
**KWAW-KWAW-APILT FIRST NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2016**



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, 2016, and the statements of operations and accumulated surplus, net financial asset (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, 2016, 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 Professional Accountants

Abbotsford, British Columbia

July 29, 2016

KWAW-KWAW-APILT FIRST NATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 131,029	\$ 136,232
Accounts receivable	27,479	914
Property taxes receivable	77,447	2,073
Investments in government business enterprises (Note 2)	281,858	274,732
Ottawa Trust Funds (Note 3)	27,175	26,525
	<hr/>	<hr/>
	\$ 544,988	\$ 440,476
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 30,507	\$ 34,016
Ministerial loan payable (Note 4)	470,443	449,594
	<hr/>	<hr/>
	500,950	483,610
NET DEBT	<hr/>	<hr/>
	44,038	(43,134)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	178,765	83,006
Prepaid expenses and deposits	3,347	493
	<hr/>	<hr/>
	182,112	83,499
ACCUMULATED SURPLUS	<hr/>	<hr/>
	\$ 226,150	\$ 40,365

Approved by the Council:

Betty Henry

Chief

Joy

Councillor



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2016

	2016	Budget	2015
REVENUE			
Property tax revenue	\$ 139,932	\$ -	\$ 140,785
First Nation Goods and Services Tax	108,579	-	-
Aboriginal Affairs and Northern Development Canada	100,907	-	136,015
Lease revenue	100,000	-	-
Province of British Columbia	44,253	-	-
Logging Revenue	35,000	-	35,000
Stó:lo Tribal Council	16,800	-	-
Brighter Futures	12,096	-	13,960
Equity earnings from investments (Note 2)	7,126	-	30,923
Interest and other revenue	6,993	-	6,333
BC Hydro	2,000	-	2,000
Travel and honoraria reimbursement	1,104	-	-
	574,790	-	365,016
EXPENSES			
Administration	76,853	-	90,464
Amortization	46,053	-	35,191
Automotive	3,956	-	6,321
Honoraria	70,621	-	38,830
Insurance	3,357	-	2,507
Interest and bank charges	22,746	-	37,911
Office and miscellaneous	14,110	-	7,063
Professional fees	20,900	-	10,000
Repairs and maintenance	262	-	10,360
Service agreements	92,720	-	90,813
Telephone	11,899	-	10,974
Travel	5,446	-	8,366
Utilities	19,432	-	14,587
Wages and benefits	650	-	51,377
	389,005	-	414,764
ANNUAL SURPLUS FOR THE YEAR	185,785	-	(49,748)
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
BEFORE RESTATEMENT	40,366	40,366	90,113
RETROSPECTIVE RESTATEMENT	-	-	-
ACCUMULATED SURPLUS, BEGINNING OF YEAR,			
AFTER RESTATEMENT	40,366	40,366	90,113
ACCUMULATED SURPLUS, END OF YEAR	\$ 226,151	\$ 40,366	\$ 40,365



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CHANGES NET FINANCIAL ASSET (DEBT)
FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
ANNUAL SURPLUS (DEFICIT) FOR THE YEAR	\$ 185,785	\$ (49,748)
TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	(141,812)	(1,340)
Amortization of tangible capital assets	46,053	35,191
	(95,759)	33,851
OTHER NON-FINANCIAL ASSETS		
Acquisition of prepaid expenses	(3,347)	(493)
Use of prepaid expenses	493	2,500
	(2,854)	2,007
CHANGES IN NET FINANCIAL ASSETS	87,172	(13,890)
NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR BEFORE RESTATEMENT	(43,134)	(29,244)
NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR AFTER RESTATEMENT	(43,134)	(29,244)
NET DEBT, END OF YEAR	\$ 44,038	\$ (43,134)



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Annual surplus (deficit) for the year	\$ 185,785	\$ (49,748)
Items not involving cash:		
Amortization	46,053	35,191
Equity earnings from investments	(7,126)	(30,923)
	224,712	(45,480)
Change in non-cash working capital items:		
Accounts receivable	(26,565)	(404)
Property taxes receivable	(75,374)	79,596
Prepaid expenses and deposits	(2,854)	2,007
Accounts payable and accrued liabilities	(3,509)	17,360
	116,410	53,079
FINANCING TRANSACTIONS		
Increase in Ministerial Loan Guarantee	20,849	36,401
CAPITAL AND INVESTING TRANSACTIONS		
Acquisition of tangible capital assets	(141,812)	(1,340)
Ottawa Trust Funds	(650)	(728)
	(142,462)	(2,068)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(5,203)	87,412
CASH, BEGINNING OF YEAR	136,232	48,820
CASH, END OF YEAR	\$ 131,029	\$ 136,232



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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, 2016

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, 2016

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, 2016

2. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Band has investments in the following entities:

		2016	2015
Centre Creek Limited Partnership	11.00%	\$ 179,395	\$ 180,427
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	12.36%	48,347	42,798
<u>Ch-Ihl-Kway-Uhk Tribe Society</u>	11.11%	54,116	51,507
 Investments in government business enterprises		 \$ 281,858	 \$ 274,732

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-			
	Limited	Limited	Uhk Tribe			
	Partnership	Partnership	Society	2016	2015	
Current assets	\$ 43,053	\$ 591,844	\$ 372,067	\$ 1,006,964	\$ 888,733	
Capital assets	2,461,132	-	181	2,461,313	2,499,751	
Advances to related party	-	-	128,897	128,897	128,897	
Total assets	2,504,185	591,844	501,145	3,597,174	3,517,381	
Current liabilities	25,819	156,833	14,105	196,757	136,382	
Long-term debt	393,734	-	-	393,734	433,307	
Advances from related parties	530,704	-	-	530,704	530,704	
Total liabilities	950,257	156,833	14,105	1,121,195	1,100,393	
Equity	1,553,928	435,011	487,040	2,475,979	2,416,988	
Total liabilities and equity	\$ 2,504,185	\$ 591,844	\$ 501,145	\$ 3,597,174	\$ 3,517,381	
Revenue	\$ 100,900	\$ 315,186	\$ 57,942	\$ 474,028	\$ 905,323	
Expenses	110,279	270,290	34,463	415,032	649,133	
Net income (loss)	\$ (9,379)	\$ 44,896	\$ 23,479	\$ 58,996	\$ 256,190	
Band's share of net income (loss)	\$ (1,032)	\$ 5,549	\$ 2,609	\$ 7,126	\$ 30,923	



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

3. OTTAWA TRUST FUNDS

	2015	Additions	Withdrawals	2016
Revenue	\$ 11,903	\$ 650	\$ -	\$ 12,553
Capital	14,622	-	-	14,622
Total	\$ 26,525	\$ 650	\$ -	\$ 27,175

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, 2016**

5. TANGIBLE CAPITAL ASSETS

												2016	2015
	Opening Cost	Additions		Closing Costs	Accumulated Amortization		Amortization Expense		Accumulated Amortization		Net Book Value	Net Book Value	
Land	\$ 1	\$ -		\$ 1	\$ -		\$ -		\$ -		\$ 1	\$ 1	
Recreational vehicle	41,302	-		41,302	23,777		5,258		29,035		12,267	17,524	
Mobile homes	154,320	141,811		296,131	90,045		40,554		130,599		165,532	64,275	
Equipment	1,340	-		1,340	134		241		375		965	1,206	
	\$ 196,963	\$ 141,811		\$ 338,774	\$ 113,956		\$ 46,053		\$ 160,009		\$ 178,765	\$ 83,006	

