

Gwawaenuk Tribe
Financial Statements
March 31, 2014

Gwawaenuk Tribe Contents

For the year ended March 31, 2014

	Page
Management's Responsibility	
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Accumulated Surplus.....	2
Statement of Change in Net Financial Assets.....	3
Statement of Cash Flows.....	4
Notes to the Financial Statements.....	5
Schedules	
Schedule 1- Consolidated Expenses by Object.....	10
Schedule 2 - Administration.....	11
Schedule 3 - Capital Projects.....	12
Schedule 4 - Education.....	13
Schedule 5 - Economic Development and Maintenance.....	14
Schedule 6 - Health.....	15
Schedule 7 - Social Development.....	16

Management's Responsibility

To the Members of Gwawaenuk Tribe:

The accompanying financial statements of Gwawaenuk Tribe are the responsibility of management and have been approved by the Chief.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments 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 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 financial statements.

The Gwawaenuk Tribe Chief is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Chief fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief is also responsible for recommending the appointment of the Tribe's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and management to discuss their audit findings.

July 28, 2014

Original Signed by Charlie Williams

Chief

Original Signed by Cindy Gullstrom

Financial
Administrator

Independent Auditors' Report

To the Members of Gwawaenuk Tribe:

We have audited the accompanying financial statements of Gwawaenuk Tribe, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 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 auditors' 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 statement.

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

Basis for Qualified Opinion

Beginning January 1, 2009, Canadian public sector accounting standards require that the Tribe record the net value of tangible capital assets in its financial statements. The Tribe has not applied these new financial reporting standards. As the Tribe did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the Tribe and the appropriate accumulated amortization and any impairment attributable to each of those, we were unable to determine the net value of the tangible capital assets that should have been recorded as an asset and the related amortization or impairment that should have been recorded as an expense in the current and prior year.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of the Gwawaenuk Tribe as at March 31, 2014 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.

Chilliwack, British Columbia

July 28, 2014

MNP LLP
Chartered Accountants

Gwawaenuk Tribe
Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Cash	72,813	87,808
Accounts receivable	13,588	32,156
Funds held in trust <i>(Note 3)</i>	56,223	86,831
	142,624	206,795
Liabilities		
Accounts payable and accruals	102,734	61,180
Net financial assets	39,890	145,615
Non-financial assets		
Tangible capital assets <i>(Note 4)</i>	299,430	251,066
Prepaid expenses	599	297
	300,029	251,363
Accumulated surplus <i>(Note 5)</i>	339,919	396,978

Approved on behalf of the Tribe

Original Signed by Charlie Williams

Chief

Gwawaenuk Tribe
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue				
Aboriginal Affairs and Northern Development Canada		246,510	226,250	321,392
Ottawa Trust Funds		-	2,893	22,296
Muspamagw Dzawada' enuxw Tribal Council		-	-	8,049
Inter Tribal Health Authority		7,880	7,879	37,292
New Relationship Trust		4,000	4,000	27,000
First Nations Education Steering Committee Society		-	-	8,648
Other revenue		5,000	5,000	4,307
ITHA - Home and Community Care		-	-	472
		263,390	246,022	429,456
Expenses				
Administration	2	130,717	118,566	124,899
Capital Projects	3	-	31,503	28,210
Education	4	31,572	13,008	14,420
Economic Development and Maintenance	5	112,940	115,564	193,590
Health	6	10,351	8,380	73,098
Social Development	7	36,893	16,060	33,040
		322,473	303,081	467,257
Deficit		(59,083)	(57,059)	(37,801)
Accumulated surplus, beginning of year		396,981	396,978	434,779
Accumulated surplus, end of year		337,898	339,919	396,978

Gwawaenuk Tribe
Statement of Change in Net Financial Assets
For the year ended March 31, 2014

	2014 Budget	2014	2013
Annual deficit	-	(57,059)	(37,801)
Purchases of tangible capital assets	-	(79,867)	-
Amortization of tangible capital assets	-	31,503	28,210
	-	(48,364)	28,210
Acquisition of prepaid expenses	-	(600)	(300)
Use of prepaid expenses	-	298	300
	-	(302)	-
Decrease in net financial assets	-	(105,725)	(9,591)
Net financial assets, beginning of year	-	145,615	155,206
Net financial assets, end of year	-	39,890	145,615

