

KWAKIUTL BAND COUNCIL
Consolidated Financial Statements
March 31, 2015

KWAKIUTL BAND COUNCIL

March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Members of Kwakiutl Band Council:

The accompanying consolidated financial statements of the Kwakiutl Band Council (the "Band") as at March 31, 2015 and for the year then ended and are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation of the accompanying consolidated financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.


The Band Council meets periodically with management, as well as the external auditors, 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 financial statements have been approved by Band Council. In addition, these financial statements have been audited by Chan Nowosad Boates, Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members and Council. Chan Nowosad Boates Chartered Professional Accountants has full access to Council.

On behalf of the Kwakiutl Band Council:



Chief and Council



Band Manager

July 28, 2015



Chan
Nowosad
Boates

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INDEPENDENT AUDITORS' REPORT

To: The Members of the
Kwakiutl Band Council

We have audited the accompanying consolidated financial statements of Kwakiutl Band Council which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, changes 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.

Auditors' 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 entity'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 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 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 Kwakiutl Band Council as at March 31, 2015, and the results of its operations, changes in net financial assets 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 consolidated financial statements.

Chartered Professional Accountants
Campbell River, BC

July 28, 2015

KWAKIUTL BAND COUNCIL

Consolidated Statement of Financial Position

March 31, 2015

2015

2014

(Note 16)

\$

\$

FINANCIAL ASSETS

Cash and Cash Equivalents - Unrestricted	3,962,991	1,157,884
Cash and Cash Equivalents - Restricted (Note 2)	55,550	55,000
Trust Funds Held by Federal Government (Note 3)	52,078	1,474,928
Accounts Receivable (Note 4)	1,515,744	994,960
Due from Government and Other Government Organizations (Note 5)	20,329	95,552
Investments in Government Business Enterprises (Note 6)	697,812	1,060,711
	<u>6,304,504</u>	<u>4,839,035</u>

LIABILITIES

Accounts Payable and Accrued Liabilities (Note 7)	1,635,814	439,936
Long Term Debt (Note 8)	2,071,083	1,810,362
Replacement Reserve (Note 9)	74,607	63,600
	<u>3,781,504</u>	<u>2,313,898</u>

NET FINANCIAL ASSETS

2,523,000

2,525,137

NON-FINANCIAL ASSETS

Retail Inventory	18,931	23,406
Prepaid Expenses	48,618	118,985
Tangible Capital Assets (Notes 8 and 10)	8,506,333	2,874,833
	<u>8,573,882</u>	<u>3,017,224</u>


ACCUMULATED SURPLUS (Note 12)


11,096,882

5,542,361

Contingent Liabilities (Note 11)

Approved by:


Councillor


Councillor

KWAKIUTL BAND COUNCIL

Consolidated Statement of Operations

Year Ended March 31, 2015

	2015		2014
	Actual	Budget	
	\$	\$	\$
			(Note 15)
Revenues			
Aboriginal Affairs and Northern Development Canada - Operating	1,801,816	-	1,943,618
Aboriginal Affairs and Northern Development Canada - Capital	5,552,280	-	817,858
Provincial Government Transfers - Operating	228,198	-	134,082
Canada Mortgage and Housing Corporation	15,177	-	23,951
Department of Fisheries and Oceans Canada	46,275	-	1,314
Environment Canada	15,300	-	-
First Nation Health Authority	864,643	-	-
Health Canada	-	-	649,219
Rent	99,424	-	66,433
Amounts Earned and Held in Trust (Note 3)	9,492	-	42,585
Cigarette Income (Net)	23,987	-	4,190
Enterprise Revenues	1,447,313	-	1,477,174
Other	639,896	-	510,855
	<u>10,743,801</u>	<u>-</u>	<u>5,671,279</u>
Expenditures			
Administration	1,467,209	-	1,144,616
Health	946,264	-	834,837
Education	1,162,293	-	1,328,784
Social Development	396,889	-	439,950
Community and Job Creation	235,264	-	56,814
Daycare	217,942	-	199,291
Fisheries Management	211,912	-	141,300
Community Economic Development	90,534	-	85,275
Social Housing	99,967	-	113,818
CMHC RRAP	-	-	33,935
Enterprise	213,414	-	488,592
Losses from Investment in Government Business Enterprises (Note 6)	48,779	-	70,573
Treaty	125	-	140
	<u>5,090,592</u>	<u>-</u>	<u>4,937,925</u>
Annual Surplus Prior to Adjustment to Replacement Reserve	5,653,209	-	733,354
Adjustment to Replacement Reserve (Note 9)	(14,474)	-	(14,474)
AANDC Recoveries	<u>(84,214)</u>	<u>-</u>	<u>-</u>
Annual Surplus	<u>5,554,521</u>	<u>-</u>	<u>718,880</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2015

