

Gwawaenuk Tribe
Financial Statements
March 31, 2016

Gwawaenuk Tribe

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For the year ended March 31, 2016

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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, 2016

(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, 2016, 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, 2016 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, 2016

MNP LLP

Chartered Professional Accountants

Gwawaenuk Tribe
Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash and cash equivalents	662,789	681,789
Accounts receivable (Note 3)	12,272	354,790
Funds held in trust (Note 4)	58,956	57,672
	734,017	1,094,251
Liabilities		
Accounts payable and accruals (Note 5)	44,618	314,495
Net financial assets	689,398	779,756
Non-financial assets		
Tangible capital assets (Schedule 1)	238,799	268,347
Prepaid expenses	600	-
	239,399	268,347
Accumulated surplus (Note 6)	928,797	1,048,103

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, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue				
Indigenous and Northern Affairs Canada		322,713	310,588	363,482
Ottawa Trust Fund (Note 4)		-	1,285	1,447
Strategic Land Use Planning Agreement		50,000	50,000	-
Instruction		-	-	1,250,043
REPA		-	-	7,175
		372,713	361,873	1,622,147
Expenses				
Administration	3	108,040	108,040	109,855
Capital Projects	4	-	29,547	35,427
Education	5	7,922	7,922	10,354
Economic Development and Maintenance	6	304,321	304,323	723,993
Health	7	-	-	472
Social Development	8	31,347	31,347	31,447
		451,630	481,179	911,548
Surplus (deficit) before other items		(78,917)	(119,306)	710,599
Other expense				
Loss on write-down of tangible capital assets		-	-	(2,415)
Surplus (deficit)		(78,917)	(119,306)	708,184
Accumulated surplus, beginning of year		1,048,103	1,048,103	339,919
Accumulated surplus, end of year		969,186	928,797	1,048,103

Gwawaenuk Tribe
Statement of Change in Net Financial Assets
For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual surplus (deficit)	(78,917)	(119,306)	708,184
Purchases of tangible capital assets	-	-	(6,760)
Amortization of tangible capital assets	-	29,547	35,427
Loss on write-down of tangible capital assets	-	-	2,415
Acquisition of prepaid expenses	-	29,547	31,082
Use of prepaid expenses	-	(599)	-
	-	-	599
Increase (decrease) in net financial assets	(78,917)	(90,358)	739,865
Net financial assets, beginning of year	779,756	779,756	39,891
Net financial assets, end of year	700,839	689,398	779,756

Gwawaenuk Tribe
Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(119,306)	708,184
Non-cash items		
Amortization	29,547	35,427
Loss on write-down of tangible capital assets	-	2,415
	(89,759)	746,026
Changes in working capital accounts		
Accounts receivable	342,518	(341,202)
Prepaid expenses	(599)	599
Accounts payable and accruals	(269,876)	211,760
Ottawa Trust Funds	(1,284)	(1,447)
	(19,000)	615,736
Capital activities		
Purchases of tangible capital assets	-	(6,760)
Increase (decrease) in cash resources	(19,000)	608,976
Cash resources, beginning of year	681,789	72,813
Cash resources, end of year	662,789	681,789

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2016

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 segment. 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, 2016

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, 2016

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

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Net financial assets

The First Nation's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

3. Accounts receivable

Included in accounts receivable is an amount of \$8,000 due from a member .

4. Funds held in trust

	2016	2015
Ottawa Trust - Revenue		
Balance, beginning of year	4,375	2,928
Interest income	1,189	1,357
BC Special Distribution	95	90
	5,659	4,375
Ottawa Trust - Capital		
Balance, beginning of year	53,297	53,297
	58,956	57,672

5. Accounts payable and accruals

Accounts payable and accruals include government payroll remittances payable of \$0 (2015 - \$1,335).

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2016

6. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Equity in Ottawa Trust Funds	58,956	57,672
Equity in tangible capital assets	238,799	268,346
<u>Operating surplus</u>	<u>631,042</u>	<u>722,085</u>
	928,797	1,048,103

7. Economic dependence

Gwawaenuk Tribe receives a significant portion of its revenues from Indigenous & Northern Affairs Canada (INAC) as a result of agreements entered into with the Government of Canada. These agreements are administered by INAC 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.

8. Segments

During 2016, 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.

Gwawaenuk Tribe
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended March 31, 2016

		<i>General Housing</i>	<i>Infrastructure</i>	<i>General Equipment</i>	2016	2015
Cost						
Balance, beginning of year		-	504,385	38,082	490,098	1,032,565
Acquisition of tangible capital assets		-	-	-	-	6,761
Disposal of tangible capital assets		-	-	-	-	(2,415)
Balance, end of year		-	504,385	38,082	490,098	1,032,565
Accumulated amortization						
Balance, beginning of year		-	353,227	29,028	381,964	764,219
Annual amortization		-	7,558	362	21,627	29,547
Balance, end of year		-	360,785	29,390	403,591	793,766
Net book value of tangible capital assets		-	143,600	8,692	86,507	238,799
	2015					
Net book value of tangible capital assets		-	151,158	9,054	108,135	268,347

