

KWIAKAH INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2015

**KWIAKAH INDIAN BAND
FINANCIAL STATEMENTS
MARCH 31, 2015**

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KWIAKAH INDIAN BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2015

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.

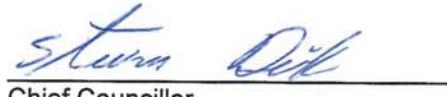
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

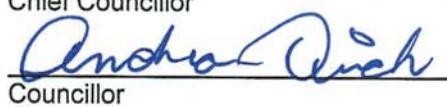
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

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.

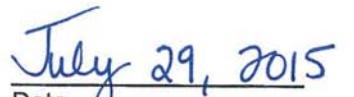
The external auditors, Moeller & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Kwiakah Indian Band and meet when required.

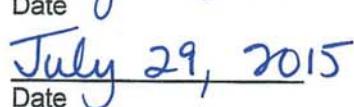
On behalf of Kwiakah Indian Band:



Chief Councillor


Councillor



Date


Date

MOELLER & COMPANY

CHARTERED ACCOUNTANTS

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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, 2015, and the statements of revenue, expenditures and accumulated surplus, change in net financial assets, 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.

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, 2015, 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, 2015

Moeller : Company
Chartered Professional Accountants

KWIAKAH INDIAN BAND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	2015	2014
	\$	\$
Financial Assets		
Cash	387,507	322,623
Accounts receivable (Note 2)	14,603	4,705
Loans receivable (Note 3)	29,997	29,588
Investments in government business enterprises (Note 4)	100	100
Investments in government business partnerships (Note 5)	135,102	66,295
Trust funds held by Federal Government (Note 6)	6,590	6,454
	573,899	429,765
Liabilities		
Accounts payable (Note 7)	6,000	6,618
	6,000	6,618
Net financial assets	567,899	423,147
Non-financial Assets		
Tangible capital assets (Note 8)	96,995	101,485
Prepaid expenses (Note 9)	26,717	21,199
	123,712	122,684
Accumulated Surplus	691,611	545,831

Approved on behalf of the Kwiakah Indian Band

Steve Dick, Chief Councillor
Andrew Dick, Councillor

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

KWIAKAH INDIAN BAND
STATEMENT OF REVENUE, EXPENDITURES AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget (unaudited)	2015 Actual	2014 Actual
Revenue	\$	\$	\$
Federal Government:			
Aboriginal Affairs and Northern Development Canada	79,542	79,542	80,646
Ottawa Trust	-	136	404
Kwakiutl District Council	4,660	4,660	4,908
Province of BC	17,500	20,417	35,000
London Drugs	50,000	50,000	55,000
A-Tlegay Fisheries Limited Partnership - income	-	68,807	66,165
Timberwest	-	-	78,885
Saaiyouck Development Corporation - net income (loss)	-	(42,954)	(1,169)
Other	197,776	250,720	17,102
	349,478	431,328	336,941
Expenditures			
Band Government	84,961	103,934	106,964
Education	12,276	12,276	7,114
Health	5,160	3,383	8,571
Economic Development	169,000	165,955	78,279
	271,397	285,548	200,928
Annual surplus	78,081	145,780	136,013
Accumulated surplus at beginning of year	545,831	545,831	409,818
Accumulated surplus at end of year	623,912	691,611	545,831

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, 2015

	2015 Budget (unaudited)	2015 Actual	2014
	\$	\$	\$
Annual surplus	78,081	145,780	136,013
Amortization of tangible capital assets	-	4,490	4,818
Acquisition of prepaid assets	-	(17,717)	(17,199)
Use of prepaid assets	-	12,199	-
	-	(5,518)	(17,199)
Increase in net financial assets	78,081	144,752	123,632
Net financial assets at beginning of year	423,147	423,147	299,515
Net financial assets at end of year	501,228	567,899	423,147

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

KWIAKAH INDIAN BAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
	\$	\$
Cash flows from Operating activities		
Annual surplus	145,780	136,013
Items not affecting cash		
Amortization of tangible capital assets	4,490	4,818
Income (loss) from investments in government business partnerships	(68,807)	(66,165)
	81,463	74,666
Change in non-cash operating working capital		
Accounts receivable	(9,898)	(3,304)
Loans receivable	(409)	1,169
Prepaid expenses	(5,518)	(17,199)
Accounts payable	(618)	2,118
	65,020	57,450
Investing activities		
Ottawa Trust revenue	(136)	(405)
Ottawa Trust withdrawal	-	30,000
	(136)	29,595
Increase in cash and cash equivalents	64,884	87,045
Cash and cash equivalents, beginning of year	322,623	235,578
Cash and cash equivalents, end of year	387,507	322,623

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

KWIKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

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 (100% ownership)
2. A-Tlegay Fisheries Limited Partnership (12.99% ownership)

(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, 2015

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

	2015	2014
	\$	\$
Kwakiutl District Council	-	2,205
First Nations Education Steering Committee	5,000	2,500
New Relationship Trust	5,000	-
Wewaikum Kwiakah Treaty Society	4,603	-
	<hr/> 14,603	<hr/> 4,705

3. Loans receivable

	2015	2014
	\$	\$
Saaiyouck Development Corporation, no specified terms of repayment or stated interest rate.	91,858	48,495
Less - allowance	(61,861)	(18,907)
	<hr/> 29,997	<hr/> 29,588

