
KWAW-KWAW-APILT FIRST NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2018



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:

Betty Henry
Print Name: Betty Henry
Title: Chief
Date: 10/15/18

Gilbert Joe
Print Name: Gilbert Joe
Title: Councillor
Date: Oct 15/18

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, 2018, and the statements of operations and accumulated surplus, changes in 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, 2018, 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 16, 2018

KWAW-KWAW-APILT FIRST NATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 374,367	\$ 207,150
Accounts receivable	73,416	-
Property taxes receivable	85,441	85,705
Investments in government business enterprises (Note 2)	332,108	281,111
Ottawa Trust Funds (Note 3)	28,519	27,509
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	\$ 893,851	\$ 601,475
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	\$ 56,824	\$ 14,422
Deferred revenue (Note 4)	50,625	-
Ministerial loan payable (Note 5)	-	498,639
	<hr/>	<hr/>
	107,449	513,061
NET FINANCIAL ASSETS	<hr/>	<hr/>
	786,402	88,414
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	145,041	204,381
Prepaid expenses and deposits	1,687	2,189
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	146,728	206,570
ACCUMULATED SURPLUS	<hr/>	<hr/>
	\$ 933,130	\$ 294,984

Approved by the Council:

Betty Henry Chief

Gillie Joe Councillor



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	Budget	2017
REVENUE			
First Nation Goods and Services Tax	\$ 178,117	\$ 175,975	\$ 185,255
Property tax revenue (Note 7)	144,985	135,639	149,663
Kinder Morgan Canada Inc.	200,000	-	-
Indigenous Services Canada	85,545	50,470	108,455
Net income (loss) from government business enterprises	50,997	-	(747)
Province of British Columbia			
Forest Consultation and Revenue Sharing Agreement	35,000	35,000	43,444
Ministry of Children and Family Development	30,000	-	-
Brighter Futures Program	11,770	11,770	6,869
Seabird Island Band	7,042	7,000	-
Interest and other revenue	4,446	-	9,653
BC Hydro	2,000	2,000	-
Logging revenue	-	-	1,313
New Relationship Trust Foundation	-	-	1,600
Travel and honoraria reimbursement	-	-	744
	749,902	417,854	506,249
EXPENSES			
Administration	199,168	143,319	80,011
Amortization	61,448	-	67,500
Automotive	3,730	3,500	5,583
Honoraria	87,711	80,000	74,175
Insurance	8,601	10,000	7,691
Interest and bank charges	2,193	1,400	33,396
Office and miscellaneous	17,132	19,500	2,628
Professional fees	56,690	33,000	45,710
Protection services	31,915	31,915	33,073
Repairs and maintenance	68,313	25,000	16,010
Security	4,500	9,000	-
Telephone	9,095	8,500	9,834
Travel	16,870	17,870	20,127
Utilities	42,532	34,350	41,198
Wages and benefits	497	500	480
	610,395	417,854	437,416
ANNUAL SURPLUS FROM OPERATIONS	139,507	-	68,833
OTHER INCOME			
Gain on forgiveness of Ministerial loan payable	498,639	-	-
ANNUAL SURPLUS FOR THE YEAR	638,146	-	68,833
ACCUMULATED SURPLUS, BEGINNING OF YEAR	294,984	294,984	226,151
ACCUMULATED SURPLUS, END OF YEAR	\$ 933,130	\$ 294,984	\$ 294,984



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
ANNUAL SURPLUS FOR THE YEAR	\$ 638,146	\$ 68,833
TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	(2,108)	(93,116)
Amortization of tangible capital assets	61,448	67,500
	59,340	(25,616)
OTHER NON-FINANCIAL ASSETS		
Acquisition of prepaid expenses	-	(2,188)
Use of prepaid expenses	502	3,346
	502	1,158
CHANGES IN NET FINANCIAL ASSETS	697,988	44,375
NET FINANCIAL ASSETS, BEGINNING OF YEAR	88,414	44,039
NET FINANCIAL ASSETS, END OF YEAR	\$ 786,402	\$ 88,414



**KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2018**

	2018	2017
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Annual surplus for the year	\$ 638,146	\$ 68,833
Items not involving cash:		
Amortization	61,448	67,500
Net (income) loss from government business enterprises	(50,997)	747
Gain on forgiveness of Ministerial loan payable	(498,639)	-
	149,958	137,080
Change in non-cash working capital items:		
Accounts receivable	(73,416)	27,479
Property taxes receivable	264	(8,258)
Prepaid expenses and deposits	502	1,158
Accounts payable and accrued liabilities	42,402	(16,084)
Deferred revenue	50,625	-
	170,335	141,375
FINANCING TRANSACTIONS		
Increase in Ministerial loan payable	-	28,196
CAPITAL AND INVESTING TRANSACTIONS		
Acquisition of tangible capital assets	(2,108)	(93,116)
Ottawa Trust Funds	(1,010)	(334)
	(3,118)	(93,450)
INCREASE IN CASH DURING THE YEAR	167,217	76,121
CASH, BEGINNING OF YEAR	207,150	131,029
CASH, END OF YEAR	\$ 374,367	\$ 207,150



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

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 and deposits.

d) Cash resources

Cash resources include balances held with financial institutions 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, 2018

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, 2018

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's 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.



