

Gwawaenuk Tribe
Financial Statements

March 31, 2019

Gwawaenuk Tribe

Contents

For the year ended March 31, 2019

	Page
Management's Responsibility	
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Accumulated Surplus.....	2
Statement of Changes 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 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 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.

Signed by: Vicki Bunnie

Chief

Signed by: Cindy Gullstrom

Financial
Administrator

To the Members of Gwawaenuk Tribe:

Qualified Opinion

We have audited the financial statements of Gwawaenuk Tribe (the "First Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

April 11, 2024

MNP LLP

Chartered Professional Accountants

Gwawaenuk Tribe
Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Cash and cash equivalents	59,283	234,050
Accounts receivable (Note 3)	71,293	191,415
Investments in Nation business entities (Note 4)	404,029	-
Funds held in trust (Note 5)	62,415	61,604
	597,020	487,069
Liabilities		
Accounts payable and accruals	70,527	42,540
Deferred revenue	-	87,603
	70,527	130,143
Net financial assets	526,498	356,926
Non-financial assets		
Tangible capital assets (Schedule 1)	678,505	546,389
Prepaid expenses	-	2,400
	678,505	548,789
Accumulated surplus (Note 6)	1,205,003	905,715

Approved on behalf of the Tribe

Signed by: Vicki Bunnie

Chief

Gwawaenuk Tribe
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue				
Indigenous Services Canada		217,062	212,237	266,204
Ottawa Trust Fund		-	814	1,425
Forestry initiatives - Province of B.C.		-	-	630,000
Economic activities		7,500	218,235	496,896
Ecosystem Based Management - Province of B.C.		87,603	87,603	22,397
Earnings from investment in Nation business entities		-	570,220	-
Indigenous Perspectives Society		-	-	25,000
First Nations Health Authority		15,000	15,000	-
		327,165	1,104,109	1,441,922
Expenses				
Administration	3	92,782	92,782	108,261
Capital Projects	4	-	23,024	26,094
Education	5	9,649	9,649	15,986
Economic Development and Maintenance	6	440,304	632,367	981,187
Health	7	15,000	15,000	-
Social Development	8	31,999	31,999	33,404
		589,734	804,821	1,164,932
Surplus (deficit)		(262,569)	299,288	276,990
Accumulated surplus, beginning of year		905,715	905,715	628,725
Accumulated surplus, end of year		643,146	1,205,003	905,715

Gwawaenuk Tribe
Statement of Changes in Net Financial Assets
For the year ended March 31, 2019

	2019 Budget	2019	2018
Surplus (deficit)	(262,569)	299,288	276,990
Purchases of tangible capital assets	-	(155,140)	(325,447)
Amortization of tangible capital assets	-	23,024	26,094
Acquisition of prepaid expenses	-	-	(1,465)
Use of prepaid expenses	-	2,400	-
Increase (decrease) in net financial assets	(262,569)	169,572	(23,828)
Net financial assets, beginning of year	356,926	356,926	380,754
Net financial assets, end of year	94,357	526,498	356,926

Gwawaenuk Tribe
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	299,288	276,990
Non-cash items		
Amortization	23,024	26,094
	322,312	303,084
Changes in working capital accounts		
Accounts receivable	120,122	(155,899)
Prepaid expenses	2,400	(1,465)
Accounts payable and accruals	27,982	11,806
Ottawa Trust Funds	(811)	(1,428)
Deferred revenue	(87,603)	87,603
	384,402	243,701
Capital activities		
Purchases of tangible capital assets	(155,140)	(325,447)
Investing activities		
Investment in Kwa-wa-aineuk Timber Limited Partnership	(403,929)	-
Investment in Kwa-wa-aineuk Timber GP Ltd.	(100)	-
	(404,029)	-
Decrease in cash resources	(174,767)	(81,746)
Cash resources, beginning of year	234,050	315,796
Cash resources, end of year	59,283	234,050

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2019

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 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, 2019

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.

Economic activities and other revenue

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

Investments

The First Nation uses the modified equity method to account for its investment in Kwa-wa-aineuk Timber Limited Partnership whereby the Nation records its proportionate share of annual earnings as revenue.

The First Nation uses the cost method to account for its investment in the BC FN Gaming Revenue Sharing LP and related corporation.

Other equity investments not traded in an active market are recorded at cost less impairment.

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.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2019

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

Long-lived assets

Long lived assets consists of tangible 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.

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, 2019.

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. Management has determined that no liability exists as of March 31, 2019.

Net financial assets

The Tribe'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 \$61,293 (2018 - \$40,393) receivable from members of the Tribe.

4. Investments in Nation business entities

The First Nation has investments in the following entities:

				<i>2019</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	<i>Total investment</i>
Business Partnerships – Modified Equity:				
Kwa-wa-aineuk Timber GP Ltd.	100	-	-	100
Kwa-wa-aineuk Timber Limited Partnership	100	(166,391)	570,220	403,929
	200	(166,391)	570,220	404,029

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2019

5. Funds held in trust

	2019	2018
Ottawa Trust - Revenue		
Balance, beginning of year	8,307	6,881
Interest income	719	1,335
BC Special Distribution	92	91
	<hr/>	<hr/>
	9,118	8,307
Ottawa Trust - Capital		
Balance, beginning/end of year	53,297	53,297
	<hr/>	<hr/>
	62,415	61,604

6. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in Ottawa Trust Funds	62,415	61,604
Equity in tangible capital assets	678,505	546,389
Operating surplus	464,083	297,722
	<hr/>	<hr/>
	1,205,003	905,715