	2015		2014
	Actual	Budget	
	\$	\$	\$
			(Note 15)
Accumulated Surplus - Beginning of Year as Previously Stated	5,458,478	-	4,782,189
Prior Period Adjustment (Note 15)	<u>83,883</u>	<u>-</u>	<u>41,292</u>
Accumulated Surplus - Beginning of Year as Restated	5,542,361	-	4,823,481
Annual Surplus	<u>5,554,521</u>	<u>-</u>	<u>718,880</u>
Accumulated Surplus - End of Year	<u>11,096,882</u>	<u>-</u>	<u>5,542,361</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Change in Net Assets

Year Ended March 31, 2015

	2015	2014
	\$	\$
Annual Surplus	<u>5,554,521</u>	<u>718,880</u>
Tangible Capital Assets Purchased or Consolidated	(5,761,227)	(916,601)
Amortization of Tangible Capital Assets	<u>129,727</u>	<u>134,253</u>
	<u>(5,631,500)</u>	<u>(782,348)</u>
Inventory Purchased	(100,885)	(111,810)
Inventory Used	<u>105,360</u>	<u>118,760</u>
	<u>4,475</u>	<u>6,950</u>
Acquisition of Prepaid Asset	(48,618)	(118,984)
Use of Prepaid Asset	<u>118,985</u>	<u>35,582</u>
	<u>70,367</u>	<u>(83,402)</u>
Increase in Net Financial Assets	(2,137)	(139,920)
Net Financial Assets - Beginning of Year	<u>2,525,137</u>	<u>2,665,057</u>
Net Financial Assets - End of Year	<u>2,523,000</u>	<u>2,525,137</u>

KWAKIUTL BAND COUNCIL

Consolidated Statement of Cash Flows

Year Ended March 31, 2015

	2015	2014
	\$	\$
Cash Flows From Operating Activities:		
Cash Received from AANDC and Other Sources	10,333,434	5,619,341
Cash Paid to Suppliers and Employees	(3,811,382)	(4,658,281)
Interest Paid	<u>(16,689)</u>	<u>(2,316)</u>
	<u>6,505,363</u>	<u>958,744</u>
Cash Flows From Financing Activities:		
Proceeds from Funds Held in Trust	1,432,342	-
Repayment of Long Term Debt	<u>(152,288)</u>	<u>(106,667)</u>
	<u>1,280,054</u>	<u>(106,667)</u>
Cash Flows From Investing Activities:		
Advances to Government Business Enterprises	<u>(211,466)</u>	<u>(190,491)</u>
Cash Flows From Capital Activities:		
Purchase of Tangible Capital Assets	<u>(4,768,294)</u>	<u>(916,601)</u>
Increase (Decrease) in Cash and Cash Equivalents	2,805,657	(255,015)
Cash and Cash Equivalents - Beginning of Year	<u>1,212,884</u>	<u>1,467,899</u>
Cash and Cash Equivalents - End of Year	<u>4,018,541</u>	<u>1,212,884</u>
Cash and Cash Equivalents Consist of:		
Cash and Cash Equivalents	<u>4,018,541</u>	<u>1,212,884</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies:

a) Basis of Accounting:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

b) Basis of Presentation:

The consolidated financial statements include the accounts of the Kwakiutl Band Council (the "Band") and an organization that is controlled by the Band, 0819357 B.C. Ltd. (the "Controlled Entity"). Government business partnerships are accounted for using the modified equity method.

