

**KWAKIUTL BAND COUNCIL**  
**Consolidated Financial Statements**

**March 31, 2017**

## **KWAKIUTL BAND COUNCIL**

**March 31, 2017**

### **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects, including the consolidated financial position of the Kwakiutl Band Council and the results of its consolidated operations and its consolidated cash flows.

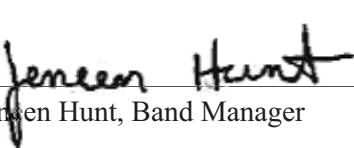
Management is responsible for the integrity and objectivity of these consolidated statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Kwakiutl 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 consolidated financial statements.

The Kwakiutl 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 consolidated financial statements and the external auditor's report. Chief and Council takes this information into consideration when approving the financial statements for issuance to the Members. In addition, Chief and Council also consider the engagement of the Kwakiutl Band Council's external auditor.

The consolidated 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. Chan Nowosad Boates, Chartered Professional Accountants have full access to Chief and Council.

On behalf of the Kwakiutl Band Council:

  
Jensen Hunt, Band Manager

October 31, 2017



## INDEPENDENT AUDITORS' REPORT

To: Chief and Council and 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, 2017, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and consolidated 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 consolidated financial position of Kwakiutl Band Council as at March 31, 2017, and the results of its consolidated operations, its consolidated changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads 'Chan Nowosad Boates'.

Chartered Professional Accountants  
Campbell River, BC

October 31, 2017

# KWAKIUTL BAND COUNCIL

## Consolidated Statement of Financial Position

March 31, 2017

2017

2016

### FINANCIAL ASSETS

Cash and Cash Equivalents - Unrestricted	696,576	1,207,775
Cash and Cash Equivalents - Restricted <b>(Note 2)</b>	1,471,640	1,136,940
Trust Funds Held by Federal Government <b>(Note 3)</b>	57,850	54,972
Accounts Receivable <b>(Note 4)</b>	646,001	589,276
Due from Government and		
Other Government Organizations <b>(Note 5)</b>	52,123	237,734
Investment in Government Business Enterprise <b>(Note 6)</b>	1,493,551	751,836
	<hr/>	<hr/>
	4,417,741	3,978,533

### LIABILITIES

Accounts Payable and Accrued Liabilities <b>(Note 7)</b>	347,719	679,840
Long Term Debt <b>(Note 8)</b>	3,100,768	3,169,830
Capital Lease <b>(Note 9)</b>	-	43,829
	<hr/>	<hr/>
	3,448,487	3,893,499

### NET FINANCIAL ASSETS

969,254

85,034

### NON-FINANCIAL ASSETS

Retail Inventory	6,706	6,706
Prepaid Expenses	32,976	37,313
Tangible Capital Assets <b>(Notes 8 and 10)</b>	14,301,400	13,859,400
Leased Capital Assets <b>(Notes 9 and 11)</b>	-	48,781
	<hr/>	<hr/>
	14,341,082	13,952,200

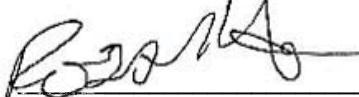
### ACCUMULATED SURPLUS **(Note 13)**

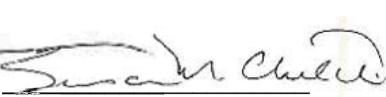
15,310,336

14,037,234

### Contingent Liabilities **(Note 12)**

Approved by:

  
Councillor

  
Councillor

# KWAKIUTL BAND COUNCIL

## Consolidated Statement of Operations

Year Ended March 31, 2017

	2017		2016
	Actual	Budget	\$
	\$	\$	(Note 16)
<b>Revenues</b>			
Indigenous and Northern Affairs Canada - Operating	2,242,670	-	2,232,612
Indigenous and Northern Affairs Canada - Capital	222,926	-	3,151,683
Provincial Government Transfers - Operating	241,460	-	282,765
Canada Mortgage and Housing Corporation	17,513	-	8,983
Department of Fisheries and Oceans Canada	49,094	-	51,025
Environment Canada (Recovery)	-	-	(15,300)
First Nation Health Authority	1,003,495	-	908,415
Rent	74,235	-	75,011
Amounts Earned and Held in Trust <b>(Note 3)</b>	2,878	-	2,894
Cigarette Net Income (Loss)	6,503	-	(5,634)
Enterprise Revenues	1,205,646	-	1,227,098
North Vancouver Island Aboriginal Training Society	200,976	-	105,965
First Nations Education Steering Committee	234,583	-	115,785
Earnings from Government Business Enterprise <b>(Note 6)</b>	479,726	-	104,323
Other	210,316	-	381,238
	<u>6,192,021</u>	<u>-</u>	<u>8,626,863</u>
<b>Expenditures</b>			
Administration	1,128,202	-	1,631,365
Governance	48,735	-	56,907
Health	862,181	-	863,172
Education	1,899,604	-	1,291,164
Social Development	392,166	-	385,213
Community and Job Creation	-	-	24,622
Land and Resources	31,302	-	231,713
Daycare	221,118	-	206,068
Fisheries Management	27,283	-	137,109
Community Economic Development	13,963	-	72,707
Band Housing	178,403	-	495,281
Enterprise	86,993	-	342,140
Treaty	12,572	-	12,245
	<u>4,902,522</u>	<u>-</u>	<u>5,749,706</u>
<b>Annual Surplus Prior to INAC Recoveries</b>	<b>1,289,499</b>	<b>-</b>	<b>2,877,157</b>
<b>INAC Recoveries</b>	<b>(16,397)</b>	<b>-</b>	<b>(55,149)</b>
<b>Annual Surplus</b>	<b>1,273,102</b>	<b>-</b>	<b>2,822,008</b>

# KWAKIUTL BAND COUNCIL

## Consolidated Statement of Accumulated Surplus

Year Ended March 31, 2017

	2017		2016
	Actual	Budget	\$
	\$	\$	
<b>Accumulated Surplus - Beginning of Year</b>	14,037,234	-	11,215,226
<b>Annual Surplus</b>	<u>1,273,102</u>	<u>-</u>	<u>2,822,008</u>
<b>Accumulated Surplus - End of Year</b>	<u>15,310,336</u>	<u>-</u>	<u>14,037,234</u>

# KWAKIUTL BAND COUNCIL

## Consolidated Statement of Change in Net Assets

Year Ended March 31, 2017

2017

2016

	\$	\$
<b>Annual Surplus</b>	<u>1,273,102</u>	<u>2,822,008</u>
Tangible Capital Assets Purchased	(1,046,652)	(5,532,746)
Amortization of Tangible Capital Assets	<u>604,652</u>	<u>130,900</u>
	<u>(442,000)</u>	<u>(5,401,846)</u>
Reduction of Capital Leases	<u>48,781</u>	<u>-</u>
Inventory Purchased	-	(73,432)
Inventory Used	<u>-</u>	<u>85,656</u>
	<u>-</u>	<u>12,224</u>
Acquisition of Prepaid Asset	(32,976)	(37,313)
Use of Prepaid Asset	<u>37,313</u>	<u>48,617</u>
	<u>4,337</u>	<u>11,304</u>
<b>Increase in Net Financial Assets</b>	<u>835,439</u>	<u>(2,556,310)</u>
<b>Net Financial Assets - Beginning of Year</b>	<u>85,034</u>	<u>2,641,344</u>
<b>Net Financial Assets - End of Year</b>	<u>969,254</u>	<u>85,034</u>

# KWAKIUTL BAND COUNCIL

## Consolidated Statement of Cash Flows

Year Ended March 31, 2017

2017

2016

	\$	\$
<b>Cash Flows From Operating Activities:</b>		
Cash Received from INAC and Other Sources	5,844,059	9,255,101
Cash Paid to Suppliers and Employees	(4,591,774)	(6,569,410)
Interest Paid	(51,078)	(19,646)
	<u>1,201,207</u>	<u>2,666,045</u>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from Capital Lease Incurred	-	43,829
Proceeds from Long Term Debt	-	1,200,000
Repayment of Long Term Debt	(69,062)	(101,253)
	<u>(69,062)</u>	<u>1,142,576</u>
<b>Cash Flows From Investing Activities:</b>		
Repayment from (Advances to) KNDC	(261,992)	50,299
<b>Cash Flows From Capital Activities:</b>		
Purchase of Tangible Capital Assets	(1,046,652)	(5,483,965)
Purchase of Leased Capital Assets	-	(48,781)
	<u>(1,046,652)</u>	<u>(5,532,746)</u>
<b>Decrease in Cash and Cash Equivalents</b>	<b>(176,499)</b>	<b>(1,673,826)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>2,344,715</b>	<b>4,018,541</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>2,168,216</b>	<b>2,344,715</b>
<b>Cash and Cash Equivalents Consist of:</b>		
Cash and Cash Equivalents	2,168,216	2,344,715