Gwawaenuk Tribe
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016	2015
Consolidated expenses by object		
Administration	16,399	12,642
Amortization	29,547	35,427
Bad debts	-	7,879
Bank charges and interest	465	615
Board travel, training and honoraria	4,138	13,693
Community gatherings	7,986	3,602
Consulting	103,586	217,878
Contracted services	13,195	291,283
Fuel	7,923	11,648
Honoraria	15,750	11,100
In-home care services	-	472
Insurance	1,347	1,304
Meeting	2,384	5,374
Band support	27,117	20,486
Miscellaneous	842	2,648
Professional fees	37,150	80,450
Program expense	2,150	-
Repairs and maintenance	1,351	7,881
Salaries and benefits	138,272	129,832
Supplies	9,284	10,680
Utilities	15,383	13,416
Training	-	1,558
Travel	23,197	15,999
Transportation	748	-
Tuition	5,681	-
Vehicle	16,791	15,012
Workers compensation premiums	493	669
	481,179	911,548

Gwawaenuk Tribe
Administration
Schedule 3 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	106,698	105,324
Ottawa Trust Fund	1,285	1,446
	107,983	106,770
 Expenses		
Bad debts	-	7,879
Bank charges and interest	424	363
Community gatherings	3,000	-
Consulting	10,649	8,404
Contracted services	3,998	2,967
Insurance	1,347	1,304
Meeting	-	149
Miscellaneous	841	2,648
Professional fees	14,275	16,650
Salaries and benefits	56,322	52,336
Supplies	4,205	5,137
Utilities	6,441	5,627
Travel	3,029	4,470
Vehicle	3,249	1,536
Workers compensation premiums	260	385
	108,040	109,855
Deficit before transfers	(57)	(3,085)
Transfers between segments	-	(4,360)
Deficit	(57)	(7,445)
Accumulated surplus, beginning of year	60,927	68,372
Accumulated surplus, end of year	60,870	60,927

Gwawaenuk Tribe
Capital Projects
Schedule 4 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Expenses		
Amortization	29,547	35,427
Deficit before other items	(29,547)	(35,427)
Other expense		
Loss on write-down of tangible capital assets	-	(2,415)
Deficit before transfers	(29,547)	(37,842)
Transfers between segments	-	6,760
Deficit	(29,547)	(31,082)
Accumulated surplus, beginning of year	268,349	299,431
Accumulated surplus, end of year	238,802	268,349

Gwawaenuk Tribe
Education
Schedule 5 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada (Recovery)	(688)	11,610
REPA	-	7,175
	(688)	18,785
Expenses		
Administration	627	-
Salaries and benefits	-	7,175
Supplies	590	-
Training	-	1,558
Travel	1,024	1,621
Tuition	5,681	-
	7,922	10,354
Surplus (deficit)	(8,610)	8,431
Accumulated surplus, beginning of year	26,994	18,563
Accumulated surplus, end of year	18,384	26,994

Gwawaenuk Tribe
Economic Development and Maintenance
Schedule 6 - Schedule of Revenue and Expenses and Accumulated Surplus (Deficit)

For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	173,434	215,472
Instruction	-	1,250,043
Strategic Land Use Planning Agreement	50,000	-
	223,434	1,465,515
Expenses		
Administration	13,250	10,000
Band support	27,117	20,486
Bank charges and interest	41	252
Board travel, training and honoraria	4,138	13,693
Community gatherings	1,624	-
Consulting	92,937	208,073
Contracted services	9,198	288,316
Fuel	6,523	11,648
Honoraria	11,550	6,000
Meeting	2,384	5,225
Professional fees	22,875	63,800
Program expense	2,000	-
Repairs and maintenance	1,351	7,881
Salaries and benefits	67,482	55,839
Supplies	3,351	4,806
Travel	15,844	6,502
Utilities	8,942	7,788
Vehicle	13,542	13,479
Workers compensation premiums	174	205
	304,323	723,993
Surplus (deficit) before transfers	(80,889)	741,522
Transfers between segments	-	(2,400)
Surplus (deficit)	(80,889)	739,122
Accumulated surplus (deficit), beginning of year	690,129	(48,993)
Accumulated surplus, end of year	609,240	690,129

Gwawaenuk Tribe
Health
Schedule 7 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Expenses		
In-home care services	-	472
Deficit	-	(472)
Accumulated surplus, beginning of year	1,500	1,972
Accumulated surplus, end of year	1,500	1,500

Gwawaenuk Tribe
Social Development
Schedule 8 - Schedule of Revenue and Expenses and Accumulated Surplus
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	31,144	31,076
Expenses		
Administration	2,522	2,642
Community gatherings	3,362	3,602
Consulting	-	1,400
Fuel	1,400	-
Honoraria	4,200	5,100
Program expense	150	-
Salaries and benefits	14,468	14,482
Supplies	1,138	736
Transportation	748	-
Travel	3,300	3,406
Workers compensation premiums	59	79
	31,347	31,447
Deficit	(203)	(371)
Accumulated surplus, beginning of year	202	573
Accumulated surplus, end of year	(1)	202