All controlled entities are fully consolidated on a line-by-line basis except for a commercial enterprise which meets the definition of a government business enterprise, Kwakiutl Nation Development Corporation, which is included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

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 provide resources to discharge existing liabilities but are employed to deliver government services and may be consumed in normal operations. Non-financial assets include tangible capital assets, property under development, and prepaid expenses. Intangible assets, and items inherited by right of the First Nation, are not recognized in the consolidated financial statements.

d) Inventories for Resale:

Inventories of goods available for resale are recorded at the lower of cost and net realizable value with cost being determined on a first-in-first-out basis. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale.

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 writedowns are accounted for as expenses in the statement of operations.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

1. Significant Accounting Policies (continued):

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.

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 Enterprise:

The Band accounts for their investment in a controlled government business enterprise using the modified equity method. This business enterprise is Kwakiutl Nation Development Corporation.

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:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the report amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, estimated useful lives of tangible capital assets, impairment of tangible capital assets, recoverability of investments and advances, accrued liabilities and the possibility of contingent liabilities. Actual results could differ from these estimates.

2. Cash and Cash Equivalents - Restricted:

Under the terms of an agreement with the Canada Mortgage and Housing Corporation ("CMHC"), the Band 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. The funds in the account may only be used as approved by CMHC. At March 31, 2015 \$55,550 has been set aside to fund this reserve. At year end, the reserve was underfunded by \$19,107.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

3. Trust Funds Held by Federal Government:

	<u>2014</u>	<u>Additions</u>	<u>Withdrawals</u>	<u>2015</u>
	\$	\$	\$	\$
Revenue	377,623	9,492	335,037	52,078
Capital	<u>1,097,305</u>	<u>-</u>	<u>1,097,305</u>	<u>-</u>
	<u>1,474,928</u>	<u>9,492</u>	<u>1,432,342</u>	<u>52,078</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:

	<u>2015</u>	<u>2014</u>
	\$	\$
Due from Members		
Rent	266,539	260,155
Social Housing	<u>300,953</u>	<u>249,985</u>
	<u>567,492</u>	<u>510,140</u>
Due from Others		
Royalties	504,174	430,293
Other	<u>624,356</u>	<u>234,805</u>
	<u>1,128,530</u>	<u>665,098</u>
Less: allowance for doubtful accounts	<u>(180,278)</u>	<u>(180,278)</u>
	<u>1,515,744</u>	<u>994,960</u>

5. Due from Government and Other Government Organizations:

	<u>2015</u>	<u>2014</u>
	\$	\$
Federal Government		
Canada Mortgage and Housing Corporation	-	9,794
Department of Fisheries	10,994	1,315
Health Canada	<u>-</u>	<u>83,883</u>
	<u>10,994</u>	<u>94,992</u>
Other Government Organizations	<u>9,335</u>	<u>560</u>
	<u>20,329</u>	<u>95,552</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

6. Investments in Government Business Enterprises:

	<u>2015</u>	<u>2014</u>
	\$	\$
Kwakiutl Nation Development Corporation (100%)		
Shares	3	3
Advances	1,016,155	770,721
Accumulated share of deficit	<u>(318,346)</u>	<u>(269,570)</u>
	<u>697,812</u>	<u>501,154</u>
Kwakiutl Resources Inc.		
Shares	-	1
Advances	-	-
Accumulated share of deficit	<u>-</u>	<u>-</u>
	<u>-</u>	<u>1</u>
0819357 B.C. Ltd. (100%)		
Shares	-	1
Advances	-	758,303
Accumulated share of deficit	<u>-</u>	<u>(198,748)</u>
	<u>-</u>	<u>559,556</u>
Total		
Shares	3	5
Advances	1,016,155	1,529,024
Accumulated share of deficit	<u>(318,346)</u>	<u>(468,318)</u>
	<u>697,812</u>	<u>1,060,711</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, 2015, Kwakiutl Resources Inc. was identified as having been struck from the Register and no longer existing as a corporation.

