

**Kwikwasut'inuxw Haxwa'mis First Nation**

**Financial Statements**

**March 31, 2015**

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# **Kwikwasut'inuxw Haxwa'mis First Nation**

## **Consolidated Financial Statements**

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## Kwikwasut'inuxw Haxwa'mis First Nation

### Management's Statement of Responsibility for Financial Reporting

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March 31, 2015

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The accompanying consolidated financial statements are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgements.

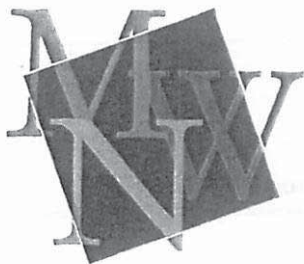
Management is also responsible for implementing and maintaining a system of internal controls designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The consolidated financial statements have been reviewed and approved by Chief and Council.

McINTOSH | NORTON | WILLIAMS, an independent firm of chartered professional accountants, has been engaged to examine the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Their report stating the scope of their examination and opinion on the consolidated financial statements follows.

	Chief Councillor		Date
	Councillor		Date





McINTOSH | NORTON | WILLIAMS  
certified general accountants

## Independent Auditor's Report

Cory McIntosh, CPA, CGA, CAFM, CFP \*

Jason S. Moore, BA, CPA, CGA \*

Michael K. Williams, CPA, CGA \*

Jay R. Norton, CPA, FCGA, CAFM (retired)

*\*practising as a professional corporation*

*"It's not what you earn, it's what you keep!"*

### To the Members of Kwikwasut'inuxw Haxwa'mis First Nation

We have audited the accompanying consolidated financial statements of Kwikwasut'inuxw Haxwa'mis First Nation, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**


Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Kwikwasut'inuxw Haxwa'mis First Nation as at March 31, 2015, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

  
McINTOSH | NORTON | WILLIAMS  
chartered professional accountants

Port Alberni, British Columbia  
July 29, 2015

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# Kwikwasut'inuxw Haxwa'mis First Nation

## Consolidated Statement of Financial Position

March 31	2015 Actual \$	2014 Actual \$
<b>Financial Assets</b>		
Cash	214,237	181,450
Accounts receivable (Note 2)	2,312,979	138,225
Long term investments (Note 3)	171,772	180,000
Restricted cash (Note 4)	163,403	158,847
	<b>2,862,391</b>	<b>658,522</b>
<b>Liabilities</b>		
Accounts payable	101,376	142,723
Wages and benefits payable	2,634	5,992
Deferred revenue	58,346	58,346
Long-term debt (Note 5)	453,514	225,479
	<b>615,870</b>	<b>432,540</b>
<b>Net financial assets - Page 2</b>	<b>2,246,521</b>	<b>225,982</b>
<b>Non-financial Assets</b>		
Prepaid expenses	10,360	15,762
Tangible capital assets (Note 6)	10,125,805	10,251,321
	<b>10,136,165</b>	<b>10,267,083</b>
<b>Accumulated Surplus (Note 8)</b>	<b>12,382,686</b>	<b>10,493,065</b>

Approved on behalf of the Kwikwasut'inuxw Haxwa'mis First Nation

 Chief Councillor  
 Councillor



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**Kwikwasut'inuxw Haxwa'mis First Nation****Consolidated Statement of Change in Net Financial Assets**

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<b>For the year ended March 31</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Excess of revenue over expenditures - Page 3</b>	<b>1,889,621</b>	<b>413,901</b>
Acquisition of tangible capital assets	(477,770)	(954,702)
Amortization of tangible capital assets	603,286	408,790
Loss on disposal of tangible capital assets	-	635
	<b>125,516</b>	<b>(545,277)</b>
Acquisition of prepaid asset	5,402	(2,368)
Changes in committed funds	-	159,824
Increase in net financial assets	2,020,539	26,080
Net financial assets at beginning of year	225,982	199,902
<b>Net financial assets at end of year - Page 1</b>	<b>2,246,521</b>	<b>225,982</b>

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The accompanying notes are an integral part of the financial statements

# Kwikwasut'inuxw Haxwa'mis First Nation

## Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2015 Budget	2015 Actual	2014 Actual
	\$	\$	\$
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	2,745,813	3,322,428	1,317,649
Inter Tribal Health Authority	185,117	196,773	216,562
International Forest Products	-	91,675	80,010
Province of B.C.	-	91,138	149,497
Other revenue	-	77,749	6,244
Rental income	-	36,000	18,000
T'Se'Kame' Forestry	-	25,850	6,615
User fees	21,700	24,046	23,913
Strategic Natural Resources	-	22,672	-
Musamamagw Tsawataineuk Tribal Council	17,541	18,712	18,712
Brinkman Forest Ltd.	-	11,220	60,756
North Vancouver Island Aboriginal Training Society	-	8,875	22,236
Interest income	648	6,501	7,145
Net income (loss) from T'Se'Kame' Forestry Ltd.	-	(2)	(230)
Net income (loss) from T'Se'Kame' Forestry LP	-	(20,523)	3,596
Island Coastal Economic Trust	-	-	239,445
Health Canada	-	-	3,100
First Nation Education Steering Committee	-	-	2,675
	2,970,819	3,913,114	2,175,925
<b>Expenditures (Note 9)</b>			
Operating Fund	1,158,322	2,023,493	1,762,024
<b>Excess of revenue over expenditures- Page 2</b>	1,812,497	1,889,621	413,901
<b>Surplus at beginning of year</b>	10,079,164	10,493,065	10,079,164
<b>Surplus at end of year</b>	11,891,661	12,382,686	10,493,065