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

4. Investments in government business enterprises

	2015	2014
	\$	\$
<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>\$</u> <u>89,656</u>
Total Liabilities	151,417
<u>Equity</u>	<u>(61,761)</u>
<u>Total liabilities and equity</u>	<u>89,656</u>
	Saaiyouck Development Corporation
Revenue	\$ 106,291
<u>Expenses</u>	<u>149,245</u>
<u>Net income (loss)</u>	<u>(42,954)</u>

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

5. Investments in government business partnerships

	2015	2014
	\$	\$
<u>A-Tlegay Fisheries Limited Partnership (12.99% ownership)</u>	<u>135,102</u>	<u>66,295</u>

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

	A-Tlegay Fisheries Limited Partnership
<u>Total Assets</u>	<u>\$ 1,149,227</u>

Total Liabilities	\$ 109,878
<u>Equity</u>	<u>1,039,349</u>
<u>Total liabilities and equity</u>	<u>1,149,227</u>

	A-Tlegay Fisheries Limited Partnership
Revenue	\$ 700,031
Expense	170,694
<u>Net income</u>	<u>529,337</u>

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

6. Trust funds held by federal government

	March 31, 2014	Additions, 2015	March 31, 2015
	\$	\$	\$
Revenue	2,456	136	2,592
Capital	3,998	-	3,998
	<hr/> 6,454	<hr/> 136	<hr/> 6,590

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

	2015	2014
	\$	\$
Trade payables	<hr/> 6,000	<hr/> 6,618

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

8. Tangible Capital Assets

	Cost		Accumulated amortization			2015 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	29,432	3,968	33,400	95,208
Automotive equipment	6,099	6,099	5,489	183	5,672	427
Equipment	15,018	15,018	13,319	339	13,658	1,360
	149,725	149,725	48,240	4,490	52,730	96,995

	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
	149,725	149,725	43,422	4,818	48,240	101,485

KWIKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

9. Prepaid expenses

	2015	2014
	\$	\$
Ministry of Forests - security deposit	5,000	5,000
Province of BC - security deposit	4,000	4,000
Woodward and Company - retainer	17,717	12,199
	<hr/> 26,717	<hr/> 21,199

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.

In addition, the Kwiakah Indian Band is contingently liable for \$3,918,208 in loans from Aboriginal Affairs and Northern Development Canada for treaty negotiations. This amount represents the Band's portion of the total loan obligation and is repayable only when a treaty settlement is finalized.

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, 2015

14. Segmented information

	2015 Budget	Band 2015 Actual	Government 2014 Actual	2015 Budget	Education 2015 Actual	2014 Actual	2015 Budget	Health 2015 Actual	2014 Actual
Revenues	\$	\$	\$	\$	\$	\$	\$	\$	\$
Aboriginal Affairs and Northern Development Canada	\$ 69,542	\$ 69,542	\$ 70,646	-	\$ -	\$ -	\$ -	\$ -	\$ -
Kwakiutl District Council	-	-	-	-	-	-	4,660	4,660	4,408
Other revenue	-	6,578	4,000	12,276	12,163	7,115	500	500	-
Total revenue	69,542	76,120	74,646	12,276	12,163	7,115	5,160	5,160	4,408
Expenses									
Honorarium	49,200	52,425	58,088	-	-	-	2,000	1,675	800
Program delivery	3,225	-	-	12,276	12,276	7,114	2,660	1,512	7,771
Contract fees	9,961	18,075	26,000	-	-	-	-	-	-
Other expenses	22,575	33,434	22,876	-	-	-	500	196	-
Total expenses	84,961	103,934	106,964	12,276	12,276	7,114	5,160	3,383	8,571
Annual surplus (deficit)	\$ (15,419)	\$ (27,814)	\$ (32,318)	-	\$ (113)	1 \$	-	\$ 1,777	\$ (4,163)

KWIKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2015

14. Segmented information, continued

	Economic Development			Consolidated totals		
	2015 Budget	2015 Actual	2014 Actual	2015 Budget	2015 Actual	2014 Actual
Revenues	\$	\$	\$	\$	\$	\$
Aboriginal Affairs and Northern Development Canada	\$ 10,000	\$ 10,000	\$ 10,000	\$ 79,542	\$ 79,542	\$ 80,646
Kwakiutl District Council	- -	- -	500	4,660	4,660	4,908
Province of BC	17,500	20,417	35,000	17,500	20,417	35,000
London Drugs	50,000	50,000	55,000	50,000	50,000	55,000
Saaiyouck Development Corporation - net income (lo	- -	(42,954)	(1,169)	- -	(42,954)	(1,169)
A-Tlegay Fisheries Limited Partnership - income	- -	68,807	66,165	- -	68,807	66,165
Timberwest	- -	- -	78,885	- -	- -	78,885
Ottawa Trust	- -	136	404	- -	136	404
Other revenue	185,000	231,479	5,987	197,776	250,720	17,102
Total revenue	262,500	337,885	250,772	349,478	431,328	336,941
Expenses	\$	\$	\$	\$	\$	\$
Amortization	- -	4,490	4,819	- -	4,490	4,819
Honorarium	2,000	2,000	- -	53,200	56,100	58,888
Program delivery	6,500	4,525	4,700	24,661	18,313	19,585
Contract fees	115,000	106,667	55,340	124,961	124,742	81,340
Other expenses	45,500	48,273	13,420	68,575	81,903	36,296
Total expenses	169,000	165,955	78,279	271,397	285,548	200,928
Annual surplus (deficit)	\$ 93,500	\$ 171,930	\$ 172,493	\$ 78,081	\$ 145,780	\$ 136,013