# KWAKIUTL BAND COUNCIL

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## Notes to the Consolidated Financial Statements

March 31, 2017

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### 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 not 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
Xyntax Software and Server	10 years	straight-line
Daycare Centre	25 years	straight-line
Hydro Project	20 years	straight-line
Water System	20 years	straight-line
Band 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

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## Notes to the Consolidated Financial Statements

March 31, 2017

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### 1. Significant Accounting Policies (continued):

#### f) Leased Capital Asset:

Leases with terms and conditions where substantially all of the benefits and risks incident to ownership, are, in substance, transferred to the Band without necessarily transferring legal ownership are capitalized at the present value of future of the minimum lease payments, excluding the portion relating to executory costs. Leased Capital Assets are amortized over their estimated future life.

#### g) 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 being performed is deferred and recognized when the fee is earned or service performed.

#### h) 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.

#### i) 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:

During the year ended March 31, 2016 the Band passed a Band Council Resolution ("BCR") requiring that all funds received from Royalties be maintained in a separate bank account and not drawn from without approval in the form of a BCR. At March 31, 2017 the restricted balance was \$1,471,640 (2016 - \$1,136,940).

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 3. Trust Funds Held by Federal Government:

	<u>2016</u> \$	<u>Additions</u> \$	<u>Withdrawals</u> \$	<u>2017</u> \$
Revenue	<u>54,972</u>	<u>2,878</u>	<u>-</u>	<u>57,850</u>

The Trust Funds Held by 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>2017</u> \$	<u>2016</u> \$
<b>Due from Members</b>		
Rent	295,148	314,244
Band Housing	<u>378,031</u>	<u>298,656</u>
	<u>673,179</u>	<u>612,900</u>
<b>Due from Others</b>		
Royalties	271,152	337,904
Other	<u>297,122</u>	<u>232,166</u>
	<u>568,274</u>	<u>570,070</u>
Less: Allowance for Doubtful Accounts	<u>(595,452)</u>	<u>(593,694)</u>
	<u>646,001</u>	<u>589,276</u>

### 5. Due from Government and Other Government Organizations:

	<u>2017</u> \$	<u>2016</u> \$
Federal Government		
INAC	34,629	-
Department of Fisheries	5,080	157,024
Other Government Organizations	<u>12,414</u>	<u>80,710</u>
	<u>52,123</u>	<u>237,734</u>

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 6. Investment in Government Business Enterprise:

	<u>2017</u>	<u>2016</u>
	\$	\$
<b>Kwakiutl Nation Development Corporation (100%)</b>		
Shares	3	3
Advances	1,227,848	965,856
Accumulated share of surplus (deficit)	<u>265,700</u>	<u>(214,023)</u>
	<u>1,493,551</u>	<u>751,836</u>

The shares in Kwakiutl Nation Development Corporation are held in trust by specified band members under trust agreements. The advances made are without interest or specific repayment terms.

Financial information for Kwakiutl Nation Development Corporation for the year ended March 31, 2017 with comparative information at March 31, 2016 is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash	477,358	217,969
Accounts Receivable	115,656	340,097
Inventory	7,000	7,000
Prepaid Expenses	3,438	15,795
Tangible Capital Assets	783,752	376,245
Licenses	<u>138,106</u>	<u>58,104</u>
<b>Total Assets</b>	<u>1,525,310</u>	<u>1,015,210</u>
Accounts Payable	31,759	263,375
Due to Kwakiutl Band Council	<u>1,227,848</u>	<u>965,858</u>
<b>Total Liabilities</b>	<u>1,259,607</u>	<u>1,229,233</u>
Equity	<u>265,703</u>	<u>(214,023)</u>
<b>Total Liabilities and Equity</b>	<u>1,525,310</u>	<u>1,015,210</u>
<b>Revenues</b>	2,310,163	1,549,534
<b>Expenses</b>	<u>1,830,437</u>	<u>1,445,211</u>
<b>Net Income</b>	<u>479,726</u>	<u>104,323</u>

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 7. Accounts Payable:

	<u>2017</u>	<u>2016</u>
	\$	\$
Trade payables	223,545	556,711
Accrued benefits payable	121,869	113,357
Due to INAC	-	7,406
Due to Other Government Organizations	<u>2,305</u>	<u>2,366</u>
	<u>347,719</u>	<u>679,840</u>

### 8. Long Term Debt:

	<u>2017</u>	<u>2016</u>
	\$	\$
CIBC:		
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	230,378	291,255
Due on demand; monthly payments of \$10,000 including interest prime plus 0.75% per annum; secured by building with a net book value of \$11,586,673	1,191,815	1,200,000
Treaty amount repayable upon settlement of land claim	<u>1,678,575</u>	<u>1,678,575</u>
	<u>3,100,768</u>	<u>3,169,830</u>

Interest paid on long term debt for the year ended March 31, 2017 is \$49,055 (2016 - \$19,646). The Band has a total of \$70,000 in operating lines of credit available at prime + 0.75%. At March 31, 2017 they had not been utilized.

Long term debt principal payments due within each of the next five years and beyond is estimated to be as follows:

	\$
2018	1,252,692
2019	60,877
2020	60,877
2021	60,877
2022 and beyond	1,665,445

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 9. Capital Lease:

During the year ended March 31, 2016, the Band entered a capital lease for Xyntax accounting software and hardware. At the conclusion of the lease there was a bargain purchase option of \$1. During the year ending March 31, 2017 the Band decided to purchase the software and hardware from the Lessor.

### 10. Tangible Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Capital:</b>										
Boat	60,250	-	-	60,250	35,558	3,700	-	39,258	20,992	24,692
Crown Land	40,259	-	-	40,259	-	-	-	-	40,259	40,259
Daycare Centre	541,404	3,445	-	544,849	348,321	21,800	-	370,121	174,728	193,083
Equipment	268,120	58,100	-	326,220	224,685	25,540	-	250,225	75,995	43,435
Hydro Project	46,650	-	-	46,650	31,479	2,330	-	33,809	12,841	15,171
Land	572,945	-	-	572,945	-	-	-	-	572,945	572,945
Learning Centre	93,833	-	-	93,833	3,760	3,750	-	7,510	86,323	90,073
Physical Dev. Plan	452,776	-	-	452,776	-	-	-	-	452,776	452,776
Wagulus School	-	-	-	-	-	-	-	-	-	-
Water System	449,333	-	-	449,333	261,843	22,470	-	284,313	165,020	187,490
Website	18,451	-	-	18,451	-	-	-	-	18,451	18,451
Buildings and Housing	561,680	-	-	561,680	526,437	1,436	-	527,873	33,807	35,243
Wagulus School	<u>11,101,770</u>	<u>985,107</u>	<u>-</u>	<u>12,086,877</u>	<u>-</u>	<u>483,488</u>	<u>-</u>	<u>483,488</u>	<u>11,603,389</u>	<u>11,101,770</u>
	<u>14,207,471</u>	<u>1,046,652</u>	<u>-</u>	<u>15,254,123</u>	<u>1,432,083</u>	<u>564,514</u>	<u>-</u>	<u>1,996,597</u>	<u>13,257,526</u>	<u>12,775,388</u>
<b>Band Housing:</b>										
Houses	1,004,370	-	-	1,004,370	913,291	40,138	-	953,429	50,941	91,079
<b>Enterprise:</b>										
Equipment	47,800	-	-	47,800	47,800	-	-	47,800	-	-
<b>0819357 B.C. Ltd.:</b>										
Land	992,933	-	-	992,933	-	-	-	-	992,933	992,933
<b>Total</b>	<u>16,252,574</u>	<u>1,046,652</u>	<u>-</u>	<u>17,299,226</u>	<u>2,393,174</u>	<u>604,652</u>	<u>-</u>	<u>2,997,826</u>	<u>14,301,400</u>	<u>13,859,400</u>

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 11. Leased Capital Assets:

	Cost				Accumulated Amortization				Net Book Value	
	Opening	Additions	Disposals	Closing	Opening	Amort	Disposals	Closing	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Xyntax Software and Server	48,781		(48,781)							48,781

### 12. Contingent Liabilities & Commitments:

- a) The Department of Indigenous and Northern Affairs 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.
- b) 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.
- c) 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.