During the year ended March 31, 2015, 0819357 B.C. Ltd. was assessed as no longer meeting the requirements to be classified as a Government Business Enterprise and was consolidated into the financial statements of the Band for the year ended March 31, 2015. Upon consolidation \$198,748 of deficit was recorded and \$859,830 of Advances to 0819357 B.C. Ltd. were eliminated.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

6. Investments in Government Business Enterprises (continued):

The period ending March 31, 2014 includes financial information for both Kwakiutl Nation Development Corporation and 0819357 B.C. Ltd. Financial information for only Kwakiutl Nation Development Corporation for the period ending March 31, 2015 is as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash	338,703	87,964
Accounts Receivable	178,639	174,019
Inventory	7,000	7,000
Prepaid Expenses	3,749	8,256
Tangible Capital Assets	<u>220,781</u>	<u>1,255,174</u>
Total Assets	<u>748,872</u>	<u>1,532,413</u>
Accounts Payable	51,065	62,194
Long-term Debt	-	413,008
Due to Kwakiutl Band Council	<u>1,016,155</u>	<u>1,529,024</u>
Total Liabilities	<u>1,067,220</u>	<u>2,004,226</u>
Equity	<u>(318,348)</u>	<u>(471,813)</u>
Total Liabilities and Equity	<u>748,872</u>	<u>1,532,413</u>
Revenues	1,628,147	1,389,769
Expenses	<u>1,676,926</u>	<u>1,460,342</u>
Net Loss	<u>(48,779)</u>	<u>(70,573)</u>

7. Accounts Payable:

	<u>2015</u>	<u>2014</u>
	\$	\$
Trade payables	1,485,560	381,234
Accrued benefits payable	42,157	25,220
Due to Government	<u>108,097</u>	<u>33,482</u>
	<u>1,635,814</u>	<u>439,936</u>

8. Long Term Debt:

	<u>2015</u>	<u>2014</u>
	\$	\$
Social Housing:		
All Nations Trust:		
Repayable at \$2,038 per month including interest at 2.86% per annum; due September 1, 2015	12,030	35,818
Repayable at \$3,582 per month including interest at 2.57% per annum; maturing November 1, 2015	<u>28,346</u>	<u>70,057</u>
	<u>40,376</u>	<u>105,875</u>

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

8. Long Term Debt (continued):

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance Forward	<u>40,376</u>	<u>105,875</u>
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
Repayable at \$60,877 per year by way of a single annual payment plus accrued interest accrued at prime plus 1.5% per annum; due on demand; maturing April 2021, secured by land with a net book value of \$992,933	<u>352,132</u>	<u>-</u>
Treaty amount repayable upon settlement of land claim	<u>1,678,575</u>	<u>1,678,575</u>
	<u>2,071,083</u>	<u>1,810,362</u>

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, 2015 is \$16,689 (2014 - \$2,316).

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

	\$
2016	101,253
2017	60,877
2018	60,877
2019	60,877
2020 and beyond	1,787,199

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 (2014 - \$14,474) with \$3,467 (2014 - \$5,000) 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 the Consolidated Financial Statements

