

KWIAKAH INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2014

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KWIAKAH INDIAN BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2014

The accompanying financial statements of Kwiakah Indian Band are the responsibility of management and have been approved by the Council.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of management.

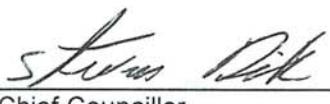
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

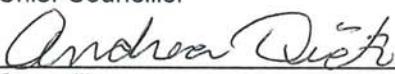
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, Moeller & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Kwiakah Indian Band and meet when required.

On behalf of Kwiakah Indian Band:



Chief Councillor


Councillor

July 30, 2014
Date
July 30, 2014
Date

MOELLER & COMPANY

CHARTERED ACCOUNTANTS

Kent A. Moeller, B.A., G.D.P.A., C.A.*
Kyle E. Matthews, B.A., C.A.*
* Incorporated Professional

590 Eleventh Avenue
Campbell River, B.C. V9W 4G4
Telephone • 250 • 286-0631
Fax • 250 • 286-3845
Toll Free 1-800-663-4044
E-mail • kent@moellerandcompany.ca

Independent Auditors' Report

To the Members of Kwiakah Indian Band

We have audited the accompanying financial statements of Kwiakah Indian Band, which comprise the statement of financial position as at March 31, 2014, and the statements of revenue, expenditures and accumulated surplus, change in net financial assets, cash flows and the related schedules 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.

Auditor's 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 auditor's 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 First Nation'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 First Nation'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 statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kwiakah Indian Band as at March 31, 2014, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Campbell River, British Columbia
July 28, 2014

Moeller & Company
Chartered Accountants

KWIAKAH INDIAN BAND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2014

	2014	2013
	\$	\$
Financial Assets		
Cash	322,623	235,578
Accounts receivable (Note 2)	4,705	1,401
Loans receivable (Note 3)	29,588	30,757
Investments in government business enterprises (Note 4)	100	100
Investments in government business partnerships (Note 5)	66,295	130
<u>Trust funds held by Federal Government (Note 6)</u>	<u>6,454</u>	<u>36,049</u>
	429,765	304,015
Liabilities		
Accounts payable (Note 7)	6,618	4,500
	6,618	4,500
Net financial assets	423,147	299,515
Non-financial Assets		
Tangible capital assets (Note 8)	101,485	106,303
Prepaid expenses (Note 9)	21,199	4,000
	122,684	110,303
Accumulated Surplus	545,831	409,818

Approved on behalf of the Kwiakah Indian Band

Steve Duk, Chief Councillor
Andrea Duk, Councillor

The accompanying notes are an integral part of these financial statements.

KWIKAH INDIAN BAND
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013 Actual
	\$	\$	\$
Revenue			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	80,646	80,646	309,941
Ottawa Trust	-	404	874
Kwakiutl District Council	4,408	4,908	4,318
Province of BC	35,000	35,000	35,000
London Drugs	55,000	55,000	50,000
A-Tlegay Fisheries Limited Partnership - income	-	66,165	-
Timberwest	-	78,885	-
Saaiyouck Development Corporation - net income (loss)	-	(1,169)	23,201
Other	16,115	17,102	19,674
	191,169	336,941	443,008
Expenditures			
Band Government	104,050	106,964	117,712
Education	7,114	7,114	2,800
Health	4,408	8,571	2,974
Economic Development	73,000	78,279	173,880
Employment Programs	-	-	119,600
	188,572	200,928	416,966
Annual surplus	2,597	136,013	26,042
Accumulated surplus at beginning of year	409,818	409,818	383,776
Accumulated surplus at end of year	412,415	545,831	409,818

The accompanying notes are an integral part of these financial statements.

KWIAKAH INDIAN BAND
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 Budget (unaudited)	2014 Actual	2013
	\$	\$	\$
Annual surplus	2,597	136,013	26,042
Acquisition of tangible capital assets	-	4,818	5,208
Acquisition of prepaid asset	(17,199)	(17,199)	-
(Decrease) increase in net financial assets	(14,602)	123,632	31,250
Net financial assets at beginning of year	299,515	299,515	268,265
Net financial assets at end of year	284,913	423,147	299,515

The accompanying notes are an integral part of these financial statements.