### 13. Accumulated Surplus:

	2017	2016
	\$	\$
Equity in Tangible Capital Assets	12,879,207	13,568,145
Equity in Ottawa Trust	57,850	54,972
Operating Surplus	2,373,279	414,117
	<u>15,310,336</u>	<u>14,037,234</u>

### 14. Portfolio Investments:

The Band holds 1 common share of Gilakas'la Kwa Holdings Ltd. The share, which represents a one third equity interest in Gilaskas'la Kwa Holdings Ltd., was acquired for a nominal amount, and as a result is not presented within the statement of financial position. 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, 2017, the Band received \$211,121 (2016 - \$350,543) in income directly from Gilakas'la Kwa Holdings Ltd.

### 15. Retirement Benefits:

The Band and a selection of its employees 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").

# **KWAKIUTL BAND COUNCIL**

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## **Notes to the Consolidated Financial Statements**

March 31, 2017

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### **15. Retirement Benefits (continued):**

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 year, the Band's contribution to the Plan, and the resulting expense to the Band was \$41,705 (2016 - \$50,909).

### **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, 2017.

### **17. Comparative Figures:**

Certain 2016 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

### **18. Segment Disclosure:**

The Band provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by program. Programs were created for the purpose of recording specific activities to attain certain objectives in accordance with specific regulations, restrictions or limitations. These activities can also be categorized into segments. The following segments have been identified and as such are separately disclosed:

#### **General Administration:**

General Administration contains activities that are needed to manage and administer the Nation's organization.

#### **Governance:**

Governance contains activities of chief and council as well as training, and community planning. The goal of the program is ensure that the band operations are conducted in an efficient and effective manner.

#### **Health:**

Health contains activities that provide health and medical services that with the goal of improving overall individual and community health.

#### **Education:**

Education contains activities that provide education and facilitate educational opportunities to members for primary and secondary schooling and adult vocational training.

#### **Social Development:**

Social Development contains activities that provide financial support or support by other means to members that is aimed at developing both the individual as well as the community.

# KWAKIUTL BAND COUNCIL

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## Notes to the Consolidated Financial Statements

March 31, 2017

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### 18. Segment Disclosure (continued):

#### **Community and Job Creation:**

Community and Job Creation contains activities that are involved in the development of the community and the development and operation of economic opportunities.

#### **Land and Resources:**

Land and Resources contains activities in relation to unresolved land claims including negotiation and management of land and resource components.

#### **Daycare:**

Daycare provides child care services with the goal of providing a healthy, safe and secure environment for children.

#### **Fisheries Management**

Fisheries management provides fisheries management services for the band including habitat management, conservation, and managing food fisheries.

#### **Community Economic Development:**

Community Economic Development provides services with the intent of increasing the opportunity of economic activities on reserve.

#### **Band Housing:**

Housing contains activities that relate to on reserve housing.

#### **Enterprise:**

Enterprise contains economic activities that generate royalties for members of the band. Royalties are earned from activities including: fish farming, mineral extraction, power production and rentals.

#### **Treaty:**

Treaty contains activities associated with the treaty negotiations between the Nation, the province and the federal government.

For each segment separately reported, the segment revenue and expense represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in Note 1. The segment results for the period are as follows:

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 18. Segment Disclosure (continued):