Gwawaenuk Tribe
Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Annual deficit	(57,059)	(37,801)
Non-cash items		
Amortization	31,503	28,210
	(25,556)	(9,591)
Changes in working capital accounts		
Accounts receivable	18,568	(11,416)
Prepaid expenses	(302)	-
Accounts payable and accruals	41,555	(15,451)
Ottawa Trust Funds	30,607	(22,296)
	64,872	(58,754)
Capital activities		
Purchases of tangible capital assets	(79,867)	-
Decrease in cash resources	(14,995)	(58,754)
Cash resources, beginning of year	87,808	146,562
Cash resources, end of year	72,813	87,808

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2014

1. Operations

The Gwawaenuk Tribe (the "Tribe") is located in the province of British Columbia, and provides various services to its members. Gwawaenuk Tribe includes the Tribe's members, government and all related entities that are accountable to the Tribe and are either owned or controlled by the Tribe.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash

Cash includes balances with banks, petty cash and short-term investments with maturities of three months or less.

Tangible capital assets

Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenditures and not reported in the capital fund.

Tangible capital assets acquired subsequent to March 31, 1996, are reported in the capital fund. On acquisition, the costs to acquire tangible capital assets are reported as expenditures in the operating fund with a corresponding contribution recognized in the capital fund. Cost is based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives.

	Method	Rate
General housing	declining balance	5 %
General equipment	declining balance	20 %
Infrastructure	declining balance	4 %

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Tribe members by the Government of Canada are reported on the balance sheet with an offsetting amount in accumulated surplus. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Nation capital assets, and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Government Transfers

The Tribe recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the tribe recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

Other revenue

Other revenue is recognized as revenues when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Segments

The Tribe conducts its business through six reportable segments: Administration, Capital Projects, Education, Economic Development and Maintenance, Health and Social Development. These operating segments are established by senior management to facilitate the achievement of the Tribe's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Long-lived assets

Long lived assets consists of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Tribe determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2014

2. Significant accounting policies *(Continued from previous page)*

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2015. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The Tribe does not expect the adoption of these new standards to have a material impact on its financial statements.

Related party transactions

The Public Sector Accounting Board (PSAB) issued this Invitation to Comment (ITC) in October 2011 together with an Issues Paper, Related party transactions – Recognition and measurement, as part of its project to develop a new Public Sector Accounting (PSA) Handbook standard for related parties and related party transactions in the context of governments and government organizations. Comments on the ITC were required by November 14, 2011. The effective date of the new PSA Handbook standard has not yet been specified.

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. .

3. Funds held in trust

	2014	2013
Ottawa Trust - Revenue		
Balance, beginning of year	13,535	1,972
Interest income	2,800	11,469
BC Special Distribution	92	94
Transfer to Maintenance	(8,209)	-
Transfer to Capital	(5,291)	-
	<hr/> 2,927	13,535
Ottawa Trust - Capital		
Balance, beginning of year	73,296	62,563
Transfer to Capital	(20,000)	10,733
	<hr/> 53,296	73,296
	<hr/> 56,223	86,831

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2014

4. Tangible capital assets

	Cost	Additions	Disposals	Accumulated amortization	2014 Net book value
General Housing	504,390	-	-	345,271	159,119
Infrastructure	38,082	-	-	28,651	9,431
Equipment	450,635	79,867	44,752	354,870	130,880
	993,107	79,867	44,752	728,792	299,430

	Cost	Additions	Disposals	Accumulated amortization	2013 Net book value
General Housing	504,390	-	-	336,897	167,493
Infrastructure	38,082	-	-	28,258	9,824
Equipment	450,635	-	-	376,886	73,749
	993,107	-	-	742,041	251,066

Amortization expense of \$31,504 (2013 - \$28,210) was recorded in the Capital Fund.

