
KWAW-KWAW-APILT FIRST NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2017



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, 2017, and the statements of operations and accumulated surplus, net financial assets 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

manning Elliott LLP

Chartered Professional Accountants

Abbotsford, British Columbia

October 25, 2017

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

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

These 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-Apit First Nation:

Name: *Beth Henry*
Title: *Chief*
Date: *Oct 30/11*

Name: *Npec*
Title: *Councillor*
Date: *Oct 30-11*

KWAW-KWAW-APILT FIRST NATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017

	2017	2016
FINANCIAL ASSETS		
Cash	\$ 207,150	\$ 131,029
Accounts receivable	-	27,479
Property taxes receivable	85,705	77,447
Investments in government business enterprises (Note 2)	281,111	281,858
Ottawa Trust Funds (Note 3)	27,509	27,175
	<hr/> \$ 601,475	<hr/> \$ 544,988
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 14,422	\$ 30,506
Ministerial loan payable (Note 4)	498,639	470,443
	<hr/> 513,061	<hr/> 500,949
NET DEBT	<hr/> 88,414	<hr/> 44,039
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 5)	204,381	178,765
Prepaid expenses and deposits	2,189	3,347
	<hr/> 206,570	<hr/> 182,112
ACCUMULATED SURPLUS	<hr/> \$ 294,984	<hr/> \$ 226,151

Approved by the Council:

Becky Otterley _____ Chief Naay _____ Councillor



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	Budget	2016
REVENUE			
First Nation Goods and Services Tax	\$ 185,255	\$ -	\$ 108,579
Property tax revenue	149,663	-	139,932
Aboriginal Affairs and Northern Development Canada	108,455	-	100,907
Province of British Columbia	43,444	-	44,253
Interest and other revenue	9,653	-	6,993
Brighter Futures	6,869	-	12,096
New Relationship Trust	1,600	-	-
Logging Revenue	1,313	-	35,000
Travel and honoraria reimbursement	744	-	1,104
Equity earnings (loss) from investments	(747)	-	7,126
Lease revenue	-	-	100,000
BC Hydro	-	-	2,000
Stó:lo Tribal Council	-	-	16,800
	506,249	-	574,790
EXPENSES			
Administration	80,011	-	99,245
Amortization	67,500	-	46,053
Automotive	5,583	-	3,956
Honoraria	74,175	-	70,621
Insurance	7,691	-	3,357
Interest and bank charges	33,396	-	22,746
Office and miscellaneous	2,628	-	14,110
Professional fees	45,710	-	20,900
Repairs and maintenance	16,010	-	262
Service agreements	33,073	-	32,349
Telephone	9,834	-	11,899
Travel	20,127	-	22,544
Utilities	41,198	-	40,313
Wages and benefits	480	-	650
	437,416	-	389,005
ANNUAL SURPLUS FOR THE YEAR	68,833	-	185,785
ACCUMULATED SURPLUS, BEGINNING OF YEAR	226,151	226,151	40,366
ACCUMULATED SURPLUS, END OF YEAR	\$ 294,984	\$ 226,151	\$ 226,151



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CHANGES NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	2017	2016
ANNUAL SURPLUS FOR THE YEAR	\$ 68,833	\$ 185,785
TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	(93,116)	(141,812)
Amortization of tangible capital assets	67,500	46,053
	(25,616)	(95,759)
OTHER NON-FINANCIAL ASSETS		
Acquisition of prepaid expenses	(2,188)	(3,346)
Use of prepaid expenses	3,346	493
	1,158	(2,853)
CHANGES IN NET FINANCIAL ASSETS	44,375	87,173
NET (DEBT) FINANCIAL ASSETS, BEGINNING OF YEAR	44,039	(43,134)
NET DEBT, END OF YEAR	\$ 88,414	\$ 44,039



**KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 68,833	\$ 185,785
Items not involving cash:		
Amortization	67,500	46,053
Equity earnings (loss) from investments	747	(7,126)
	<u>137,080</u>	<u>224,712</u>
Change in non-cash working capital items:		
Accounts receivable	27,479	(26,565)
Property taxes receivable	(8,258)	(75,374)
Prepaid expenses and deposits	1,158	(2,854)
Accounts payable and accrued liabilities	(16,084)	(3,509)
	<u>141,375</u>	<u>116,410</u>
FINANCING TRANSACTIONS		
Increase in Ministerial Loan Guarantee	28,196	20,849
CAPITAL AND INVESTING TRANSACTIONS		
Acquisition of tangible capital assets	(93,116)	(141,812)
Ottawa Trust Funds	(334)	(650)
	<u>(93,450)</u>	<u>(142,462)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	76,121	(5,203)
CASH, BEGINNING OF YEAR	131,029	136,232
CASH, END OF YEAR	\$ 207,150	\$ 131,029



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017

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, 2017

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, 2017

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, 2017

2. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Band has investments in the following entities:

		2017	2016
Centre Creek Limited Partnership	11.00%	\$ 180,302	\$ 179,395
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	12.36%	43,699	48,347
<u>Ch-Ihl-Kway-Uhk Tribe Society</u>	11.11%	57,110	54,116
 Investments in government business enterprises		 \$ 281,111	 \$ 281,858

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-			2017	2016
	Centre Creek	Uhk Forestry	Ch-Ihl-Kway-		
	Limited	Limited	Uhk Tribe		
	Partnership	Partnership	Society		
Current assets	\$ 46,859	\$ 550,115	\$ 403,411	\$ 1,000,385	\$ 1,006,964
Capital assets	2,424,286	-	135	2,424,421	2,461,313
Advances to related party	-	-	128,897	128,897	128,897
Total assets	2,471,145	550,115	532,443	3,553,703	3,597,174
Current liabilities	25,852	152,703	18,453	197,008	196,757
Long-term debt	352,416	-	-	352,416	393,734
Advances from related parties	530,702	-	-	530,702	530,704
Total liabilities	908,970	152,703	18,453	1,080,126	1,121,195
Equity	1,562,175	397,412	513,990	2,473,577	2,475,979
Total liabilities and equity	\$ 2,471,145	\$ 550,115	\$ 532,443	\$ 3,553,703	\$ 3,597,174
Revenue	\$ 104,400	\$ 27,154	\$ 68,234	\$ 199,788	\$ 474,028
Expenses	96,150	64,753	41,284	202,187	415,032
Net income (loss)	\$ 8,250	\$ (37,599)	\$ 26,950	\$ (2,399)	\$ 58,996
Band's share of net income (loss)	\$ 907	\$ (4,648)	\$ 2,994	\$ (747)	\$ 7,126



**KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

3. OTTAWA TRUST FUNDS

	2016	Additions	Withdrawals	2017
Revenue	\$ 12,553	\$ 334	\$ -	\$ 12,887
Capital	14,622	-	-	14,622
Total	\$ 27,175	\$ 334	\$ -	\$ 27,509

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.

Subsequent to year end the Minister forgave the loan. As at year end, the forgiveness of the loan had not yet been formally approved and consequently the loan has not been removed from the corresponding financials.



**KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2017**

5. TANGIBLE CAPITAL ASSETS

	2017					
	Opening Cost	Additions	Closing Costs	Opening Accumulated Amortization	Amortization Expense	Accumulated Amortization
Land	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -
Recreational vehicle	41,302	-	41,302	29,035	3,680	32,715
Mobile homes	296,131	93,117	389,247	130,599	63,627	194,226
Equipment	1,340	-	1,340	375	193	568
	\$ 338,774	\$ 93,117	\$ 431,890	\$ 160,009	\$ 67,500	\$ 227,509
						\$ 204,381

	2016					
	Opening Cost	Additions	Closing Costs	Opening Accumulated Amortization	Amortization Expense	Accumulated Amortization
Land	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -
Recreational vehicle	41,302	-	41,302	23,777	5,258	29,035
Mobile homes	154,320	141,811	296,131	90,045	40,554	130,599
Equipment	1,340	-	1,340	134	241	375
	\$ 196,963	\$ 141,811	\$ 338,774	\$ 113,956	\$ 46,053	\$ 160,009
						\$ 178,765