KWIAKAH INDIAN BAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
Cash flows from		
Operating activities		
Annual surplus	136,013	26,042
Items not affecting cash		
Amortization of tangible capital assets	4,818	5,209
Income (loss) from investments in government business partnerships	(66,165)	-
	74,666	31,251
Change in non-cash operating working capital		
Accounts receivable	(3,304)	36,547
Loans receivable	1,169	(23,201)
Prepaid expenses	(17,199)	-
Accounts payable	2,118	250
	57,450	44,847
Investing activities		
Ottawa Trust revenue	(405)	(874)
Ottawa Trust withdrawal	30,000	-
Investment in A-Tlegay Fisheries Limited Partnership	-	(130)
	29,595	(1,004)
Increase in cash and cash equivalents	87,045	43,843
Cash and cash equivalents, beginning of year	235,578	191,735
Cash and cash equivalents, end of year	322,623	235,578

The accompanying notes are an integral part of these financial statements.

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. Basis of Presentation and Significant Accounting Policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity

The Kwiakah Indian Band reporting entity includes the Kwiakah Indian Band government and all related entities that are controlled by the First Nation. The Kwiakah Indian Band has made investments in entities that are included in the financial statements using the modified equity basis of accounting.

Under the modified equity method of accounting, only Kwiakah Indian Band's investment in the entity and the entity's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the entity that are different from those of Kwiakah Indian Band.

Government business enterprises and partnerships accounted for using the modified equity basis include:

1. Saaiyouck Development Corporation
2. A-Tlegay Fisheries Limited Partnership

(b) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

Amortization is provided for on a declining balance over their estimated useful lives as follows:

Buildings	4% Declining balance
Automotive equipment	30% Declining balance
Equipment	20% Declining balance

Tangible capital assets are written down when conditions indicate that they no longer contribute to Kwiakah Indian Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(c) Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

1. Basis of Presentation and Significant Accounting Policies (continued)

(d) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(e) Measurement uncertainty

In preparing the financial statements for the First Nation, management is required 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 expenses during the period. Items requiring the use of significant estimates include amortization and allowance for doubtful accounts. Actual results could differ from these estimates.

2. Accounts receivable

	2014	2013
	\$	\$
Naut'sa Mawt Tribal Council	-	1,401
Kwakiutl District Council	2,205	-
First Nations Education Steering committee	2,500	-
	<hr/>	<hr/>
	4,705	1,401
	<hr/>	<hr/>

3. Loans receivable

	2014	2013
	\$	\$
Saaiyouck Development Corporation, no specified terms of repayment or stated interest rate.	48,495	48,495
Less - accumulated deficit	(18,907)	(17,738)
	<hr/>	<hr/>
	29,588	30,757
	<hr/>	<hr/>

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

4. Investments in government business enterprises

	2014	2013
	\$	\$
<u>Saaiyouck Development Corporation - shares</u>	<u>100</u>	<u>100</u>

Saaiyouck Development Corporation is an economic development corporation which investigates and pursues various business opportunities within the Kwiakah Indian Band's traditional territories.

	Saaiyouck Development Corporation
<u>Total Assets</u>	<u>\$ 31,188</u>

Total Liabilities	49,996
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Equity	(18,808)
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<u>Total liabilities and equity</u>	<u>31,188</u>
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	Saaiyouck Development Corporation
<u>Revenue</u>	<u>\$ 7,036</u>

<u>Expenses</u>	<u>8,205</u>
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<u>Net income (loss)</u>	<u>(1,169)</u>
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KWIKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

5. Investments in government business partnerships

	2014	2013
<u>A-Tlegay Fisheries Limited Partnership</u>	\$ 66,295	\$ 130

A-tlegay Fisheries Limited Partnership acquires and manages various fishing licenses and quota.

A-Tlegay Fisheries Limited Partnership	\$
<u>Total Assets</u>	<u>534,237</u>

Total Liabilities	\$ 24,225
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Equity	510,012
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<u>Total liabilities and equity</u>	<u>534,237</u>
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A-Tlegay Fisheries Limited Partnership	\$
<u>Revenue</u>	<u>652,316</u>

Expense	143,305
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<u>Net income</u>	<u>509,011</u>
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KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

6. Trust funds held by federal government

	March 31, 2013	Additions, 2014	Withdrawals, 2014	March 31, 2014
	\$	\$	\$	\$
Revenue	32,051	405	(30,000)	2,456
Capital	3,998	-	-	3,998
	36,049	405	(30,000)	6,454