7. Economic dependence

Gwawaenuk Tribe receives a significant portion of its revenues from Indigenous Services Canada ("ISC") as a result of agreements entered into with the Government of Canada. These agreements are administered by ISC 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 2019, 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 revenue 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, 2019

	<i>General Housing</i>	<i>Infrastructure</i>	<i>General Equipment</i>	<i>2019</i>	<i>2018</i>
Cost					
Balance, beginning of year	525,627	53,452	814,306	1,393,385	1,067,937
Acquisition of tangible capital assets	-	-	155,140	155,140	24,892
Construction-in-progress	-	-	-	-	300,556
Balance, end of year	525,627	53,452	969,446	1,548,525	1,393,385
Accumulated amortization					
Balance, beginning of year	375,317	30,981	440,698	846,996	820,902
Annual amortization	7,516	898	14,610	23,024	26,094
Balance, end of year	382,833	31,879	455,308	870,020	846,996
Net book value of tangible capital assets	142,794	21,573	514,138	678,505	546,389
Net book value of tangible capital assets 2018	150,310	22,471	373,608	546,389	

Gwawaenuk Tribe
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019	2018
Consolidated expenses by object		
Administration	2,877	12,453
Allowances	-	3,000
Amortization	23,024	26,094
Bank charges and interest	3,234	1,255
Boat expenses	14,693	54,472
Community gatherings	3,800	2,690
Consulting	44,157	48,187
Contracted services	16,725	32,365
Fishery	2,000	2,093
Fuel	7,036	8,976
Funeral	-	1,400
Honoraria	7,600	7,400
Insurance	1,369	4,233
Meeting	1,751	678
Member support	31,352	44,938
Miscellaneous	6,323	9,525
Professional fees	92,213	97,617
Program expense	7,481	1,000
Project coordination fees	65,550	55,520
Repairs and maintenance	22,386	3,894
Salaries and benefits	399,564	622,711
Supplies	3,350	9,689
Telephone	800	1,328
Training	215	-
Transportation	-	1,050
Travel	15,328	52,282
Tuition	8,772	11,533
Utilities	9,113	13,474
Vehicle	14,108	35,075
	804,821	1,164,932

Gwawaenuk Tribe
Administration
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	105,483	103,936
Ottawa Trust Fund	814	1,425
	106,297	105,361
 Expenses		
Bank charges and interest	549	223
Consulting	931	5,068
Contracted services	13,375	12,950
Insurance	1,369	1,358
Meeting	26	-
Miscellaneous	6,323	8,580
Professional fees	3,700	9,475
Project coordination fees	750	-
Salaries and benefits	54,638	53,934
Supplies	1,492	3,548
Travel	2,118	2,949
Utilities	5,684	6,347
Vehicle	1,827	3,829
	92,782	108,261
Deficit before transfers	13,515	(2,900)
Transfers between programs	(8,352)	-
Surplus (deficit)	5,163	(2,900)

Gwawaenuk Tribe
Capital Projects
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019	2018
Expenses		
Amortization	23,024	26,094
Deficit before transfers	(23,024)	(26,094)
Transfers between programs	155,140	325,447
Surplus	132,116	299,353

Gwawaenuk Tribe
Education
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	6,898	23,082
Expenses		
Administration	877	1,453
Allowances	-	3,000
Tuition	8,772	11,533
	9,649	15,986
Surplus (deficit)	(2,751)	7,096

Gwawaenuk Tribe
Economic Development and Maintenance
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	67,857	107,282
Earnings from investment in Nation business entities	570,220	-
Province of B.C.	87,603	22,397
Indigenous Perspectives Society	-	25,000
Economic activity	218,235	496,896
Forestry Initiatives	-	630,000
	943,915	1,281,575
Expenses		
Administration	2,000	11,000
Member support	31,352	44,938
Bank charges and interest	2,686	1,032
Boat expenses	14,693	54,472
Funeral	-	1,400
Consulting	30,396	43,119
Contracted services	3,350	19,415
Honoraria	400	-
Insurance	-	2,875
Project coordination fees	62,144	53,070
Meeting	1,725	678
Miscellaneous	-	946
Professional fees	88,513	88,142
Program expense	7,481	1,000
Repairs and maintenance	22,386	3,894
Salaries and benefits	325,879	551,029
Supplies	1,539	5,164
Telephone	800	1,328
Training	215	-
Transportation	-	1,050
Travel	12,063	47,194
Utilities	3,430	7,127
Vehicle	12,279	31,245
Fuel	7,036	8,976
Fishery	2,000	2,093
	632,367	981,187
Surplus before other items	311,548	300,388
Transfers between programs	(146,788)	(325,447)
Surplus (deficit)	164,760	(25,059)

Gwawaenuk Tribe
Health
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019	2018
Revenue		
First Nations Health Authority	15,000	-
Expenses		
Consulting	12,830	-
Project coordination fees	1,656	-
Travel	514	-
	15,000	-
Surplus before transfers	-	-
Transfers between programs	-	(1,500)
Surplus (deficit)	-	(1,500)

Gwawaenuk Tribe
Social Development
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	31,999	31,904
Expenses		
Community gatherings	3,800	2,690
Honoraria	7,200	7,400
Project coordination fees	1,000	2,450
Salaries and benefits	19,047	17,748
Supplies	319	977
Travel	633	2,139
	31,999	33,404
Deficit before transfers	-	(1,500)
Transfers between programs	-	1,500
Surplus	-	-