

KWAKIUTL BAND COUNCIL
Financial Statements
March 31, 2014

KWAKWUTL BAND COUNCIL

March 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Kwakwutl Band Council and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Kwakwutl Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Kwakwutl Band Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditor, Chas Novotsek Boies, Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Kwakwutl Band Council and meet when required.

On behalf of the Kwakwutl Band Council:


Chief and Council


Band Manager

July 29, 2014



Chan
Nowosad
Boates

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INDEPENDENT AUDITORS' REPORT

To: The Members of the
Kwakiutl Band Council

We have audited the accompanying financial statements of Kwakiutl Band Council which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, expenditures, change in net debt, and cash flows for the year then ended, and 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 the auditor's 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, the auditor considers 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 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 Kwakiutl Band Council as at March 31, 2014, and of its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The supplementary information contained in the accompanying schedules is presented for purposes of additional information to management and does not form part of the financial statements.

Chan Nowosad Boates

Chartered Accountants
Campbell River, BC

July 29, 2014

KWAKUTL BAND COUNCIL

Statement of Financial Position

March 31, 2014

2014

2013

(Page 10)

\$

\$

FINANCIAL ASSETS

Cash and Cash Equivalents (Note 2)
Trust Funds Held by Federal Government (Note 3)
Accounts Receivable (Note 4)
Due from Government and
Other Government Organizations (Note 5)
Investments in Government Business Enterprises (Note 6)

1,212,894	1,467,899
1,474,928	1,432,343
994,960	782,386
11,660	250,051
1,080,211	903,602
4,733,152	4,836,286

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)
Long Term Debt (Note 8)
Replacement Reserve (Note 9)

439,936	241,366
1,810,362	1,917,029
83,600	54,126
2,313,898	2,212,521

NET FINANCIAL ASSETS

2,441,254	2,623,765
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NON-FINANCIAL ASSETS

Retail Inventory
Prepaid Expenses
Tangible Capital Assets (Notes 8 and 10)

23,406	30,356
118,965	35,583
2,874,831	2,092,485
3,017,224	2,158,424

ACCUMULATED SURPLUS (Note 13)

5,458,478	4,782,189
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Contingent Liabilities (Note 11)

Approved by:


Chief


Councillor

KWAKIUTL BAND COUNCIL

Statement of Operations and Accumulated Surplus Year Ended March 31, 2014

	2014		2013
	Actual	Budget	
	\$	\$	\$
			(Note 16)
Revenues			
Federal Government Transfers - Operating (Note 12)	2,580,012	-	2,238,225
Federal Government Transfers - Capital (Note 12)	817,858	-	2,252
Provincial Government Transfers - Operating (Note 12)	140,383	-	166,264
Rent	66,433	-	66,046
Losses from Investment in Government Business Enterprises	(70,573)	-	(100,854)
Amounts Earned and Held in Trust (Note 3)	42,585	-	87,608
Cigarette Income (Loss) (Net)	4,190	-	14,032
Enterprise Revenues	1,474,206	-	1,786,448
Other	<u>587,620</u>	-	<u>749,054</u>
	<u>5,642,714</u>	-	<u>5,029,075</u>
Expenditures			
Administration	1,005,071	-	391,831
Community Operations - Municipal Services	326,959	-	188,608
Education	1,309,854	-	1,268,896
Social Development	439,951	-	449,810
Health	649,541	-	248,987
Daycare	226,134	-	209,236
Job Creation	52,514	-	63,188
Community Programs	22,005	-	42,426
Fisheries Management	141,300	-	90,369
Community Economic Development	146,395	-	116,554
Special Claims	-	-	28,805
P&ID Organizational Development	3,100	-	34,000
Social Housing	99,344	-	109,271
Capital Projects	41,051	-	6,796
Enterprise	488,592	-	600,508
Treaty	<u>140</u>	-	<u>55</u>
	<u>4,951,951</u>	-	<u>3,849,340</u>
Annual Surplus Prior to Adjustment to Replacement Reserve	690,763	-	1,179,735
Adjustment to Replacement Reserve (Note 9)	<u>(14,474)</u>	-	<u>142,747</u>
Annual Surplus	<u>676,289</u>	-	<u>1,322,482</u>
Accumulated Surplus - Beginning of Year as Previously Stated	4,782,189	-	3,404,207
Prior Period Adjustment (Note 16)	-	-	55,500
Accumulated Surplus - Beginning of Year as Restated	<u>4,782,189</u>	-	<u>3,459,707</u>
Accumulated Surplus - End of Year	<u>5,458,478</u>	-	<u>4,782,189</u>