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

7. Accounts payable

	2014	2013
	\$	\$
Trade payables	6,618	4,500

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

8. Tangible Capital Assets

	Cost		Accumulated amortization				2014 net book value
	Balance, beginning of year	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
	\$	\$	\$	\$	\$		
Buildings	128,608	128,608	25,300	4,132	29,432	99,176	
Automotive equipment	6,099	6,099	5,228	261	5,489	610	
Equipment	15,018	15,018	12,894	425	13,319	1,699	
	<hr/> 149,725	<hr/> 149,725	<hr/> 43,422	<hr/> 4,818	<hr/> 48,240	<hr/> 101,485	

	Cost		Accumulated amortization				2013 Net book value
	Balance, beginning of year	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
	\$	\$	\$	\$	\$		
Buildings	128,608	128,608	20,996	4,304	25,300	103,308	
Automotive equipment	6,099	6,099	4,854	374	5,228	871	
Equipment	15,018	15,018	12,363	531	12,894	2,124	
	<hr/> 149,725	<hr/> 149,725	<hr/> 38,213	<hr/> 5,209	<hr/> 43,422	<hr/> 106,303	

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

9. Prepaid expenses

	2014	2013
	\$	\$
Ministry of Forests - security deposit	5,000	-
Province of BC - security deposit	4,000	4,000
Woodward and Company - retainer	12,199	-
	<hr/> 21,199	<hr/> 4,000

10. Contingent Liabilities

Kwiakah Indian Band has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

11. Budgeted Figures

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Band Council.

12. Economic Dependence

Kwiakah Indian Band receives a significant portion of its revenue pursuant to a funding agreement with Aboriginal Affairs and Northern Development Canada. The nature and extent of this revenue is of such significance that the First Nation is economically dependant on this source of revenue.

13. Comparative Amounts

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

14. Segmented information

	Band Government		Education		Health				
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ 70,646	\$ 70,646	\$ 90,341	-	\$ -	\$ -	\$ -	\$ -	\$ -
Kwakiutl District Council	-	-	-	-	-	-	4,408	4,408	4,318
Other revenue	4,000	4,000	-	7,115	7,115	2,800	-	-	500
Total revenue	74,646	74,646	90,341	7,115	7,115	2,800	4,408	4,408	4,818
Expenses									
Honorarium	48,450	58,088	51,450	-	-	-	-	800	-
Program delivery	5,000	-	2,500	7,114	7,114	2,800	4,408	7,771	2,974
Contract fees	26,000	26,000	25,500	-	-	-	-	-	-
Other expenses	24,600	22,876	38,262	-	-	-	-	-	-
Total expenses	104,050	106,964	117,712	7,114	7,114	2,800	4,408	8,571	2,974
Annual surplus (deficit)	\$ (29,404)	\$ (32,318)	\$ (27,371)	1 \$	1 \$	- \$	- \$	(4,163)	1,844

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2014

14. Segmented information, continued

	Economic Development			Employment Programs			Consolidated totals		
	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual	2014 Budget	2014 Actual	2013 Actual
Revenues									
Aboriginal Affairs and Northern Development Canada	\$ 10,000	\$ 10,000	\$ 105,000	-	\$ -	\$ 114,600	\$ 80,646	\$ 80,646	\$ 309,941
Kwakiutl District Council	-	500	-	-	-	-	4,408	4,908	4,318
Province of BC	35,000	35,000	35,000	-	-	-	35,000	35,000	35,000
London Drugs	55,000	55,000	50,000	-	-	-	55,000	55,000	50,000
Saaiyouck Development Corporation - net income (lo)	-	(1,169)	23,201	-	-	-	-	(1,169)	23,201
A-Tlegay Fisheries Limited Partnership - income	-	66,165	-	-	-	-	-	66,165	-
Timberwest	-	78,885	-	-	-	-	-	78,885	-
Other revenue	5,000	6,391	17,248	-	-	-	16,115	17,506	20,548
Total revenue	105,000	250,772	230,449	-	-	114,600	191,169	336,941	443,008
Expenses									
Amortization	-	4,819	5,209	-	-	-	-	4,819	5,209
Honorarium	-	-	-	-	-	6,600	48,450	58,888	58,050
Program delivery	5,000	4,700	21,702	-	-	7,800	21,522	19,585	37,776
Contract fees	45,000	55,340	98,000	-	-	83,275	71,000	81,340	206,775
Other expenses	23,000	13,420	48,969	-	-	21,925	47,600	36,296	109,156
Total expenses	73,000	78,279	173,880	-	-	119,600	188,572	200,928	416,966
Annual surplus (deficit)	\$ 32,000	\$ 172,493	\$ 56,569	-	\$ -	\$ (5,000)	\$ 2,597	\$ 136,013	\$ 26,042