The accompanying notes are an integral part of the financial statements

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**Kwikwasut'inuxw Haxwa'mis First Nation****Consolidated Statement of Cash Flows**

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For the year ended March 31, 2015	2015 Actual	2014 Actual
	\$	\$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	1,889,621	413,901
Items not affecting cash		
Amortization of tangible capital assets	603,286	408,790
Loss on disposal of tangible capital assets	-	634
	2,492,907	823,325
Change in non-cash operating working capital		
Accounts receivable	(2,174,756)	(11,079)
Prepaid expenses	5,402	(2,368)
Restricted cash	(4,556)	(5,088)
Accounts payable	(41,345)	(349,883)
Wages and benefits payable	(3,358)	2,094
	274,294	457,001
<b>Capital activities</b>		
Purchase of capital assets	(477,770)	(954,704)
<b>Financing activities</b>		
Proceeds from long term debt	235,000	-
Repayment of long term debt	(6,965)	(2,945)
Long term investments	8,228	5,017
	236,263	2,072
<b>(Decrease) increase in cash and cash equivalents</b>	32,787	(495,631)
<b>Cash and cash equivalents, beginning of year</b>	181,450	677,081
<b>Cash and cash equivalents, end of year</b>	214,237	181,450

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The accompanying notes are an integral part of the financial statements



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# Kwikwasut'inuxw Haxwa'mis First Nation

## Notes to Consolidated Financial Statements

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March 31, 2015

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### 1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### (a) Fund Accounting

The Kwikwasut'inuxw Haxwa'mis First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual, or voluntary actions. The various funds have been amalgamated for the purposes of presentation in the summary financial statements. Detail of the operations of each fund are set out in the supplementary schedules.

#### (b) Reporting Entity Principles of Financial Reporting

The Kwikwasut'inuxw Haxwa'mis First Nation reporting entity includes the Kwikwasut'inuxw Haxwa'mis First Nation Council and all related entities which are accountable to the First Nation and are either owned, directly or indirectly, or controlled by the Kwikwasut'inuxw Haxwa'mis First Nation.

These financial statements report on the assets, liabilities and results of operations for the following funds which use accounting principles that lend themselves to consolidation:

1. Operating Fund
2. Trust Fund
3. Enterprise Fund

All inter-entity balances have been eliminated on summarization, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

#### (c) Comparative Figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

#### (d) Revenue Recognition

Funding received under the terms of agreements is recognized as revenue when received. Funding received but not yet expended is included in the applicable statement of operations.

#### (e) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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## Kwikwasut'inuxw Haxwa'mis First Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 2. Accounts Receivable

Accounts receivable are shown net of allowance for doubtful accounts of \$96,576 (2014 - \$96,576).

#### 3. Long Term Investments

	2015	2014
	\$	\$
T'Se'Kame' Forestry Ltd.	(981)	(980)
T'Se'Kame' Forestry Limited Partnership	172,753	180,980
	<b>171,772</b>	<b>180,000</b>

The First Nation owns 100% of the common shares of T'se'kame' Forestry Ltd. (TFL). The investment is recorded on the modified equity basis and is comprised of common shares of \$1 and retained deficit of \$980 (2013 - \$730). The company had assets of \$22 (2013 - \$22) and liabilities of \$1001 (2013 - \$751) as at December 31, 2014; revenues of \$nil (2014 - loss \$10) and expenses of \$nil (2013 - \$250) for the year then ended.

T'Se'Kame' Forestry Limited Partnership (TFLP):

- The general partner of TFLP is TFL owning 0.01% of the partnership units.
- The limited partner of TFLP, owning 99.99% of the partnership units, is Kwicksutaineuk Ah'Kwa'Ah'Mish First Nation Business Trust.
- The First Nation is the sole beneficiary of the Trust.

#### 4. Restricted Cash

	2015	2014
	\$	\$
Ottawa Trust Funds - Revenue	157,689	153,133
Ottawa Trust Funds - Capital	5,714	5,714
	<b>163,403</b>	<b>158,847</b>

#### 5. Long-term Debt

	2015	2014
	\$	\$
Peace Hills Trust housing mortgage, repayable at \$1,340 per month including interest at 4.84%; secured by guarantee of AANDC; renewal date May, 2017.	219,086	225,479
Peace Hills Trust housing mortgage, repayable at \$1,234 per month including interest at 3.95%; secured by guarantee of AANDC; renewal date January, 2020.	234,428	-
	<b>453,514</b>	<b>225,479</b>

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# Kwikwasut'inuxw Haxwa'mis First Nation