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

2. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Band has investments in the following entities:

		2018	2017
Centre Creek Limited Partnership	11.00%	\$ 179,453	\$ 180,302
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	12.36%	91,865	43,699
Ch-Ihl-Kway-Uhk Tribe Society	11.11%	60,790	57,110
Investments in government business enterprises		\$ 332,108	\$ 281,111

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-			2018	2017
	Centre Creek	Uhk Forestry	Ch-Ihl-Kway-		
	Limited	Limited	Uhk Tribe		
	Partnership	Partnership	Society		
Current assets	\$ 21,834	\$ 891,315	\$ 448,586	\$ 1,361,735	\$ 1,000,385
Capital assets	2,388,915	-	103	2,389,018	2,424,421
Advances to related party	-	-	128,897	128,897	128,897
Total assets	2,410,749	891,315	577,586	3,879,650	3,553,703
Current liabilities	16,328	104,207	30,479	151,014	197,008
Long-term debt	309,269	-	-	309,269	352,416
Advances from related parties	530,704	-	-	530,704	530,702
Total liabilities	856,301	104,207	30,479	990,987	1,080,126
Equity	1,554,448	787,108	547,107	2,888,663	2,473,577
Total liabilities and equity	\$ 2,410,749	\$ 891,315	\$ 577,586	\$ 3,879,650	\$ 3,553,703
Revenue	\$ 104,400	\$ 1,084,326	\$ 70,094	\$ 1,258,820	\$ 199,788
Expenses	112,119	694,630	36,977	843,726	202,187
Net income (loss)	\$ (7,719)	\$ 389,696	\$ 33,117	\$ 415,094	\$ (2,399)
Band's share of net income (loss)	\$ (849)	\$ 48,166	\$ 3,680	\$ 50,997	\$ (747)



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

3. OTTAWA TRUST FUNDS

	2017	Additions	Withdrawals	2018
Revenue	\$ 12,887	\$ 1,010	\$ -	\$ 13,897
Capital	14,622	-	-	14,622
Total	\$ 27,509	\$ 1,010	\$ -	\$ 28,519

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.

During the year, the Ottawa Trust Funds earned \$1,010 in interest income (2017 - \$nil).

4. DEFERRED REVENUE

	2017	Funding Received	Revenue Recognized	2018
Indigenous Services Canada - Tent City Project	\$ -	\$ 72,025	\$ 21,400	\$ 50,625

Funding received from Indigenous Services Canada to clean up a homeless camp has been partially deferred to the next fiscal year as the clean up commenced late in March 2018.

5. 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 had claimed the full amount of the unpaid debt as owed from the Band to the Minister of Indigenous Services Canada.

The Minister forgave the loan as of March 31, 2017; however, official notification was not received until November 30, 2017 (after the prior year financial statements had been issued). Consequently, the entire outstanding loan balance of \$498,639 has been written-off in the current year as a gain on forgiveness of the debt.



**KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018**

6. TANGIBLE CAPITAL ASSETS

							2018
	Opening Cost	Additions	Opening Closing Costs	Accumulated Amortization	Amortization Expense	Accumulated Amortization	Net Book Value
Land	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1
Recreational vehicle	41,302	-	41,302	32,715	2,576	35,291	6,011
Mobile homes	389,247	-	389,247	194,227	58,507	252,733	136,514
Equipment	1,340	2,108	3,448	568	365	933	2,515
	\$ 431,890	\$ 2,108	\$ 433,998	\$ 227,510	\$ 61,448	\$ 288,957	\$ 145,041

							2017
	Opening Cost	Additions	Opening Closing Costs	Accumulated Amortization	Amortization Expense	Accumulated Amortization	Net Book Value
Land	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ 1
Recreational vehicle	41,302	-	41,302	29,035	3,680	32,715	8,587
Mobile homes	296,131	93,116	389,247	130,599	63,627	194,226	195,021
Equipment	1,340	-	1,340	375	193	568	772
	\$ 338,774	\$ 93,116	\$ 431,890	\$ 160,009	\$ 67,500	\$ 227,509	\$ 204,381



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2018

7. PROPERTY TAX REVENUE

The First Nations Fiscal Management Act ("the Act") allows the Band to implement a property taxation regime. The Band is required under subsection 14(1) of the Act to account for, and report on, their local revenues, separately from other revenue sources of the Band. The following note disclosure is intended to report on the local revenues and expenditures that are directly attributable to property taxation and amounts that are allocated on a reasonable basis. The accounting policies used are consistent with those followed in the preparation of these financial statements.

Statement of local revenues and expenditures

	2018	Budget	2017
Part 1: Revenues			
Property taxation	\$ 144,985	\$ 135,639	\$ 149,663
Tax search fees	600	-	375
Penalty fees	122	-	155
Interest income	57	-	47
	<hr/>	<hr/>	<hr/>
	145,764	135,639	150,240
Part 2: Expenditures			
General Government	34,843	38,154	34,458
Protection Services	31,915	31,915	33,073
Transportation	16,870	16,870	17,480
Recreation and Cultural Services	18,790	18,790	19,471
Community Development	3,300	3,300	3,422
Environmental Health Services	40,046	24,550	33,086
Professional fees	-	-	9,250
Contingency	-	2,060	-
	<hr/>	<hr/>	<hr/>
	145,764	135,639	150,240
Excess of revenues over expenditures	\$ -	\$ -	\$ -

