

Gwawaenuk Tribe
Financial Statements
March 31, 2015

Gwawaenuk Tribe

Contents

For the year ended March 31, 2015

	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 - Schedule of Tangible Capital Assets.....	9
Schedule 2- Consolidated Expenses by Object.....	10
Schedule 3 - Administration.....	11
Schedule 4 - Capital Projects.....	12
Schedule 5 - Education.....	13
Schedule 6 - Economic Development and Maintenance.....	14
Schedule 7 - Health.....	15
Schedule 8 - 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 fulfils 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 Professional 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 29, 2015

(Originally signed by Charlie Williams)

Chief

(Originally 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, 2015, and the 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 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 Gwawaenuk Tribe 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.

Chilliwack, British Columbia

July 29, 2015

MNP LLP

Chartered Professional Accountants

Gwawaenuk Tribe
Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Cash	681,789	72,813
Accounts receivable	354,790	13,588
Funds held in trust <i>(Note 3)</i>	57,672	56,223
	1,094,251	142,624
Liabilities		
Accounts payable and accruals <i>(Note 4)</i>	314,496	102,734
Net financial assets	779,755	39,890
Non-financial assets		
Tangible capital assets <i>(Schedule 1)</i>	268,346	299,428
Prepaid expenses	-	599
	268,346	300,027
Accumulated surplus <i>(Note 5)</i>	1,048,101	339,917

Approved on behalf of the Tribe

(Originally signed by Charlie Williams)

Chief

Gwawaenuk Tribe
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

	<i>Schedules</i>	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
Revenue				
Aboriginal Affairs and Northern Development Canada		364,621	363,482	226,250
Ottawa Trust Funds (<i>Note 3</i>)		-	1,447	2,893
Timber Harvesting Revenue		897,953	1,250,043	-
North Vancouver Island Aboriginal Training Society		7,175	7,175	-
Musgamagw Territorial Marine Management Society		-	-	5,000
Inter Tribal Health Authority		-	-	7,879
New Relationship Trust		-	-	4,000
		1,269,749	1,622,147	246,022
Expenses				
Administration	3	117,474	109,855	118,568
Capital Projects	4	-	35,427	31,503
Education	5	37,348	10,354	13,008
Economic Development and Maintenance	6	1,064,430	723,993	115,568
Health	7	1,972	472	8,379
Social Development	8	31,649	31,447	16,060
		1,252,873	911,548	303,086
Surplus (deficit) before other items		16,876	710,599	(57,064)
Other income (expense)				
Loss on writedown of tangible capital assets		-	(2,415)	-
Surplus (deficit)		16,876	708,184	(57,064)
Accumulated surplus, beginning of year		339,917	339,917	396,981
Accumulated surplus, end of year		356,793	1,048,101	339,917

Gwawaenuk Tribe
Statement of Change in Net Financial Assets
For the year ended March 31, 2015

	2015 Budget	2015	2014
Annual surplus (deficit)	16,876	708,184	(57,064)
Purchases of tangible capital assets	-	(6,760)	(79,867)
Amortization of tangible capital assets	-	35,427	31,503
Loss on writedown of tangible capital assets	-	2,415	-
Acquisition of prepaid expenses	-	31,082	(48,364)
Use of prepaid expenses	-	599	298
	-	599	(302)
Increase (decrease) in net financial assets	16,876	739,865	(105,730)
Net financial assets, beginning of year	39,890	39,890	145,620
Net financial assets, end of year	56,766	779,755	39,890

Gwawaenuk Tribe
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	708,184	(57,064)
Non-cash items		
Amortization	35,427	31,503
Loss on writedown of tangible capital assets	2,415	-
	746,026	(25,561)
Changes in working capital accounts		
Accounts receivable	(341,202)	18,568
Prepaid expenses	599	(302)
Accounts payable and accruals	211,760	41,560
Ottawa Trust Funds	(1,447)	30,607
	615,736	64,872
Capital activities		
Purchases of tangible capital assets	(6,760)	(79,867)
Increase (decrease) in cash resources	608,976	(14,995)
Cash resources, beginning of year	72,813	87,808
Cash resources, end of year	681,789	72,813

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2015

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.

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 normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

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 statement of financial position 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 Tribe 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, 2015

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.

Timber Harvesting & Other Revenue

Timber harvesting and 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, 2015

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, 2016. 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.

3. Funds held in trust

	2015	2014
Ottawa Trust - Revenue		
Balance, beginning of year	2,928	13,532
Interest income	1,357	2,800
BC Special Distribution	90	93
Transfer to Maintenance	-	(8,209)
Transfer to Capital	-	(5,290)
	4,375	2,926
Ottawa Trust - Capital		
Balance, beginning of year	53,297	73,297
Transfer to Capital	-	(20,000)
	53,297	53,297
	57,672	56,223

4. Accounts payable and accruals

Accounts payable and accruals include government payroll remittances payable of \$1,335.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2015

5. Accumulated surplus

Accumulated surplus consists of the following:

	2015	2014
Equity in Ottawa Trust Funds	57,672	56,225
Equity in tangible capital assets	268,346	299,428
<u>Operating surplus</u>	<u>722,083</u>	<u>(15,736)</u>
	1,048,101	339,917

6. Economic dependence

Gwawaenuk Tribe receives a significant portion 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.

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 2015, the Tribe had six segments: Administration, Capital Projects, Education, Economic Development and Maintenance, 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.