KWAKIUTL BAND COUNCIL

Statement of Change in Net Debt Year Ended March 31, 2014

	2014	2013
	\$	\$
Annual Surplus	<u>676,289</u>	<u>1,322,482</u>
Tangible Capital Assets Purchased	(916,601)	(166,074)
Amortization of Tangible Capital Assets	<u>134,253</u>	<u>145,582</u>
	<u>(782,348)</u>	<u>(20,492)</u>
Inventory Purchased	(111,810)	(131,374)
Inventory Used	<u>118,760</u>	<u>120,410</u>
	<u>6,950</u>	<u>(10,964)</u>
Acquisition of Prepaid Asset	(118,984)	(35,581)
Use of Prepaid Asset	<u>35,582</u>	<u>36,838</u>
	<u>(83,402)</u>	<u>1,257</u>
Increase in Net Financial Assets	(182,511)	1,292,283
Net Financial Assets - Beginning of Year	<u>2,623,765</u>	<u>1,331,482</u>
Net Financial Assets - End of Year	<u>2,441,254</u>	<u>2,623,765</u>

KWAKIUTL BAND COUNCIL

Statement of Cash Flows

Year Ended March 31, 2014

	2014	2013
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from AANDC and Other Sources	5,619,341	4,927,010
Cash Paid to Suppliers and Employees	(4,658,281)	(3,717,771)
Interest Paid	(2,316)	(5,778)
	<u>958,744</u>	<u>1,203,461</u>
Cash Flows From Financing Activities:		
Repayment of Long Term Debt	(106,667)	(102,116)
Cash Flows From Investing Activities:		
Advances to Government Business Enterprises	(190,491)	(57,806)
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	(916,601)	(166,074)
Increase (Decrease) in Cash and Cash Equivalents	(255,015)	877,465
Cash and Cash Equivalents - Beginning of Year	1,467,899	599,434
Cash and Cash Equivalents - End of Year	1,212,884	1,476,899
Cash and Cash Equivalents Consist of:		
Cash and Cash Equivalents	<u>1,212,884</u>	<u>1,467,899</u>

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

1. Significant Accounting Policies:

a) Basis of Accounting:

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

b) Reporting Entity:

The Kwakiutl Band Council (the "Band") reporting entity includes the Kwakiutl Band Council government and all related entities that are controlled by the Band.

c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

d) Inventories for Resale:

Inventories of goods available for resale are recorded at the lower of cost and net realizable value.

e) Tangible Capital Assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for using the following rates and methods:

Equipment	5 years	straight-line
Boat	15%	declining balance
Computer Equipment	45%	declining balance
Vehicles	30%	declining balance
Computer Software	100%	declining balance
Daycare Centre	25 years	straight-line
Hydro Project	20 years	straight-line
Water system	20 years	straight-line
Social Housing Houses	25 years	straight-line

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Band's ability to provide goods and services, or when the value of future economic benefits associated with the assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

f) Revenue Recognition:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to any obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the liabilities are settled. Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

1. Significant Accounting Policies (continued):

f) Revenue Recognition (continued):

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

g) Investment in Government Business Enterprises:

The Band accounts for their investments in controlled government business enterprises using the modified equity method. These business enterprises are Kwakiutl Nation Development Corporation, Kwakiutl Resources Inc. and 0819357 B.C. Ltd.

Under the modified equity method of accounting, only the Band's investment in the business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Band, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated.

h) Measurement Uncertainty:

In preparing the financial statements for the Band, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

i) Income Taxes:

The Band is exempt from income taxes under Section 149(1)(c) of the Canadian Income Tax Act.

