenses	121,763	503,152	24,218	649,133	357,735	
Net income	\$ 7,137	\$ 197,406	\$ 51,647	\$ 256,190	\$ 51,002	
Band's share of net income	\$ 785	\$ 24,399	\$ 5,739	\$ 30,923	\$ 5,879	



**KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

3. OTTAWA TRUST FUNDS

	2014	Additions	Withdrawals	2015
Revenue	\$ 11,175	\$ 728	\$ -	\$ 11,903
Capital	14,622	-	-	14,622
Total	\$ 25,797	\$ 728	\$ -	\$ 26,525

The Ottawa Trust Funds relate to capital or revenue sources outlined in Section 62 of the Indian Act. These funds are held in trust in the consolidated revenue fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

4. MINISTERIAL LOAN PAYABLE

In prior years, the Band obtained financing with the guarantee of the Federal Government but subsequently defaulted on these loans. As the conditions of repayment were not met, the Federal Government has claimed the full amount of the unpaid debt as owed from the Band to the Minister. The Band is in the process of addressing the loan default with the Government of Canada and hopes to resolve the matter in the next fiscal year.



**KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

5. TANGIBLE CAPITAL ASSETS

												2015	2014
	Opening Cost	Additions		Closing Costs	Accumulated Amortization		Opening Amortization Expense	Closing Accumulated Amortization		Net Book Value		Net Book Value	
Land	\$ 1	\$ -		\$ 1	\$ -		\$ -	\$ -		\$ 1	\$ 1	\$ 1	
Recreational vehicle	41,302	-		41,302	16,267		7,511	23,778		17,524		25,035	
Mobile homes	154,320	-		154,320	62,499		27,546	90,045		64,275		91,821	
Equipment	-	1,340		1,340	-		134	134		1,206		-	
	\$ 195,623	\$ 1,340		\$ 196,963	\$ 78,766		\$ 35,191	\$ 113,957		\$ 83,006	\$ 116,857		



**KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015**

6. FINANCIAL INSTRUMENTS RISK

The Band's financial instruments consist of cash, accounts receivable, property taxes receivable, investments, and accounts payable and accrued liabilities. It is management's opinion that the Band is not exposed to significant credit, currency, interest rate, liquidity, market, or other price risk arising from these financial instruments. In addition, the Band is not exposed to any material concentrations of risk and there has been no change in the risk exposure from the prior year. The fair value of the instruments approximates their carrying values, unless otherwise noted

7. ECONOMIC DEPENDENCE

The Band receives substantially all of its revenue from various government agreements and property taxes. The ability of the Band to continue operations is dependent upon the continued financial commitments as guaranteed by these agreements.

8. RETROSPECTIVE RESTATEMENT

During the year, the Band determined that a correction should be made to the financial statements for the year ended March 31, 2013 and 2014.

For the fiscal years ended March 31, 2013 and 2014, the Band had accrued and included \$55,000 and \$52,000, respectively, in additional property tax revenue. The inclusion of these amounts overstated actual property tax revenue realized in the prior fiscal year. The Band's total assets, total revenue, accumulated surplus and net debt have been restated by the above noted amounts.

9. SUPPLEMENTARY SCHEDULES

The supplementary schedules of revenue and expenses and accumulated surplus (deficit) are attached for information purposes only, and are unaudited.

10. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Band Council.