## Notes to Consolidated Financial Statements

March 31, 2015

### 6. Tangible Capital Assets

Capital assets acquired after March 31, 1986 are recorded at cost and charged to operations in the year the assets were acquired. The First Nation has not capitalized capital assets acquired before April 1, 1986. Amortization is calculated to reflect anticipated life expectancy on a declining balance basis as follows:

	Rate	Cost \$	Accumulated amortization \$	2015 Net book value \$	2014 Net book value \$
Buildings	4 %	6,827,015	1,575,841	5,251,174	3,506,133
Computer equipment	30 %	39,810	35,410	4,400	6,287
Construction in progress		1,085,576	-	1,085,576	2,894,861
General equipment	20 %	1,555,174	1,244,888	310,286	43,185
Infrastructure	10 %	6,731,930	3,261,214	3,470,716	3,796,276
Office equipment	20 %	75,887	72,303	3,584	4,480
Vehicles	30 %	8,390	8,321	69	99
		16,323,782	6,197,977	10,125,805	10,251,321

### 7. Changes in Tangible Capital Assets

	Additions/ Transfers \$	Disposals/ Transfers \$	Amortization \$	Accumulated amortization on disposals \$
Buildings	1,923,763	-	178,723	-
Computer equipment	-	-	1,887	-
Construction in progress	-	1,809,285	-	-
General equipment	306,376	-	39,275	-
Infrastructure	56,914	-	382,474	-
Office equipment	-	-	896	-
Vehicles	-	-	30	-
Total - 2015	2,287,053	1,809,285	603,285	-
Total - 2014	954,702	954,702	408,790	1,377



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## Kwikwasut'inuxw Haxwa'mis First Nation

### Notes to Consolidated Financial Statements

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March 31, 2015

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#### 8. Accumulated Surplus

Accumulated surplus is comprised of:

	2015 \$	2014 \$
Restricted Trust Fund	163,403	158,847
Unrestricted Operating Fund	12,037,027	10,131,434
Enterprise Fund	182,256	202,781
	12,219,283	10,334,215
	12,382,686	10,493,062

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**Kwikwasut'inuxw Haxwa'mis First Nation****Notes to Consolidated Financial Statements**

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**March 31, 2015**

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**9. Expenditures**

<b>For the year ended March 31</b>	<b>2015 Budget</b>	<b>2015 Actual</b>	<b>2014 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Amortization	-	603,286	408,790
Bad debts	-	6,291	2,714
Basic needs	69,361	76,610	67,380
Child nutrition	6,000	11,498	1,473
Community activities	4,200	3,262	15,853
Contract fees	125,700	293,740	208,464
Council travel	10,000	25,671	35,014
Cultural enrichment	17,500	11,247	8,530
Elder costs	8,000	-	2,826
Election costs	-	5,230	7,545
Fuel	241,272	200,440	241,186
Healthy families	49,800	36,627	46,409
Honoraria	47,000	46,554	45,041
Insurance	14,324	19,911	14,195
Interest and bank charges	1,800	6,344	4,618
Interest on long-term debt	-	11,580	11,792
Licenses, dues and fees	63	569	376
Loss on disposal of capital assets	-	-	633
Materials and supplies	15,300	9,702	11,818
Members assistance	2,500	4,700	3,890
Miscellaneous expenses	400	-	-
Office expenses	17,200	23,110	19,827
Post secondary costs	95,035	117,662	114,861
Professional fees	25,200	62,386	30,617
Rent	6,000	6,500	9,782
Repairs and maintenance	39,390	135,353	83,502
Student living allowance, tuition, and travel	1,992	277	304
Student transportation	2,520	160	-
Subcontract expenses	3,170	2,300	760
Training	1,829	1,829	1,770
Travel	30,800	44,501	36,161
Utilities and telephone	15,228	22,498	29,082
Wages and benefits	284,301	296,722	271,579
Workshops and meeting costs	22,437	22,927	25,232
	<b>1,158,322</b>	<b>2,023,493</b>	<b>1,762,024</b>

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# Kwikwasut'inuxw Haxwa'mis First Nation

## Notes to Consolidated Financial Statements

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March 31, 2015

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### 10. Economic Dependence

Kwikwasut'inuxw Haxwa'mis First Nation receives the majority of its operating revenues in the form of grants and contributions from Aboriginal Affairs and Northern Development Canada. The amount of funding for each fiscal period from these entities is uncertain as the grants and contributions are subject to annual review and negotiation.

### 11. Financial Instruments

The financial instruments of the First Nation consist of cash, accounts receivable, accounts payable and accrued liabilities, wages and benefits payable, due to government agencies, and long term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

### 12. Correction of Prior Period Income

The prior year has been adjusted to correct a duplication of revenue and effects the following balances:

	2014
	\$
Accounts receivable	(18,733)
Other revenue	(18,733)
Net income (loss) from investments	(18,733)
Equity end of year	(18,733)

### 13. Related Party Transactions

During the year the First Nation entered into transactions with T'se'kame' Forestry Limited Partnership. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the current year the First Nation charged contract fees in the amount of \$25,850 (2014 - \$6,615 for administration fees).