March 31, 2015

10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening \$	Additions \$	Disposals \$	Closing \$	Opening \$	Amort \$	Disposals \$	Closing \$	2015 \$	2014 \$
Capital:										
Boat	60,250	-	-	60,250	26,028	5,130	-	31,158	29,092	34,222
Crown Land	40,259	-	-	40,259	-	-	-	-	40,259	40,259
Daycare Centre	541,404	-	-	541,404	299,821	26,840	-	326,661	214,743	241,583
Equipment	325,861	-	-	325,861	257,993	19,970	-	277,963	47,898	67,868
Hydro Project	46,650	-	-	46,650	26,819	2,330	-	29,149	17,501	19,831
Land	572,945	-	-	572,945	-	-	-	-	572,945	572,945
Learning Centre	-	93,833	-	93,833	-	1,880	-	1,880	91,953	-
Physical Dev. Plan	452,776	-	-	452,776	-	-	-	-	452,776	452,776
Wagulus School	13,716	-	-	13,716	13,709	7	-	13,716	-	7
Water System	449,333	-	-	449,333	216,903	22,470	-	239,373	209,960	393,018
Website	13,421	5,030	-	18,451	-	-	-	-	18,451	13,421
Buildings and Housing	561,680	-	-	561,680	505,234	10,950	-	516,184	45,496	56,446
Projects under Development	971,660	4,707,383	37,952	5,641,091	-	-	-	-	5,641,091	971,660
	<u>4,049,955</u>	<u>4,806,246</u>	<u>37,952</u>	<u>8,818,249</u>	<u>1,346,507</u>	<u>89,577</u>	<u>-</u>	<u>1,436,084</u>	<u>7,382,165</u>	<u>2,703,448</u>
Social Housing:										
Houses	1,004,370	-	-	1,004,370	832,985	40,150	-	873,135	131,235	171,385
Enterprise:										
Equipment	86,772	-	-	86,772	86,772	-	-	86,772	-	-
0819357 B.C. Ltd.:										
Land	-	992,933	-	992,933	-	-	-	-	992,933	-
Treaty:										
Equipment	26,468	-	-	26,468	26,468	-	-	26,468	-	-
Total	<u>5,167,565</u>	<u>5,799,179</u>	<u>37,952</u>	<u>10,928,792</u>	<u>2,292,732</u>	<u>129,727</u>	<u>-</u>	<u>2,422,459</u>	<u>8,506,333</u>	<u>2,874,833</u>

11. Contingent Liabilities:

- The Department of Aboriginal Affairs and Northern Development Canada and Health Canada may recover certain 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 consolidated financial statements.
- The BC Treaty Commission may recover unexpended funding or allow the Kwakiutl 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.

KWAKIUTL BAND COUNCIL

Notes to the Consolidated Financial Statements

March 31, 2015

12. Accumulated Surplus:

	<u>2015</u>	<u>2014</u>
	\$	\$
Equity in Tangible Capital Assets	8,113,825	2,743,046
Equity in Ottawa Trust	52,078	1,474,928
Operating Surplus	<u>2,930,979</u>	<u>1,324,387</u>
	<u>11,096,882</u>	<u>5,542,361</u>

13. Portfolio Investments:

The Band holds 1 common share of Gilakas'la Kwa Holdings Ltd. The share, which represents a one third equity interest in Gilakas'la 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, 2015, the Band received \$371,454 (2014 - \$94,327) in income directly from Gilakas'la Kwa Holdings Ltd.

14. 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 \$43,716 (2014 - \$68,854).

15. Prior Period Adjustment:

The Band has determined that the recognition of revenue and a receivable for the reimbursement of the deficit incurred for the year for patient travel at the time the amount was reimbursed, which had been the Band's accounting policy in prior periods, is not consistent with the guidance provided within the Public Sector Accounting Standards for Government entities as well as industry practice. As a result, the Band has elected to make two prior adjustments.

- a) To record a receivable for underfunded patient travel for costs occurred during the year ended March 31, 2013 the Band has adjusted the Accumulated Surplus at the beginning of the year as previously stated, as at April 1, 2014 as well as Accounts Receivable as at March 31, 2014. The Accumulated Surplus has been adjusted from \$4,782,189 to \$4,823,481, or by \$41,292 and Accounts Receivable from \$994,960 to \$1,036,252, prior to an additional prior period adjustment noted in (b) below to Accounts Receivable.

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Notes to the Consolidated Financial Statements

March 31, 2015

15. Prior Period Adjustment (continued):

- b) To record a receivable for underfunded patient travel for costs occurred during the year ended March 31, 2014 the Band has adjusted Revenues, specifically Health Canada as well as Accounts Receivable as at March 31, 2014. Revenues have been adjusted from \$606,628 to \$649,219, or by \$42,591. Accounts Receivable have been adjusted from \$1,036,252 noted above in (a) to \$1,078,843.

16. Budget Figures:

Budgeted figures have not been provided within the consolidated financial statements as a result of the Band not having fully formalized and finalized their budget for the year ending March 31, 2015.

17. Comparative Figures:

Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.