

**Gwawaenuk Tribe
Financial Statements**

March 31, 2020

Gwawaenuk Tribe Contents

For the year ended March 31, 2020

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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, 2020, and the statements of operations and accumulated operating 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, 2020, and the results of its operations, changes in its net financial assets 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 First Nation record the net value of tangible capital assets in its financial statements. The First Nation has not applied these new financial reporting standards. As the First Nation did not provide us with a completed capital asset register reflecting the total cost of tangible capital assets owned by the First Nation 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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

February 19, 2025

MNP LLP

Chartered Professional Accountants

MNP

Gwawaenuk Tribe
Statement of Financial Position
As at March 31, 2020

	2020	2019
Financial assets		
Cash and cash equivalents	305,912	59,283
Accounts receivable (Note 3)	63,323	71,293
Investments (Note 4)	110	-
Investments in Nation business entities (Note 5)	125,613	404,029
Funds held in trust (Note 6)	64,217	62,415
	559,175	597,020
Liabilities		
Accounts payable and accruals	87,992	70,527
Net financial assets	471,183	526,493
Contingencies (Note 7)		
Non-financial assets		
Tangible capital assets	575,001	678,504
Prepaid expenses	597	-
	575,598	678,504
Accumulated surplus (Note 8)	1,046,781	1,204,997

Approved on behalf of the Council

Signed by Vicky Bunnie

Chief

Gwawaenuk Tribe
Statement of Operations and Accumulated Operating Surplus
For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada		241,681	228,729	212,237
Interest income		-	6,942	814
Band revenue funds		478,542	473,405	-
Province of BC		5,000	5,000	87,603
Earnings (loss) from investment in Nation business entities		-	(256,657)	570,220
First Nations Health Authority		75,000	75,000	15,000
Kwa-wa-aineuk Timber		-	-	218,235
		800,223	532,419	1,104,109
Expenses				
Administration	3	128,187	128,146	92,782
Capital Projects	4	-	111,643	23,024
Education	5	10,794	10,794	9,649
Economic Development and Maintenance	6	376,088	408,850	632,367
Health	7	31,202	31,202	15,000
Social Development	8	-	-	31,999
		546,271	690,635	804,821
Surplus (deficit)		253,952	(158,216)	299,288
Accumulated surplus, beginning of year		1,204,997	1,204,997	905,709
Accumulated surplus, end of year		1,458,949	1,046,781	1,204,997

Gwawaenuk Tribe
Statement of Change in Net Financial Assets
For the year ended March 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019</i>
Surplus (deficit)	253,952	(158,216)	299,288
Purchases of tangible capital assets	-	(8,137)	(155,140)
Amortization of tangible capital assets	-	111,643	23,024
Acquisition of prepaid expenses	-	(600)	-
Use of prepaid expenses	-	-	2,403
Increase in net financial assets	253,952	(55,310)	169,575
Net financial assets, beginning of year	526,493	526,493	356,918
Net financial assets, end of year	780,445	471,183	526,493

Gwawaenuk Tribe
Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	(158,216)	299,288
Non-cash items		
Amortization	111,643	23,024
Loss (earnings) from investment in Nation business	256,657	(570,220)
	210,084	(247,908)
Changes in working capital accounts		
Accounts receivable	7,971	120,122
Prepaid expenses	(600)	2,403
Accounts payable and accruals	17,465	27,979
Deferred revenue	-	(87,603)
Ottawa Trust Funds	(1,802)	(811)
	233,118	(185,818)
Capital activities		
Purchases of tangible capital assets	(8,137)	(155,140)
Investing activities		
Advances from Kwa-wa-aineuk Timber Limited Partnership	21,758	166,291
Investment in Nation business entities	(110)	(100)
	21,648	166,191
Increase (decrease) in cash resources	246,629	(174,767)
Cash resources, beginning of year	59,283	234,050
Cash resources, end of year	305,912	59,283

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2020

1. Operations

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

2. Significant accounting policies

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

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

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 collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Cash and cash equivalents

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund 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 First Nation capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

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, 2020.

