
**KWAW-KWAW-APILT FIRST NATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
MARCH 31, 2019**



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-Apilt 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:



Print Name: LISA HALL

Title:

Date: 7/25/19

Print Name:

Title:

Date:



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Kwaw-kwaw-Apilt First Nation (the "Band") which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Band as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Band's financial reporting process.

KWAW-KWAW-APILT FIRST NATION
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash	\$ 550,328	\$ 374,367
Accounts receivable	13,728	73,416
Property taxes receivable	76,077	85,441
Investments in government business enterprises (Note 2)	318,073	332,108
Ottawa Trust Funds (Note 3)	14,730	28,519
	\$ 972,936	\$ 893,851
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	\$ 169,815	\$ 56,824
Deferred revenue (Note 5)	55,000	50,625
	224,815	107,449
NET FINANCIAL ASSETS	748,121	786,402
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6)	112,915	145,041
Prepaid expenses and deposits	5,697	1,687
	118,612	146,728
ACCUMULATED SURPLUS	\$ 866,733	\$ 933,130

Approved by the Council:



Chief



Councillor



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	Budget	2018
REVENUE			
First Nation Goods and Services Tax	\$ 190,011	\$ 187,000	\$ 178,117
Property tax revenue (Note 7)	124,062	115,765	144,985
Kinder Morgan Canada Inc.	-	-	200,000
Indigenous Services Canada	536,045	83,764	85,545
Net income (loss) from government business enterprises (Note 2)	(14,035)	-	50,997
Province of British Columbia			
Forest Consultation and Revenue Sharing Agreement	35,000	35,000	35,000
Ministry of Children and Family Development	30,188	-	30,000
Brighter Futures Program	-	-	11,770
Seabird Island Band	38,368	35,000	7,042
Interest and other revenue	11,324	2,000	4,446
BC Hydro	2,000	-	2,000
	952,963	458,529	749,902
EXPENSES			
Administration	104,722	78,775	199,168
Amortization	44,973	50,000	61,448
Automotive	3,762	4,000	3,730
Honoraria	201,548	200,000	87,711
Insurance	8,290	9,000	8,601
Interest and bank charges	2,270	2,500	2,193
Office and miscellaneous	2,469	6,060	17,132
Professional fees	312,822	62,877	56,690
Protection services	26,858	26,858	31,915
Repairs and maintenance	83,540	37,000	68,313
Security	-	-	4,500
Telephone	12,803	10,000	9,095
Travel	25,115	19,195	16,870
Utilities	41,506	3,200	42,532
Wages and benefits	16,166	1,100	497
Repayment of funds to Indigenous Service Canada	132,516	-	-
	1,019,360	510,565	610,395
OTHER INCOME			
Gain on forgiveness of Ministerial loan payable	-	-	498,639
ANNUAL DEFICIT FOR THE YEAR	(66,397)	(52,036)	638,146
ACCUMULATED SURPLUS, BEGINNING OF YEAR	933,130	933,130	294,984
ACCUMULATED SURPLUS, END OF YEAR	\$ 866,733	\$ 881,094	\$ 933,130



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
ANNUAL (DEFICIT) SURPLUS FOR THE YEAR	\$ (66,397)	\$ 638,146
TANGIBLE CAPITAL ASSETS		
Acquisition of tangible capital assets	(12,847)	(2,108)
Amortization of tangible capital assets	44,973	61,448
	32,126	59,340
OTHER NON-FINANCIAL ASSETS		
Use of prepaid expenses	(4,010)	502
CHANGES IN NET FINANCIAL ASSETS	(38,281)	697,988
NET FINANCIAL ASSETS, BEGINNING OF YEAR	786,402	88,414
NET FINANCIAL ASSETS, END OF YEAR	\$ 748,121	\$ 786,402



KWAW-KWAW-APILT FIRST NATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Annual (deficit) surplus for the year	\$ (66,397)	\$ 638,146
Items not involving cash:		
Amortization	44,973	61,448
Net (income) loss from government business enterprises	14,035	(50,997)
Gain on forgiveness of Ministerial loan payable	-	(498,639)
	(7,389)	149,958
Change in non-cash working capital items:		
Accounts receivable	59,688	(73,416)
Property taxes receivable	9,364	264
Prepaid expenses and deposits	(4,010)	502
Accounts payable and accrued liabilities	112,991	42,402
Deferred revenue	4,375	50,625
	175,019	170,335
CAPITAL AND INVESTING TRANSACTIONS		
Acquisition of tangible capital assets	(12,847)	(2,108)
Ottawa Trust Funds	13,789	(1,010)
	942	(3,118)
INCREASE IN CASH DURING THE YEAR	175,961	167,217
CASH, BEGINNING OF YEAR	374,367	207,150
CASH, END OF YEAR	\$ 550,328	\$ 374,367



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

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, 2019

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, 2019

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, 2019

2. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

The Band has investments in the following entities:

			2019	2018
Centre Creek Limited Partnership	11.00%	\$	163,858	\$ 179,453
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	12.36%		89,327	91,865
Ch-Ihl-Kway-Uhk Tribe Society	11.11%		64,888	60,790
Investments in government business enterprises		\$	318,073	\$ 332,108

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.