5. Accumulated surplus

Accumulated surplus consists of the following:

	2014	2013
Equity in Ottawa Trust Funds	56,223	86,831
Equity in tangible capital assets	299,430	251,066
Operating surplus	(15,734)	59,081
	339,919	396,978

6. Economic dependence

Gwawaenuk Tribe receives substantially all of its revenues from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of agreements entered into with the Government of Canada. These agreements are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Tribe to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

7. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2014

8. Financial instruments

The Gwawaenuk Tribe's financial instruments consist of cash, receivables and accounts payable. It is management's opinion that the Gwawaenuk Tribe is not exposed to significant currency or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

9. Segments

During 2014, the Tribe had six segments: Administration, Capital Projects, Education, Economic Development, Health and Social Development. These segments are differentiated by major activities; accountability and control relationships.

Administration - Includes general operation, support, and financial management of the Tribe.

Capital Projects - Includes revenue and expenditures related to capital assets.

Education - Includes revenues and expenses related to primary, secondary and post secondary education of the members of the Gwawaenuk Tribe.

Economic Development and Maintenance - Includes activities related to the growth of revenue producing projects with the Tribe, along with maintenance projects associated with the Tribe.

Health - Includes activities related to the provision of health services within the Tribe.

Social Development - Includes revenue and expenditures related to social assistance and events.

Gwawaenuk Tribe
Schedule 1 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2014

	2014 Budget	2014	2013
Consolidated expenses by object			
Administration	-	2,284	4,309
Allowances	-	1,140	1,000
Amortization	-	31,503	28,210
Bad debts	-	1,100	553
Bank charges and interest	-	256	294
Boat expenses	-	8,251	1,870
Community gatherings	-	709	5,009
Consulting	-	13,439	27,501
Contract wages	-	5,748	2,250
Donations and funerals	-	500	3,947
Fuel	-	11,682	15,965
Health	-	-	320
Healthy families	-	-	106
Honoraria	-	2,025	6,072
In-home assistance	-	-	1,995
Inspection and survey costs	-	-	2,190
Insurance	-	644	4,063
Janitorial	-	40	720
Legal	-	2,366	6,927
Materials	-	-	1,314
Meetings	-	325	186
Overhead	-	6,340	3,639
Professional fees	-	41,995	66,426
Program expenses	-	3,300	4,599
Repairs and maintenance	-	4,382	1,348
Salaries and benefits	-	106,783	214,301
Supplies	-	8,259	6,648
Telephone and utilities	-	12,993	13,706
Training	-	6,360	2,320
Travel	-	12,351	11,060
Travel and transportation	-	1,433	20,038
Tuition and books	-	1,398	3,230
Vehicle	-	14,859	4,354
Workers compensation premiums	-	616	787
	-	303,081	467,257

Gwawaenuk Tribe
Administration
Schedule 2 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2014

	2014 <i>Budget</i>	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	-	106,856	106,240
Musgamagw Dzawada' enuxw Tribal Council	-	-	8,049
Ottawa Trust Funds	-	2,893	22,296
Other revenue	-	-	4,307
	-	109,749	140,892
Expenses			
Bad debts	-	1,100	553
Bank charges and interest	-	225	294
Consulting	-	2,169	-
Contract wages	-	648	-
Donations and funerals	-	500	3,947
Health	-	-	320
Honoraria	-	1,725	920
Insurance	-	644	1,827
Janitorial	-	40	-
Legal	-	2,366	6,927
Overhead	-	6,340	1,839
Professional fees	-	12,118	12,000
Repairs and maintenance	-	-	580
Salaries and benefits	-	68,559	76,075
Supplies	-	5,896	5,905
Telephone and utilities	-	9,438	9,735
Travel	-	4,989	3,609
Vehicle	-	1,278	-
Workers compensation premiums	-	533	368
	-	118,568	124,899
Surplus (deficit) before transfers	-	(8,819)	15,993
Transfers between segments			
Transfer to Capital	-	(25,291)	-
Transfer to maintenance	-	(8,209)	-
	-	(33,500)	-
Surplus (deficit)	-	(42,319)	15,993
Accumulated surplus, beginning of year	-	110,689	94,696
Accumulated surplus, end of year	-	68,370	110,689

Gwawaenuk Tribe
Capital Projects
Schedule 3 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2014