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, 2020.

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.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2020

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

Tangible capital assets

Prior to April 1, 1996, acquired tangible capital assets were recognized as operating expenditures and not capitalized..

Tangible capital assets acquired subsequent to March 31, 1996, are on the Statement of Financial Position and Schedule 1. 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 other 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 %

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 First Nation 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.

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.

Band revenue and other revenue

Band revenue 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.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2020

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

Segments

The First Nation 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 First Nation'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.

3. Accounts receivable

Included in accounts receivable is an amount of \$33,687 (2019 - \$61,293) receivable from members of the First Nation.

4. Portfolio investments

	2020	2019
Measured at cost:		
BC First Nations Gaming Revenue Sharing Limited Partnership	100	-
BC First Nations Gaming Revenue Sharing General Partner Ltd.	10	-
	110	-

5. Investment in Nation business entities

The First Nation has investments in the following business entities:

	Investment cost	Loans / advances	Cumulative share of earnings (loss)	Total investment
Government Business Entities – Modified Equity:				
Kwa-wa-aineuk Timber GP Ltd.	100	-	(1,000)	(900)
Kwa-wa-aineuk Timber Limited Partnership	100	(188,150)	314,563	126,513
	200	(188,150)	313,563	125,613

	Investment cost	Loans / advances	Cumulative share of earnings	Total investment
Government Business Entities – 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

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Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2020

5. Investment in Nation business entities *(Continued from previous page)*

Summary financial information for each business entity, accounted for using the modified equity method, is as follows:

	Kwa-wa-aineuk Timber LP <i>As at December 31, 2019</i>	Kwa-wa-aineuk Timber GP Ltd. <i>As at December 31, 2019</i>
Assets		
Cash	12,310	100
Accounts receivable	90,954	-
Loans receivable	216,400	-
Total assets	319,664	100
Liabilities		
Accounts payable and accruals	5,000	1,000
Total liabilities	5,000	1,000
Equity (deficit)	314,664	(900)
Total revenue	439,618	(100)
Total expenses	695,376	-
Net income (loss)	(255,758)	(100)

6. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council.

	2020	2019
Ottawa Trust - Revenue		
Balance, beginning of year	9,118	8,307
Interest income	1,710	719
BC Special Distribution	92	92
	10,920	9,118
Ottawa Trust - Capital		
Balance, beginning/end of year	53,297	53,297
	64,217	62,415

7. Contingent liabilities

The First Nation has entered into contribution agreements with various levels of government departments and agencies. Funding received under these contribution agreements may be subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

Gwawaenuk Tribe
Notes to the Financial Statements
For the year ended March 31, 2020

8. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Equity in funds held in trust	64,217	62,415
Equity in tangible capital assets	574,001	678,504
Equity in Nation business entities	125,613	404,029
Operating surplus	341,672	60,049
	1,105,503	1,204,997

9. Economic dependence

Gwawaenuk Tribe receives a significant portion of its revenue from Indigenous Services Canada as a result of agreements entered into with the Government of Canada. These agreements are administered by Indigenous Services Canada under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

10. Segments

During 2020, the First Nation 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 First Nation.

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 First Nation.

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

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, 2020

	<i>General Housing</i>	<i>Infrastructure</i>	<i>General Equipment</i>	2020	2019
Cost					
Balance, beginning of year	525,627	53,452	969,446	1,548,525	1,393,385
Acquisition of tangible capital assets	-	-	8,137	8,137	155,140
Balance, end of year	525,627	53,452	977,583	1,556,662	1,548,525
Accumulated amortization					
Balance, beginning of year	382,833	31,879	455,307	870,019	846,997
Annual amortization	7,140	862	103,640	111,642	23,024
Balance, end of year	389,973	32,741	558,947	981,661	870,021
Net book value of tangible capital assets	135,654	20,711	418,636	575,001	678,504
Net book value of tangible capital assets 2019	142,794	21,573	514,137	678,504	