2. Cash and Cash Equivalents:

	2014 \$	2013 \$
Externally Restricted		
Education	73,658	233,033
Health	19,072	24,830
Replacement Reserve	55,000	36,245
	<u>147,730</u>	<u>294,108</u>
Internally Restricted		
Social Development	(9,904)	37,855
Social Housing	49,217	1,707
Treaty	10,129	10,269
	<u>49,442</u>	<u>49,831</u>
Unrestricted		
Operating	1,014,893	1,123,546
Other	819	414
	<u>1,015,712</u>	<u>1,123,960</u>
	<u>1,212,884</u>	<u>1,467,899</u>

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

2. Cash and Cash Equivalents (continued):

Under the terms of an agreement with the Canada Mortgage and Housing Corporation, Kwakiutl Band Council must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds, titled Externally Restricted Replacement Reserve, are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve.

3. Trust Funds Held by Federal Government:

	2013	Additions	Withdrawals	2014
	\$	\$	\$	\$
Revenue	335,038	42,585	-	377,623
	<u>1,097,305</u>	<u>-</u>	<u>-</u>	<u>1,097,305</u>
Capital	<u>1,432,343</u>	<u>42,585</u>	<u>-</u>	<u>1,474,928</u>

The Trust Funds Held by the Federal Government arise from monies derived from capital or revenue sources as 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. Accounts Receivable:

	2014	2013
	\$	\$
Due from Members		
Rent	260,155	292,911
Social Housing	<u>249,985</u>	<u>237,827</u>
	<u>510,140</u>	<u>530,738</u>
Due from Others		
Royalties	430,293	215,375
Other	<u>234,805</u>	<u>194,839</u>
	<u>665,098</u>	<u>410,214</u>
	<u>(180,278)</u>	<u>(158,566)</u>
Less: allowance for doubtful accounts	<u>994,960</u>	<u>782,386</u>

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

5. Due from Government and Other Government Organizations:

	2014 \$	2013 \$
Federal government		
Aboriginal Affairs and Northern Development Canada	-	70,548
Canada Mortgage and Housing Corporation	9,794	1,294
Department of Fisheries	1,315	9,918
	<u>11,109</u>	<u>81,760</u>
Provincial government	-	5,412
Other government organizations	<u>560</u>	<u>-</u>
	<u>11,669</u>	<u>87,172</u>

6. Investments in Government Business Enterprises:

	2014 \$	2013 \$
Kwakwaka'wakw Nation Development Corporation (100%)		
Shares	3	3
Advances	770,721	659,034
Accumulated share of deficit	<u>(269,570)</u>	<u>(251,020)</u>
	501,154	408,017
Kwakwaka'wakw Resources Inc.		
Shares	1	1
Advances	-	-
Accumulated share of deficit	<u>-</u>	<u>-</u>
	1	1
0819357 B.C. Ltd. (100%)		
Shares	1	1
Advances	758,303	642,314
Accumulated share of deficit	<u>(198,748)</u>	<u>(146,724)</u>
	559,556	495,591
Total	5	5
Shares	5	5
Advances	1,529,024	1,301,347
Accumulated share of deficit	<u>(468,318)</u>	<u>(397,744)</u>
	<u>1,060,711</u>	<u>903,608</u>

Shares in the above companies are held in trust by specified band members under trust agreements. The advances made are without interest or specific repayment terms.

During the year ended March 31, 2014, there were no transactions in Kwakwaka'wakw Resources Inc.

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

6. Investments in Government Business Enterprises (continued):

Financial information for Kwakiutl Nation Development Corporation (KNDC) and 0819357 B.C. Ltd. for the period ending March 31, 2014 is as follows:

	KNDC	0819357 B.C. Ltd.	Total 2014	Total 2013
	\$	\$	\$	\$
Cash	87,964	-	87,964	57,746
Accounts Receivable	174,019	-	174,019	31,741
Inventory	7,000	-	7,000	3,161
Prepaid Expenses	8,256	-	8,256	1,554
Tangible Capital Assets	262,241	992,933	1,255,174	1,369,098
Total Assets	539,480	992,933	1,532,413	1,463,300
Accounts Payable	38,326	23,868	62,194	127,865
Long-term Debt	-	413,008	413,008	473,885
Due to Kwakiutl Band Council	770,721	758,303	1,529,024	1,262,790
Total Liabilities	809,047	1,195,179	2,004,226	1,864,540
Equity	(269,567)	(202,246)	(471,813)	(401,240)
Total Liabilities and Equity	539,480	992,933	1,532,413	1,463,300
Revenues	1,389,769	-	1,389,769	1,296,464
Expenses	1,408,318	52,024	1,460,342	1,397,318
Net Income (Loss)	(18,549)	(52,024)	(70,573)	(100,854)

