

**KWIAKAH INDIAN BAND**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**KWIAKAH INDIAN BAND  
FINANCIAL STATEMENTS  
MARCH 31, 2017**

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**KWIAKAH INDIAN BAND  
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING  
MARCH 31, 2017**

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
Councillor

\_\_\_\_\_  
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, 2017, 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, 2017, 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 31, 2017




Chartered Professional Accountants

**KWIAKAH INDIAN BAND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2017**

	2017	2016
	\$	\$
<b>Financial Assets</b>		
Cash	927,556	779,696
Accounts receivable (Note 2)	50,484	7,686
Loans receivable (Note 3)	21,161	30,475
Investments in government business enterprises (Note 4)	100	100
Investments in government business partnerships (Note 5)	351,228	268,407
Trust funds held by Federal Government (Note 6)	6,959	6,782
	<b>1,357,488</b>	<b>1,093,146</b>
<b>Liabilities</b>		
Accounts payable (Note 7)	20,886	6,228
Deferred revenue (Note 8)	250,000	-
	<b>270,886</b>	<b>6,228</b>
<b>Net financial assets</b>	<b>1,086,602</b>	<b>1,086,918</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 9)	88,823	92,787
Prepaid expenses (Note 10)	19,970	22,812
	<b>108,793</b>	<b>115,599</b>
<b>Accumulated Surplus</b>	<b>1,195,395</b>	<b>1,202,517</b>

Approved on behalf of the Kwiakah Indian Band

 Chief Councillor

 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, 2017**

	2017 Budget (unaudited)	2017 Actual	2016 Actual
	\$	\$	\$
<b>Revenue</b>			
Federal Government:			
Indigenous and Northern Affairs Canada	102,467	102,467	117,366
Ottawa Trust	-	177	192
Kwakiutl District Council	5,180	6,180	5,410
Province of BC	35,000	35,000	475,473
London Drugs	50,000	50,000	50,000
A-Tlegay Fisheries Limited Partnership - income	-	82,821	133,305
Saaiyouck Development Corporation - net income (loss)	-	(11,697)	48,387
Other	161,953	164,453	98,926
	<b>354,600</b>	<b>429,401</b>	<b>929,059</b>
<b>Expenditures</b>			
Band Government	87,850	87,750	125,464
Education	2,583	2,583	7,426
Health	5,180	3,931	7,944
Economic Development	130,000	322,259	277,319
Employment Programs	20,000	20,000	-
	<b>245,613</b>	<b>436,523</b>	<b>418,153</b>
<b>Annual surplus (deficit)</b>	<b>108,987</b>	<b>(7,122)</b>	<b>510,906</b>
<b>Accumulated surplus at beginning of year</b>	<b>1,202,517</b>	<b>1,202,517</b>	<b>691,611</b>
<b>Accumulated surplus at end of year</b>	<b>1,311,504</b>	<b>1,195,395</b>	<b>1,202,517</b>

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, 2017**

	<b>2017 Budget (unaudited)</b>	<b>2017 Actual</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Annual surplus (deficit)</b>	<b>108,987</b>	<b>(7,122)</b>	510,906
Amortization of tangible capital assets	-	<b>3,964</b>	4,207
Use of prepaid asset	-	<b>2,842</b>	3,905
Increase in net financial assets	<b>108,987</b>	<b>(316)</b>	519,018
<u>Net financial assets at beginning of year</u>	<u><b>1,086,918</b></u>	<u><b>1,086,918</b></u>	<u>567,900</u>
<u><b>Net financial assets at end of year</b></u>	<u><b>1,195,905</b></u>	<u><b>1,086,602</b></u>	<u><b>1,086,918</b></u>