Gwawaenuk Tribe
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2020

	2020	2019
Consolidated expenses by object		
Administration	3,096	2,877
Amortization	111,643	23,024
Member support	41,960	31,352
Bank charges and interest	811	3,234
Boat expenses	21,038	14,693
Community gatherings	-	3,800
Consulting	77,248	44,157
Contracted services	14,080	16,725
Health	30,508	-
Honoraria	-	7,600
Insurance	1,435	1,369
Project coordination fees	60,859	65,550
Meeting	245	1,751
Miscellaneous	3,106	6,323
Professional fees	120,699	92,213
Program expense	17,011	7,481
Repairs and maintenance	6,354	22,388
Salaries and benefits	117,759	399,564
Supplies	5,358	3,350
Telephone	-	800
Training	2,449	215
Travel	18,240	15,328
Tuition	9,429	8,772
Utilities	25,217	9,113
Vehicle	1,568	14,106
Fuel	522	7,036
Fishery	-	2,000
	690,635	804,821

Gwawaenuk Tribe
Administration
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	128,187	105,483
	128,187	105,483
Expenses		
Bank charges and interest	445	549
Consulting	-	931
Contracted services	11,000	13,375
Insurance	1,435	1,369
Meeting	123	26
Miscellaneous	3,106	6,323
Professional fees	24,240	3,700
Project coordination fees	1,000	750
Salaries and benefits	73,524	54,638
Supplies	3,245	1,492
Travel	1,195	2,118
Utilities	8,049	5,684
Vehicle	784	1,827
	128,146	92,782
Surplus before transfers	41	12,701
Transfers between programs	-	(8,352)
Surplus	41	4,349

Gwawaenuk Tribe
Capital Projects
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2019
Expenses		
Amortization	111,643	23,024
Deficit before transfers	(111,643)	(23,024)
Transfers between programs	8,137	155,140
Surplus (deficit)	(103,506)	132,116

Gwawaenuk Tribe
Education
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	6,898	6,898
Expenses		
Administration	981	877
Supplies	384	-
Tuition	9,429	8,772
	10,794	9,649
Deficit	(3,896)	(2,751)

Gwawaenuk Tribe
Economic Development and Maintenance
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	71,730	67,857
Earnings (loss) from investment in Nation business entities	(256,657)	570,220
Interest income	5,137	-
Band revenue funds	468,405	-
Province of BC	5,000	87,603
Kwa-wa-aineuk timber	-	218,235
	293,615	943,915
Expenses		
Administration	2,115	2,000
Bank charges and interest	366	2,686
Boat expenses	21,038	14,693
Consulting	77,248	30,396
Contracted services	3,080	3,350
Fishery	-	2,000
Fuel	522	7,036
Health	5,908	-
Honoraria	-	400
Meeting	48	1,725
Member support	41,960	31,352
Professional fees	96,459	88,513
Program expense	17,011	7,481
Project coordination fees	55,889	62,144
Repairs and maintenance	6,356	22,386
Salaries and benefits	44,235	325,879
Supplies	1,643	1,539
Telephone	-	800
Training	2,449	215
Travel	14,573	12,063
Utilities	17,166	3,430
Vehicle	784	12,279
	408,850	632,367
Surplus (deficit) before transfers	(115,235)	311,548
Transfers between programs	(8,137)	(146,788)
Surplus (deficit)	(123,372)	164,760

Gwawaenuk Tribe
Health
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	21,914	-
Band revenue funds	5,000	-
First Nations Health Authority	75,000	15,000
	101,914	15,000
Expenses		
Consulting	-	12,830
Health	24,600	-
Meeting	75	-
Project coordination fees	3,970	1,656
Supplies	86	-
Travel	2,471	514
	31,202	15,000
Surplus	70,712	-

Gwawaenuk Tribe
Social Development
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	-	31,999
Expenses		
Community gatherings	-	3,800
Honoraria	-	7,200
Project coordination fees	-	1,000
Salaries and benefits	-	19,047
Supplies	-	319
Travel	-	633
	-	31,999
Surplus	-	-