7. Accounts Payable:

	2014	2013
	\$	\$
Trade payables	381,234	211,558
Accrued salaries and benefits payable	25,220	21,363
Due to Government	33,482	8,446
	439,936	241,367

8. Long Term Debt:

2014	2013
\$	\$

Social Housing:
All Nations Trust:

Repayable at \$2,038 per month including interest at 2.86% per annum; due September 1, 2015	35,818	59,099
Repayable at \$3,582 per month including interest at 2.57% per annum; maturing November 1, 2015	70,057	110,917
	105,875	170,016

KWAKIUTL BAND COUNCIL

Notes to Financial Statements March 31, 2014

8. Long Term Debt (continued):

	2014	2013
	\$	\$

Balance Forward

	105,875	170,016
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Capital: CIBC:

Repayable at \$3,750 per month including interest at prime plus 2.25 % per annum; maturing November 2014, secured by Ministerial guarantee from AANDC

25,912	68,438
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Treaty amount repayable upon settlement of land claim

1,678,575	1,678,575
1,810,362	1,917,029

Long-term debt in the form of mortgages has been incurred to finance the Social Housing houses. Each mortgage is secured by the Government of Canada.

Interest paid on long term debt for the year ended March 31, 2014 is \$2,316 (2013 - \$10,432).

Principal payments due within each of the next five years and beyond on long-term debt is approximately as follows:

	\$
2015	91,478
2016	40,309
2019 and beyond	1,678,575

9. Replacement Reserve:

Under the terms of the agreement with the Canada Mortgage and Housing Corporation (the "CMHC"), the replacement reserve account is to be increased and adjusted by annual charges to the Band. The charge in the current year is \$14,474 (2013 - \$14,474) with \$5,000 (2013 - \$nil) being withdrawn from it in the current year. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the CMHC from time to time. The funds in account may only be used as approved by the CMHC. Withdrawals are credited to interest first and then principal.

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2014 \$	2013 \$
Capital:										
Boat	60,250	-	-	60,250	19,988	6,040	-	26,028	34,222	40,262
Crown Land	40,259	-	-	40,259	-	-	-	-	40,259	40,259
Daycare Centre	541,404	-	-	541,404	272,979	26,842	-	299,821	241,583	268,425
Equipment	317,991	7,870	-	325,861	233,913	24,080	-	257,993	67,868	84,078
Hydro Project	46,650	-	-	46,650	24,489	2,330	-	26,819	19,831	22,161
Land	572,945	-	-	572,945	-	-	-	-	572,945	572,945
Physical Dev. Plan	452,776	-	-	452,776	-	-	-	-	452,776	452,776
Wagahus School	13,716	-	-	13,716	13,029	680	-	13,709	7	687
Water System	449,333	-	-	449,333	194,433	22,470	-	216,903	232,430	393,945
Website	13,421	-	-	13,421	-	-	-	-	13,421	13,421
Buildings and Housing	561,680	-	-	561,680	493,573	11,661	-	505,234	56,446	68,107
Projects under Development	62,922	908,731	-	971,660	1,252,404	94,103	-	1,346,507	971,660	62,922
	<u>3,133,354</u>	<u>916,601</u>	<u>-</u>	<u>4,049,955</u>	<u>1,252,404</u>	<u>94,103</u>	<u>-</u>	<u>1,346,507</u>	<u>2,703,448</u>	<u>1,880,950</u>
Social Housing:										
Houses	1,004,370	-	-	1,004,370	792,835	40,150	-	832,985	171,385	211,535
Enterprises:										
Equipment	86,772	-	-	86,772	86,772	-	-	86,772	-	-
Treaty:										
Equipment	26,468	-	-	26,468	26,468	-	-	26,468	-	-
Total	<u>4,250,964</u>	<u>916,601</u>	<u>-</u>	<u>5,167,565</u>	<u>2,158,472</u>	<u>134,253</u>	<u>-</u>	<u>2,292,732</u>	<u>2,874,833</u>	<u>2,092,485</u>