	Centre Creek Limited Partnership	Ch-Ihl-Kway-Uhk Forestry Limited Partnership	Ch-Ihl-Kway-Uhk Tribe Society	2019	2018
Current assets	\$ 10,013	\$ 858,428	\$ 362,991	\$ 1,231,432	\$ 1,361,735
Capital assets	2,354,958	-	77	2,355,035	2,389,018
Advances to related party	-	-	273,997	273,997	128,897
Total assets	2,364,971	858,428	637,065	3,860,464	3,879,650
Current liabilities	276,497	91,852	53,072	421,421	151,014
Long-term debt	-	-	-	-	309,269
Advances from related parties	675,804	-	-	675,804	530,704
Total liabilities	952,301	91,852	53,072	1,097,225	990,987
Equity	1,412,670	766,576	583,993	2,763,239	2,888,663
Total liabilities and equity	\$ 2,364,971	\$ 858,428	\$ 637,065	\$ 3,860,464	\$ 3,879,650
Revenue	\$ 38,000	\$ 89,860	\$ 68,687	\$ 196,547	\$ 1,258,820
Expenses	179,775	110,400	31,802	321,977	843,726
Net income (loss)	\$ (141,779)	\$ (20,540)	\$ 36,885	\$ (124,430)	\$ 415,094
Band's share of net income (loss)	\$ (15,595)	\$ (2,538)	\$ 4,098	\$ (14,035)	\$ 50,997



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

3. OTTAWA TRUST FUNDS

	2018	Additions	Withdrawals	2019
Revenue	\$ 13,897	\$ 108	\$ 13,897	\$ 108
Capital	14,622	-	-	14,622
Total	\$ 28,519	\$ 108	\$ 13,897	\$ 14,730

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 \$108 in interest income (2018 - \$1,010).

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade accounts payable	\$ 33,114	\$ 56,824
Indigenous Service Canada	136,701	-
Total	\$ 169,815	\$ 56,824

5. DEFERRED REVENUE

	2018	Funding Received	Revenue Recognized	2019
Indigenous Services Canada - Tent City Project	\$ 50,625	\$ -	\$ 50,625	\$ -
Indigenous Service Canada - Risk Management Government Capacity	-	40,000	-	40,000
First Nations Health Authority	-	15,000	-	15,000
Total	\$ 50,625	\$ 55,000	\$ 50,625	\$ 55,000



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

6. TANGIBLE CAPITAL ASSETS

	2019					
	Opening Cost	Additions	Closing Costs	Opening Accumulated Amortization	Amortization Expense	Closing Accumulated Amortization
						Net Book Value
Land	\$ 1	\$ -	1	\$ -	\$ -	\$ 1
Recreational vehicle	41,302	-	41,302	35,291	1,804	37,095
Mobile homes	389,247	1,190	390,437	252,734	41,279	294,012
Equipment	3,448	11,657	15,105	933	1,890	2,823
	\$ 433,998	\$ 12,847	\$ 446,845	\$ 288,958	\$ 44,973	\$ 333,930
						\$ 112,915

	2018					
	Opening Cost	Additions	Closing Costs	Opening Accumulated Amortization	Amortization Expense	Closing Accumulated Amortization
						Net Book Value
Land	\$ 1	\$ -	1	\$ -	\$ -	\$ 1
Recreational vehicle	41,302	-	41,302	32,715	2,576	35,291
Mobile homes	389,247	-	389,247	194,227	58,507	252,734
Equipment	1,340	2,108	3,448	568	365	933
	\$ 431,890	\$ 2,108	\$ 433,998	\$ 227,510	\$ 61,448	\$ 288,958
						\$ 145,041



KWAW-KWAW-APILT FIRST NATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

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

	2019	Budget	2018
Part 1: Revenues			
Property taxation	\$ 124,062	\$ 115,765	\$ 144,985
Tax search fees	450	-	600
Penalty fees	427	-	122
Interest income	490	-	57
	125,429	115,765	145,764
Part 2: Expenditures			
General Government	33,303	32,775	34,843
Protection Services	26,858	26,858	31,915
Transportation	14,195	14,195	16,870
Recreation and Cultural Services	15,812	15,811	18,790
Community Development	2,779	2,780	3,300
Environmental Health Services	32,482	21,286	4,046
Contingency	-	2,060	-
	125,429	115,765	145,764
Excess of revenues over expenditures	\$ -	\$ -	\$ -