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



**KWIAKAH INDIAN BAND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2017**

	2017	2016
	\$	\$
<b>Cash flows from</b>		
<b>Operating activities</b>		
Annual surplus (deficit)	(7,122)	510,906
Items not affecting cash		
Amortization of tangible capital assets	3,964	4,208
Income (loss) from investments in government business partnerships	(82,821)	(133,305)
	(85,979)	381,809
Change in non-cash operating working capital		
Accounts receivable	(42,798)	6,917
Loans receivable	9,314	(478)
Prepaid expenses	2,842	3,905
Accounts payable	14,658	228
Deferred revenue	250,000	-
	148,037	392,381
<b>Investing activities</b>		
Ottawa Trust revenue	(177)	(192)
<b>Increase in cash and cash equivalents</b>	<b>147,860</b>	<b>392,189</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>779,696</b>	<b>387,507</b>
<b>Cash and cash equivalents, end of year</b>	<b>927,556</b>	<b>779,696</b>

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



**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**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, 2017**

**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**

	2017	2016
	\$	\$
Kwakiutl District Council	-	1,229
Nuu-Chah-Nulth Economic Development Corporation	39,370	-
New Relationship Trust	5,000	5,000
Government remittance receivable	6,114	1,457
	<b>50,484</b>	<b>7,686</b>

**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**3. Loans receivable**

	2017	2016
	\$	\$
Saaiyouck Development Corporation, no specified terms of repayment or stated interest rate.	46,331	43,949
Less - allowance	(25,170)	(13,474)
	<u>21,161</u>	<u>30,475</u>

**4. Investments in government business enterprises**

	2017	2016
	\$	\$
Saaiyouck Development Corporation - shares	100	100

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>25,121</u>
Total Liabilities	50,192
Equity	(25,071)
Total liabilities and equity	<u>25,121</u>

	Saaiyouck Development Corporation
	\$
Revenue	18,692
Expenses	30,389
Net income (loss)	<u>(11,697)</u>

**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**5. Investments in government business partnerships**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
A-Tlegay Fisheries Limited Partnership (12.99% ownership)	<b>351,228</b>	<b>268,407</b>

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

	<b>A-Tlegay Fisheries Limited Partnership</b>
	<b>\$</b>
<b>Total Assets</b>	<b>2,709,460</b>
<b>Total Liabilities</b>	<b>\$ 7,441</b>
<b>Equity</b>	<b>2,702,019</b>
<b>Total liabilities and equity</b>	<b>2,709,460</b>
	<b>A-Tlegay Fisheries Limited Partnership</b>
	<b>\$</b>
<b>Revenue</b>	<b>833,852</b>
<b>Expense</b>	<b>196,705</b>
<b>Net income</b>	<b>637,147</b>

**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**6. Trust funds held by federal government**

	March 31, 2016	Additions, 2017	March 31, 2017
	\$	\$	\$
Revenue	2,784	177	<b>2,961</b>
Capital	3,998	-	<b>3,998</b>
	<b>6,782</b>	<b>177</b>	<b>6,959</b>

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**

	2017	2016
	\$	\$
Trade payables	<b>20,886</b>	<b>6,228</b>

**8. Deferred revenue**

	March 31, 2016	Funding received, 2017	March 31, 2017
	\$	\$	\$
<b>Other</b>			
London Enterprises Limited	-	250,000	<b>250,000</b>

The Kwiakah Band received \$250,000 on March 15, 2017 from London Enterprises Limited for access to their lands for certain activities. The revenue will be recognized over the next ten years, ending March 31, 2027.

**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**9. Tangible Capital Assets**

	Cost		Accumulated amortization		
	Balance, beginning of year \$	Balance, end of year \$	Balance, beginning of year \$	Amortization end of year \$	2017 net book value \$
Buildings	128,608	128,608	37,208	3,656	87,744
Automotive equipment	6,099	6,099	5,800	90	209
Equipment	15,018	15,018	13,930	218	870
	149,725	149,725	56,938	3,964	88,823

	Cost		Accumulated amortization		
	Balance, beginning of year \$	Balance, end of year \$	Balance, beginning of year \$	Amortization end of year \$	2016 Net book value \$
Buildings	128,608	128,608	33,400	3,808	91,400
Automotive equipment	6,099	6,099	5,672	128	299
Equipment	15,018	15,018	13,658	272	1,088
	149,725	149,725	52,730	4,208	92,787

During the year, the Kwiakah Indian Band made no additions or disposals of tangible capital assets.