11. Contingent Liabilities:

- The Department of Aboriginal Affairs and Northern Development Canada and Health Canada may recover certain of the program surpluses subsequent to discussion and negotiation with the Band. The ultimate outcome of these negotiations is not determinable at present. Consequently, no provision for potential recoverable surpluses, if any, is reflected in these financial statements.
- The Band is contingently liable for Ministerial guarantees for loans to Band members in the aggregate amount of \$246,394.
- The BC Treaty Commission may recover unexpended funding or allow the Kwakwaka'wakw Band Council to retain surplus funds for future expenditures approved by the Commission. Repayment provisions for unexpended funding are outlined in Section 11 of the First Nation Negotiation Support Agreements.
- Band members have received forgivable loans under the Residential Rehabilitation Assistance Program (RRAP) which are guaranteed by the Band. The loans are forgivable over 5 years and forgiveness is subject to specific conditions where the balance may become payable if members are in default.

KWAKUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

12. Government Transfers:

	2014		2013	
	Operating \$	Capital \$	Operating \$	Capital \$
Federal Government Transfers:				
Aboriginal Affairs and Northern Development Canada	1,997,136	817,858	2,057,821	-
Health Canada	606,628	-	134,904	134,904
Canada Mortgage Housing Corp	28,452	-	15,524	17,776
Department of Fisheries	1,314	-	49,976	49,976
Total	2,633,530	817,858	2,258,225	2,252
	<u>2,633,530</u>	<u>817,858</u>	<u>2,258,225</u>	<u>2,252</u>
Provincial Government Transfers	140,383	-	166,264	-
	<u>2,773,913</u>	<u>817,858</u>	<u>2,424,489</u>	<u>2,252</u>
				<u>2,426,741</u>
13. Accumulated Surplus:				
			2014	2013
			\$	\$
Equity in Tangible Capital Assets			2,743,046	1,870,688
Equity in Ottawa Trust			1,474,928	1,432,343
Operating Surplus			<u>1,240,504</u>	<u>1,479,158</u>
			<u>5,458,478</u>	<u>4,782,189</u>

14. Portfolio Investments:

The Band holds 1 common share (2013 - 1) of Gilkastla Kwa Holdings Ltd. The share, which represents a one third equity interest in Gilkastla Kwa Holdings Ltd., was acquired for a nominal amount, and as a result is not presented within the statement of financial position as a result. The investment is not traded in an active market and, therefore, its market value approximates its cost, which is nominal.

During the year ended March 31, 2014, the Band received \$94,327 (2013 - \$nil) in income directly from Gilkastla Kwa Holdings Ltd.

15. Retirement Benefits:

The Band and a selection of its employee's participate in The Retirement Plan for the Employees of the Participating Employers of the Many Nations Pension Plan (also known as the Many Nations Multi-Employer Pension Plan, or the "Plan").

The Plan is a defined contribution pension plan. The custodian of the plan is Industrial Alliance. Employees contributions, and the matching employer contributions to the Plan vest immediately following the first contribution made by the employer to the Plan. Members of the plan are directed to make their own investment decisions and if no decision is made, an investment into a default conservative portfolio is made on their behalf. The retirement age set for plan participants is 65, but can be extended to 71. There has been no changes to the Plan from the prior period.

During the period, the Band's contribution to the Plan, and the resulting expense to the Band was \$68,854 (2013 - \$23,295).

KWAKIUTL BAND COUNCIL

Notes to Financial Statements

March 31, 2014

16. Prior Period Adjustment:

In March 2013, the Band determined that the deferral of capital contributions, which had been the Band's accounting policy in prior periods for all contributions received that related to items that were capital in nature, is not consistent with the guidance provided within the Public Sector Accounting Standards for Government entities. As a result, the Band has elected to make two prior adjustments.

- a) To reverse the deferral of deferred capital contribution amounts from years prior to March 31, 2012, the comparative period, the Band has adjusted the Accumulated Surplus at the Beginning of Year as Previously Stated, as at April 1, 2011, effecting the March 31, 2012 or opening April 1, 2013 Accumulated Surplus. The Accumulated Surplus has been adjusted from \$2,788,873 to \$2,844,373, or by \$55,500.

17. Budget Figures:

Budgeted figures have not been provided within the financial statements as a result of the Band not having fully formalized and finalized their budget for the year ending March 31, 2014.

18. Comparative Figures:

Certain 2013 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.