

KWIAKAH INDIAN BAND

FINANCIAL STATEMENTS

MARCH 31, 2017

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

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KWIKAH 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.



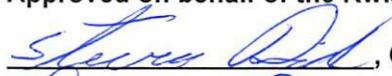
Chartered Professional Accountants

Campbell River, British Columbia
July 31, 2017

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

	2017	2016
	\$	\$
Financial Assets		
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
	1,357,488	1,093,146
Liabilities		
Accounts payable (Note 7)	20,886	6,228
Deferred revenue (Note 8)	250,000	-
	270,886	6,228
Net financial assets	1,086,602	1,086,918
Non-financial Assets		
Tangible capital assets (Note 9)	88,823	92,787
Prepaid expenses (Note 10)	19,970	22,812
	108,793	115,599
Accumulated Surplus	1,195,395	1,202,517

Approved on behalf of the Kwiakah Indian Band

 **Steve D.**, Chief Councillor
 **Andrea Dick**, 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, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
	\$	\$	\$
Revenue			
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
	354,600	429,401	929,059
Expenditures			
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	-
	245,613	436,523	418,153
Annual surplus (deficit)	108,987	(7,122)	510,906
Accumulated surplus at beginning of year	1,202,517	1,202,517	691,611
Accumulated surplus at end of year	1,311,504	1,195,395	1,202,517

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

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

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

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

	2017	2016
	\$	\$
Cash flows from		
Operating activities		
Annual surplus (deficit)	(7,122)	510,906
Items not affecting cash	3,964	4,208
Amortization of tangible capital assets	(82,821)	(133,305)
Income (loss) from investments in government business partnerships	(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
Investing activities		
Ottawa Trust revenue	(177)	(192)
Increase in cash and cash equivalents	147,860	392,189
Cash and cash equivalents, beginning of year	779,696	387,507
Cash and cash equivalents, end of year	927,556	779,696

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

KWIKAH 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
	<hr/> 50,484	<hr/> 7,686

KWIKAH 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
<u>Less - allowance</u>	<u>(25,170)</u>	<u>(13,474)</u>
	21,161	30,475

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

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

KWIKAH INDIAN BAND
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017

5. Investments in government business partnerships

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

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

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

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	2,961
Capital	3,998	-	3,998
	6,782	177	6,959

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	20,886	6,228

8. Deferred revenue

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

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

		Accumulated amortization							
		Cost	Balance, beginning of year	Balance, end of year	Amortization	Balance, beginning of year	Amortization	Balance, end of year	2017 net book value
			\$	\$	\$	\$	\$	\$	\$
Buildings		128,608	128,608	37,208	3,656	40,864	37,208	87,744	
Automotive equipment		6,099	6,099	5,800	90	5,890	128	5,800	209
Equipment		15,018	15,018	13,930	218	14,148	272	13,930	870
		149,725	149,725	56,938	3,964	60,902	88,823		
		Accumulated amortization							
		Cost	Balance, beginning of year	Balance, end of year	Amortization	Balance, beginning of year	Amortization	Balance, end of year	2016 Net book value
			\$	\$	\$	\$	\$	\$	\$
Buildings		128,608	128,608	33,400	3,808	37,208	37,208	91,400	
Automotive equipment		6,099	6,099	5,672	128	5,800	128	5,800	299
Equipment		15,018	15,018	13,658	272	13,930	272	13,930	1,088
		149,725	149,725	52,730	4,208	56,938	52,730	92,787	

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

KWIKAH 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	-
	<hr/> 19,970	<hr/> 22,812

11. 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 \$4,235,904 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

Kwiakah 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

Kwiakah 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	2016 Actual	2017 Budget	2016 Actual	2017 Budget
Revenues						
Indigenous and Northern Affairs	72,467	72,467	79,366	-	-	-
Canada	-	-	-	-	-	-
Kwakiutl District Council	-	-	-	-	-	-
Other revenue	-	-	-	2,583	5,083	7,426
Total revenue	72,467	72,467	79,366	2,583	5,083	7,426
Expenses						
Wages and benefits	2,050	2,050	57,766	-	-	-
Honorarium	49,200	49,200	8,200	2,583	2,426	1,180
Program delivery	-	-	23,800	-	5,000	4,000
Contract fees	12,500	12,500	35,698	-	-	-
Other expenses	24,100	24,000	-	-	-	-
Total expenses	87,850	87,750	125,464	2,583	7,426	5,180
Annual surplus (deficit)	(15,383)	(15,283)	(46,098)	-	2,500	-
						1,249
						(3,034)



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 Budget	2017 Actual	2016 Budget	2017 Actual
Revenues						
Indigenous and Northern Affairs Canada	10,000	10,000	38,000	20,000	-	102,467
Ottawa Trust	-	177	192	-	-	177
Kwakiutl District Council	-	1,000	500	-	5,180	6,180
Province of BC	35,000	35,000	475,473	-	35,000	35,000
London Drugs	50,000	50,000	50,000	-	50,000	50,000
A-Tlegay Fisheries Limited	-	82,821	133,305	-	-	82,821
Partnership - income						
Saaiyouck Development Corporation - net income (lo	-	(11,697)	48,387	-	-	(11,697)
Other revenue	159,370	159,370	91,500	-	-	161,953
Total revenue	254,370	326,671	837,357	20,000	20,000	164,453
Expenses						
Wages and benefits	-	-	-	-	2,050	2,050
Amortization	-	3,963	4,208	-	-	3,963
Honorarium	9,000	19,000	3,000	-	59,380	69,783
Program delivery	-	19,650	26,135	-	6,583	24,581
Contract fees	110,100	180,629	121,453	20,000	142,600	213,129
Other expenses	10,900	99,017	122,523	-	35,000	123,077
Total expenses	130,000	322,259	277,319	20,000	20,000	436,523
Annual surplus (deficit)	124,370	4,412	560,038	-	-	108,987
						(7,122)
						510,906