**Year ended March 31, 2017:**

	General Administration \$	Governance \$	Health \$	Education \$	Social Development \$	Community & Job \$	Land & Resources \$	Daycare \$	Fisheries \$	Community Economic Development \$	Band Housing \$	Enterprise \$	Treaty & Trust \$	Total \$
<b>Revenue</b>														
INAC	651,174	57,750	-	1,225,225	378,759	-	-	-	-	111,868	37,500	-	-	2,462,276
Federal	-	-	1,003,496	233,584	-	-	-	-	49,094	-	17,513	-	-	1,303,687
Provincial	-	-	-	267,790	-	-	-	163,503	-	-	-	-	-	431,293
Other	76,821	-	28,490	81,256	-	-	-	16,055	23,156	-	74,235	1,691,874	2,878	1,994,765
	<u>727,995</u>	<u>57,750</u>	<u>1,031,986</u>	<u>1,807,855</u>	<u>378,759</u>	<u>-</u>	<u>-</u>	<u>179,558</u>	<u>72,250</u>	<u>111,868</u>	<u>129,248</u>	<u>1,691,874</u>	<u>2,878</u>	<u>6,192,021</u>
<b>Expenses</b>														
Salaries and Benefits	332,581	2,875	356,768	787,576	113,649	-	21,171	116,658	9,059	13,963	86,219	-	-	1,840,519
Interest	-	-	-	-	-	-	-	-	-	-	-	43,541	-	43,541
Amortization	46,760	-	2,090	487,730	-	-	-	21,800	4,690	-	40,138	1,500	-	604,708
Other	748,861	45,860	503,323	624,298	278,517	-	10,131	82,660	13,534	-	52,046	41,952	12,572	2,413,754
	<u>1,128,202</u>	<u>48,735</u>	<u>862,181</u>	<u>1,899,604</u>	<u>392,166</u>	<u>-</u>	<u>31,302</u>	<u>221,118</u>	<u>27,283</u>	<u>13,963</u>	<u>178,403</u>	<u>86,993</u>	<u>12,572</u>	<u>4,902,522</u>
INAC Recovery	(8,318)	-	-	-	(8,079)	-	-	-	-	-	-	-	-	(16,397)
Transfers	<u>1,115,433</u>	<u>(21,458)</u>	<u>-</u>	<u>36,043</u>	<u>10,233</u>	<u>78,963</u>	<u>104,024</u>	<u>-</u>	<u>-</u>	<u>(3,970)</u>	<u>342,328</u>	<u>(1,761,596)</u>	<u>100,000</u>	<u>-</u>
<b>Annual Surplus (Deficit)</b>	<b>706,908</b>	<b>(12,443)</b>	<b>169,805</b>	<b>(55,706)</b>	<b>(11,253)</b>	<b>78,963</b>	<b>72,722</b>	<b>(41,560)</b>	<b>44,967</b>	<b>93,935</b>	<b>293,173</b>	<b>(156,715)</b>	<b>90,306</b>	<b>1,273,102</b>

# KWAKIUTL BAND COUNCIL

## Notes to the Consolidated Financial Statements

March 31, 2017

### 18. Segment Disclosure (continued):

**Year ended March 31, 2016:**

	General Administration	Governance	Health	Education	Social Development	Community & Job	Land & Resources	Daycare	Fisheries	Community Economic Development	Band Housing	Enterprise	Treaty & Trust	Total
<b>Revenue</b>														
INAC	663,934	69,350	-	3,151,683	415,491	-	75,000	-	-	36,954	12,500	-	-	4,424,912
Federal	-	-	915,902	121,597	-	-	-	-	35,725	-	8,983	-	-	1,082,207
Provincial	-	-	-	261,174	-	-	-	92,059	-	-	-	-	-	353,233
Other	113,114	-	8,049	1,028,768	-	-	60,286	69,641	81,223	-	75,011	1,327,525	2,894	2,766,511
	777,048	69,350	923,951	4,563,222	415,491	-	135,286	161,700	116,948	36,954	96,494	1,327,525	2,894	8,626,863
<b>Expenses</b>														
Salaries and Benefits	512,022	2,079	412,271	-	106,970	3,916	101,069	158,028	55,499	43,061	31,750	-	-	1,426,665
Interest	-	-	-	-	-	-	-	-	-	-	-	10,546	-	10,546
Amortization	52,879	-	3,000	2,610	-	-	-	21,660	9,093	-	40,156	1,500	-	130,898
Other	1,066,464	54,828	447,901	1,288,554	278,243	20,706	130,644	26,380	72,517	29,646	423,375	330,094	12,245	4,181,597
	1,631,365	56,907	863,172	1,291,164	385,213	24,622	231,713	206,068	137,109	72,707	495,281	342,140	12,245	5,749,706
INAC Recovery	(13,879)	-	-	-	(33,864)	-	(7,406)	-	-	-	-	-	-	(55,149)
Transfers	133,235	-	-	(136,549)	-	-	-	-	-	-	-	3,314	-	-
<b>Annual Surplus (Deficit)</b>	<b>(734,961)</b>	<b>12,443</b>	<b>60,779</b>	<b>1,154,615</b>	<b>351,349</b>	<b>-</b>	<b>(103,833)</b>	<b>(44,368)</b>	<b>(20,161)</b>	<b>(35,753)</b>	<b>(398,787)</b>	<b>988,699</b>	<b>(9,351)</b>	<b>2,822,008</b>