

KWIAKAH INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2016

**KWIAKAH INDIAN BAND
FINANCIAL STATEMENTS
MARCH 31, 2016**

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KWIAKAH INDIAN BAND
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2016

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 CPA Canada 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.

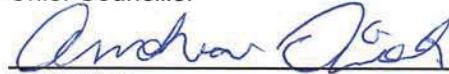
The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

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.

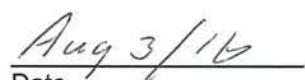
The external auditors, Moeller Matthews, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Kwiakah Indian Band and meet when required.

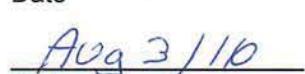
On behalf of Kwiakah Indian Band:



Chief Councillor


Councillor



Date


Date

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, 2016, 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, 2016, 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, 2016

Moeller Matthews
Chartered Professional Accountants

KWIAKAH INDIAN BAND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

	2016	2015
	\$	\$
Financial Assets		
Cash	779,696	387,507
Accounts receivable (Note 2)	7,686	14,603
Loans receivable (Note 3)	30,475	29,997
Investments in government business enterprises (Note 4)	100	100
Investments in government business partnerships (Note 5)	268,407	135,102
<u>Federal trust funds (Note 6)</u>	<u>6,782</u>	<u>6,590</u>
	1,093,146	573,899
Liabilities		
Accounts payable (Note 7)	6,228	6,000
Net financial assets	1,086,918	567,899
Non-financial Assets		
Tangible capital assets (Note 8)	92,787	96,995
<u>Prepaid expenses (Note 9)</u>	<u>22,812</u>	<u>26,717</u>
	115,599	123,712
Accumulated Surplus	1,202,517	691,611

Approved on behalf of the Kwiakah Indian Band

Etwin Dick, Chief Councillor
Anneka 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, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
	\$	\$	\$
Revenue			
Federal Government:			
Aboriginal Affairs and Northern Development Canada	117,366	117,366	79,542
Ottawa Trust	-	192	136
Kwakiutl District Council	5,410	5,410	4,660
Province of BC	475,470	475,473	20,417
London Drugs	50,000	50,000	50,000
A-Tlegay Fisheries Limited Partnership - income	-	133,305	68,807
Saaityouck Development Corporation - net income (loss)	-	48,387	(42,954)
Other	98,926	98,926	250,720
	747,172	929,059	431,328
Expenditures			
Band Government	122,325	125,464	103,934
Education	7,426	7,426	12,276
Health	4,910	7,944	3,383
Economic Development	254,000	277,319	165,955
	388,661	418,153	285,548
Annual surplus	358,511	510,906	145,780
Accumulated surplus at beginning of year	691,611	691,611	545,831
Accumulated surplus at end of year	1,050,122	1,202,517	691,611

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, 2016

	2016 Budget (unaudited)	2016 Actual	2015
	\$	\$	\$
Annual surplus	358,511	510,906	145,780
Acquisition of tangible capital assets	-	-	(2)
Amortization of tangible capital assets	-	4,208	4,490
	-	4,208	4,488
Use of prepaid asset	-	3,905	(17,717)
	-	-	12,199
	-	3,905	(5,518)
Increase in net financial assets	358,511	519,019	144,750
Net financial assets at beginning of year	567,899	567,899	423,149
Net financial assets at end of year	926,410	1,086,918	567,899

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

KWIAKAH INDIAN BAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015
	\$	\$
Cash flows from Operating activities		
Annual surplus	510,906	145,780
Items not affecting cash		
Amortization of tangible capital assets	4,208	4,490
Income (loss) from investments in government business partnerships	(133,305)	(68,807)
	381,809	81,463
Change in non-cash operating working capital		
Accounts receivable	6,917	(9,898)
Loans receivable	(478)	(409)
Prepaid expenses	3,905	(5,518)
Accounts payable	228	(618)
	392,381	65,020
Investing activities		
Ottawa Trust revenue	(192)	(136)
Increase in cash and cash equivalents	392,189	64,884
Cash and cash equivalents, beginning of year	387,507	322,623
Cash and cash equivalents, end of year	779,696	387,507

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

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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 CPA Canada.

(a) Principles of consolidation

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)

Organizations accounted for on a modified equity basis include:

(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.

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

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

(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.