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**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**10. Prepaid expenses**

	2017	2016
	\$	\$
Ministry of Forests - security deposit	5,250	5,000
Province of BC - security deposit	-	4,000
Woodward and Company - retainer	14,170	13,812
Moeller Matthews - retainer	550	-
	<u>19,970</u>	<u>22,812</u>

**11. Contingent Liabilities**

Kwiahah 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 Kwiahah Indian Band is contingently liable for \$4,235,904 in loans from Indigenous and Northern Affairs 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.

**12. Budgeted Figures**

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

**13. Economic Dependence**

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

**14. 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, 2017**

**15. Segmented information**

Kwiahkah Indian Band provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the period are as follows:

	Band Government		Education		Health	
	2017 Budget	2017 Actual	2017 Budget	2017 Actual	2017 Budget	2017 Actual
<b>Revenues</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Indigenous and Northern Affairs Canada	72,467	72,467	-	-	-	-
Kwakiutl District Council	-	-	-	-	5,180	5,180
Other revenue	-	-	2,583	5,083	-	-
<b>Total revenue</b>	<b>72,467</b>	<b>72,467</b>	<b>2,583</b>	<b>5,083</b>	<b>5,180</b>	<b>4,910</b>
<b>Expenses</b>						
Wages and benefits	2,050	2,050	-	-	-	-
Honorarium	49,200	49,200	-	-	1,180	1,583
Program delivery	-	8,200	2,583	2,583	4,000	2,348
Contract fees	12,500	12,500	-	-	-	-
Other expenses	24,100	24,000	-	-	-	-
<b>Total expenses</b>	<b>87,850</b>	<b>87,750</b>	<b>2,583</b>	<b>2,583</b>	<b>5,180</b>	<b>3,931</b>
<b>Annual surplus (deficit)</b>	<b>(15,383)</b>	<b>(15,283)</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>(3,034)</b>



**KWIAKAH INDIAN BAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2017**

**15. Segmented information, continued**

	Economic Development			Employment Programs			Consolidated totals		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
<b>Revenues</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Indigenous and Northern Affairs Canada	10,000	10,000	38,000	20,000	20,000	-	102,467	102,467	117,366
Ottawa Trust	-	177	192	-	-	-	-	177	192
Kwakiutl District Council	-	1,000	500	-	-	-	5,180	6,180	5,410
Province of BC	35,000	35,000	475,473	-	-	-	35,000	35,000	475,473
London Drugs	50,000	50,000	50,000	-	-	-	50,000	50,000	50,000
A-Tlegay Fisheries Limited Partnership - income	-	82,821	133,305	-	-	-	-	82,821	133,305
Saaiyouck Development Corporation - net income (to)	-	(11,697)	48,387	-	-	-	-	(11,697)	48,387
Other revenue	159,370	159,370	91,500	-	-	-	161,953	164,453	98,926
<b>Total revenue</b>	<b>254,370</b>	<b>326,671</b>	<b>837,357</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>354,600</b>	<b>429,401</b>	<b>929,059</b>
<b>Expenses</b>									
Wages and benefits	-	-	-	-	-	-	2,050	2,050	-
Amortization	-	3,963	4,208	-	-	-	-	3,963	4,208
Honorarium	9,000	19,000	3,000	-	-	-	59,380	69,783	62,817
Program delivery	-	19,650	26,135	-	-	-	6,583	24,581	42,654
Contract fees	110,100	180,629	121,453	20,000	20,000	-	142,600	213,129	150,253
Other expenses	10,900	99,017	122,523	-	-	-	35,000	123,017	158,221
<b>Total expenses</b>	<b>130,000</b>	<b>322,259</b>	<b>277,319</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>245,613</b>	<b>436,523</b>	<b>418,153</b>
<b>Annual surplus (deficit)</b>	<b>124,370</b>	<b>4,412</b>	<b>560,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>108,987</b>	<b>(7,122)</b>	<b>510,906</b>