	2014	2014	2013
Expenses			
Amortization	-	31,503	28,210
Deficit before transfers	-	(31,503)	(28,210)
Transfers between segments			
Transfer from Capital Fund	-	54,576	-
Transfer from Ottawa Trust	-	25,291	-
	-	79,867	-
Surplus (deficit)	-	48,364	(28,210)
Accumulated surplus, beginning of year	-	251,066	279,276
Accumulated surplus, end of year	-	299,430	251,066

Gwawaenuk Tribe
Education
Schedule 4 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2014

	2014 <i>Budget</i>	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	-	11,853	14,419
First Nation Education Steering Committee	-	-	2,188
New Paths for Education	-	-	6,460
New Relationship Trust	-	4,000	2,000
	-	15,853	25,067
Expenses			
Administration	-	1,185	-
Allowances	-	1,140	1,000
Community gatherings	-	-	604
Consulting	-	-	500
Contract wages	-	2,000	-
Honoraria	-	-	600
Program expenses	-	2,800	126
Supplies	-	603	-
Training	-	260	2,320
Travel	-	3,622	6,465
Tuition and books	-	1,398	2,805
	-	13,008	14,420
Surplus			
Accumulated surplus, beginning of year	-	2,845	10,647
Accumulated surplus, end of year	-	15,718	5,071
Accumulated surplus, end of year	-	18,563	15,718

Gwawaenuk Tribe
Economic Development and Maintenance
Schedule 5 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	-	90,908	167,693
Musgamagw Territorial Marine Management Society	-	5,000	-
New Relationship Trust	-	-	25,000
	-	95,908	192,693
Expenses			
Administration	-	909	2,025
Boat expenses	-	8,251	1,870
Consulting	-	4,621	500
Contract wages	-	3,100	2,250
Fuel	-	11,682	15,965
Honoraria	-	300	4,052
Inspection and survey costs	-	-	2,190
Insurance	-	-	1,831
Materials	-	-	1,314
Professional fees	-	29,876	51,426
Repairs and maintenance	-	4,382	768
Salaries and benefits	-	23,712	87,775
Supplies	-	1,759	691
Telephone and utilities	-	3,555	2,341
Training	-	6,100	-
Travel	-	3,740	986
Travel and transportation	-	-	12,943
Vehicle	-	13,581	4,354
Workers compensation premiums	-	-	309
	-	115,568	193,590
Deficit before transfers	-	(19,660)	(897)
Transfers between programs			
Contribution to Capital Fund	-	(54,576)	-
Transfer from Ottawa Trust	-	8,209	-
	-	(46,367)	-
Deficit	-	(66,027)	(897)
Accumulated surplus, beginning of year	-	17,035	17,932
Accumulated surplus (deficit), end of year	-	(48,992)	17,035

Gwawaenuk Tribe
Health
Schedule 6 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2014

	2014 <i>Budget</i>	2014	2013
Revenue			
Inter Tribal Health Authority		7,879	37,292
ITHA - Home and Community Care	-	-	472
		7,879	37,764
Expenses			
Bank charges and interest	-	31	-
Consulting	-	6,650	23,001
Healthy families	-	-	156
Honoria	-	-	500
Insurance	-	-	405
Janitorial	-	-	720
Meetings	-	325	186
Overhead	-	-	1,800
Professional fees	-	-	3,000
Program expenses	-	500	-
Salaries and benefits	-	-	35,952
Supplies	-	-	52
Telephone and utilities	-	-	1,451
Travel and transportation	-	873	5,875
		8,379	73,098
Deficit	-	(500)	(35,334)
Accumulated surplus, beginning of year	-	2,473	37,807
Accumulated surplus, end of year	-	1,973	2,473

Gwawaenuk Tribe
Social Development
Schedule 7 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2014

	2014 Budget	2014	2013
Revenue			
Aboriginal Affairs and Northern Development Canada	-	16,633	33,040
Expenses			
Administration	-	190	2,284
Community gatherings	-	709	4,405
Consulting	-	-	3,500
Healthy families	-	-	(50)
In-home assistance	-	-	1,995
Program expenses	-	-	4,473
Salaries and benefits	-	14,518	14,500
Telephone and utilities	-	-	178
Travel and transportation	-	560	1,220
Tuition and books	-	-	425
Workers compensation premiums	-	83	110
	-	16,060	33,040
Surplus	-	573	-
Accumulated surplus, end of year	-	573	-