(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

	2016	2015
	\$	\$
Kwakiutl District Council	1,229	-
First Nations Education Steering Committee	-	5,000
New Relationship Trust	5,000	5,000
Wewaikum Kwiakah Treaty Society	-	4,603
Government remittance receivable	1,457	-
	<hr/> 7,686	<hr/> 14,603

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

3. Loans receivable

	2016	2015
	\$	\$
Saaiyouck Development Corporation, no specified terms of repayment or stated interest rate.	43,949	91,858
Less - allowance	<u>(13,474)</u>	<u>(61,861)</u>
	<u>30,475</u>	<u>29,997</u>

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

4. Investments in government business enterprises

	2016	2015
	\$	\$
Saaiyouck Development Corporation - shares	<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
	\$
Total Assets	<u>35,003</u>
Total Liabilities	48,377
Equity	(13,374)
Total liabilities and equity	35,003
	Saaiyouck Development Corporation
	\$
Revenue	125,750
Expenses	77,363
Net income (loss)	48,387

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

5. Investments in government business partnerships

	2016	2015
	\$	\$
A-Tlegay Fisheries Limited Partnership (12.99% ownership)	268,407	135,102

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

	A-Tlegay Fisheries Limited Partnership
	\$
Total Assets	2,164,379

Total Liabilities	\$ 99,507
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Equity	2,064,872
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Total liabilities and equity	2,164,379
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	A-Tlegay Fisheries Limited Partnership
	\$
Revenue	1,221,377

Expense	195,854
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Net income	1,025,523
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KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

6. Trust funds held by federal government

	March 31, 2015	Additions, 2016	March 31, 2016
	\$	\$	\$
Revenue	2,592	192	2,784
Capital	3,998	-	3,998
	<hr/> 6,590	<hr/> 192	<hr/> 6,782

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

	2016	2015
	\$	\$
Trade payables	<hr/> 6,228	<hr/> 6,000

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

8. Tangible Capital Assets

	Cost		Accumulated amortization			2016 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	33,400	3,808	37,208	91,400
Automotive equipment	6,099	6,099	5,672	128	5,800	299
Equipment	15,018	15,018	13,658	272	13,930	1,088
	149,725	149,725	52,730	4,208	56,938	92,787

	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

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

9. Prepaid expenses

	2016	2015
	\$	\$
Ministry of Forests - security deposit	5,000	5,000
Province of BC - security deposit	4,000	4,000
Woodward and Company - retainer	13,812	17,717
	<hr/> 22,812	<hr/> 26,717

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 \$4,054,378 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, 2016

14. Segmented information

	2016 Budget	Band 2016 Actual	Government 2016 Actual	2015 Actual	2016 Budget	Education 2016 Actual	2015 Actual	2016 Budget	Health 2016 Actual	2015 Actual
Revenues										
Aboriginal Affairs and Northern Development Canada	79,366	79,366		69,542						
Kwakiutl District Council	-	-		-				4,910	4,910	4,660
Other revenue	-	-		6,578	7,426	7,426	12,163	-	-	500
Total revenue	79,366	79,366		76,120	7,426	7,426	12,163	4,910	4,910	5,160
Expenses										
Honorarium	49,200	57,766		52,425				2,000	2,051	1,675
Program delivery	15,225	8,200		-	2,426	2,426	12,276	2,910	5,893	1,512
Contract fees	23,800	23,800		18,075	5,000	5,000	-	-	-	-
Other expenses	34,100	35,698		33,434	-	-	-	-	-	196
Total expenses	122,325	125,464		103,934	7,426	7,426	12,276	4,910	7,944	3,383
Annual surplus (deficit)	(42,959)	(46,098)		(27,814)	-	-	(113)	-	(3,034)	1,777

KWIAKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2016

14. Segmented information, continued

	Economic Development			Consolidated totals		
	2016 Budget	2016 Actual	2015 Actual	2016 Budget	2016 Actual	2015 Actual
Revenues	\$	\$	\$	\$	\$	\$
Aboriginal Affairs and Northern Development Canada	38,000	38,000	10,000	117,366	117,366	79,542
Kwakiutl District Council	500	500	-	5,410	5,410	4,660
Province of BC	475,470	475,473	20,417	475,470	475,473	20,417
London Drugs	50,000	50,000	50,000	50,000	50,000	50,000
Saaiyouck Development Corporation - net income (lo	-	48,387	(42,954)	-	48,387	(42,954)
A-Tlegay Fisheries Limited Partnership - income	-	133,305	68,807	-	133,305	68,807
Ottawa Trust	-	192	136	-	192	136
Other revenue	91,500	91,500	231,479	98,926	98,926	250,720
Total revenue	655,470	837,357	337,885	747,172	929,059	431,328
Expenses						
Amortization	-	4,208	4,490	-	4,208	4,490
Honorarium	-	3,000	2,000	51,200	62,817	56,100
Program delivery	27,000	26,135	4,525	47,561	42,654	18,313
Contract fees	124,500	121,453	106,667	153,300	150,253	124,742
Other expenses	102,500	122,523	48,273	136,600	158,221	81,903
Total expenses	254,000	277,319	165,955	388,661	418,153	285,548
Annual surplus (deficit)	401,470	560,038	171,930	358,511	510,906	145,780