

**Gwa'Sala-Nakwaxda'xw Nation**  
**Consolidated Financial Statements**  
*March 31, 2016*

# Gwa'Sala-Nakwaxda'xw Nation

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For the year ended March 31, 2016

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# Management's Responsibility

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To the Council of Gwa'Sala-Nakwaxda'xw Nation:

The accompanying consolidated financial statements of Gwa'Sala-Nakwaxda'xw Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Gwa'Sala-Nakwaxda'xw Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 28, 2016

Signed by "Roger Nopper"  

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Band Manager

## Independent Auditors' Report

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To the Members of Gwa'Sala-Nakwaxda'xw Nation:

We have audited the accompanying consolidated financial statements of Gwa'Sala-Nakwaxda'xw Nation, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 entity'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of Gwa'Sala-Nakwaxda'xw Nation as at March 31, 2016 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Nanaimo, British Columbia

July 28, 2016

*MNP LLP*

Chartered Professional Accountants

**Gwa'Sala-Nakwaxda'xw Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2016*

	2016	2015
<b>Financial assets</b>		
Cash resources	1,152,873	1,167,129
Accounts receivable (Note 3)	620,223	768,519
Advances to related Nation entities (Note 4)	483,559	483,036
Portfolio investments (Note 5)	28,184,153	26,316,047
Investments in Nation partnerships (Note 6)	238,948	327,052
Investment in Nation business entities (Note 6)	2,137,450	1,569,010
Funds held in trust (Note 7)	301,332	293,035
Investment in Treaty (Note 8)	8,446,596	7,782,946
Restricted cash (Note 9)	243,969	214,638
<b>Total financial assets</b>	<b>41,809,103</b>	<b>38,921,412</b>
<b>Liabilities</b>		
Accounts payable and accruals	389,194	459,103
Deferred revenue	222,685	144,683
Long-term debt (Note 10)	1,539,074	1,630,625
First Nation Loan Agreement (Note 8)	6,905,754	6,360,794
Due to partner Nations (Note 11)	289,784	289,784
<b>Total liabilities</b>	<b>9,346,491</b>	<b>8,884,989</b>
<b>Net financial assets</b>	<b>32,462,612</b>	<b>30,036,423</b>
<b>Contingencies (Note 20)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	9,923,467	8,383,359
Prepaid expenses	17,449	63,478
<b>Total non-financial assets</b>	<b>9,940,916</b>	<b>8,446,837</b>
<b>Accumulated surplus (Note 13)</b>	<b>42,403,528</b>	<b>38,483,260</b>
<b>Approved on behalf of the Chief and Council</b>		
Signed by "Grace Smith" _____	<b>Chief</b>	Signed by "Leslie Walkus" _____
		<b>Councillor</b>

The accompanying notes are an integral part of these financial statements

**Gwa'Sala-Nakwaxda'xw Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2016*

	<i>Schedules</i>	<i>2016 Budget (Note 19)</i>	<i>2016</i>	<i>2015</i>
<b>Revenue</b>				
Indigenous and Northern Affairs Canada (Note 16)		5,157,065	5,382,202	3,913,691
First Nations Health Authority		-	1,152,887	1,041,436
Other revenue		108,500	475,413	315,165
First Nation Education Steering Committee		135,792	401,204	159,371
Fisheries and Oceans Canada		-	217,541	210,265
Canada Mortgage and Housing Corporation		1,200	86,526	88,295
Rental income		11,400	215,452	164,639
Interest income		11,000	2,865,197	3,577,829
Province of British Columbia		936,613	1,024,964	1,387,312
Earnings from investment in Nation partnerships		-	279,092	814,544
Earnings from investment in Nation business entities		-	568,440	1,661,995
Coast Opportunity Fund		-	1,116,192	768,750
British Columbia Treaty Commission		-	186,240	144,680
Forest and Range Agreement		-	240,832	223,014
Marine Services and fisheries		-	55,620	288,978
School District 85		-	226,103	220,346
Nanwakolas distributions		-	5,000	-
Fishing Income		-	-	502,590
		<b>6,361,570</b>	<b>14,498,905</b>	<b>15,482,900</b>
<b>Program expenses</b>				
Administration	3	713,398	969,461	1,019,515
Income Assistance	4	907,747	941,588	900,677
Education	5	2,097,909	755,667	574,967
Economic Development	6	192,234	1,547,512	2,465,156
Community Infrastructure	7	56,901	196,785	183,502
Natural Resources	8	-	268,655	720,512
Capital Projects	9	194,176	279,923	213,666
Community	10	259,032	816,731	715,236
Health	11	-	919,692	1,039,369
Gwa'Sala'Nakwaxda'xw School	12	-	2,542,623	2,255,114
CMHC Social Housing	13	-	232,068	195,498
Trust	14	-	875,732	758,577
		<b>4,421,397</b>	<b>10,346,437</b>	<b>11,041,789</b>
<b>Annual surplus before other items</b>		<b>1,940,173</b>	<b>4,152,468</b>	<b>4,441,111</b>
<b>Provision for distribution to Partner Nations (Note 11)</b>		<b>-</b>	<b>-</b>	<b>(289,784)</b>
<b>Annual surplus</b>		<b>1,940,173</b>	<b>4,152,468</b>	<b>4,151,327</b>
<b>Accumulated surplus, beginning of year</b>		<b>38,483,260</b>	<b>38,483,260</b>	<b>34,564,383</b>
<b>Distribution to members</b>		<b>-</b>	<b>(232,200)</b>	<b>(232,450)</b>
<b>Accumulated surplus, end of year</b>		<b>40,423,433</b>	<b>42,403,528</b>	<b>38,483,260</b>

The accompanying notes are an integral part of these financial statements

**Gwa'Sala-Nakwaxda'xw Nation**  
**Consolidated Statement of Change in Net Financial Assets**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Annual surplus</b>	<b>1,940,173</b>	<b>4,152,468</b>	4,151,327
Purchases of tangible capital assets	<b>(1,953,130)</b>	<b>(2,049,440)</b>	(636,663)
Amortization of tangible capital assets	-	<b>509,333</b>	497,443
Distribution to members	-	<b>(232,200)</b>	(232,450)
Acquisition of prepaid expenses	-	-	(4,464)
Use of prepaid expenses	-	<b>46,028</b>	-
<b>Increase (decrease) in net financial assets</b>	<b>(12,957)</b>	<b>2,426,189</b>	3,775,193
<b>Net financial assets, beginning of year</b>	<b>30,036,423</b>	<b>30,036,423</b>	26,261,230
<b>Net financial assets, end of year</b>	<b>30,023,466</b>	<b>32,462,612</b>	30,036,423

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

**Gwa'Sala-Nakwaxda'xw Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2016*

	2016	2015
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual surplus	4,152,468	4,151,327
Non-cash items		
Amortization	509,333	497,443
Earnings from investment in Nation partnerships	(279,092)	(814,544)
Earnings from investment in Nation business	(568,440)	(1,661,995)
	3,814,269	2,172,231
Changes in working capital accounts		
Accounts receivable	148,296	445,261
Prepaid expenses	46,028	(4,464)
Accounts payable and accruals	(69,909)	(418,476)
Deferred revenue	78,002	136,677
Inventory for resale	-	157,654
Provision for distribution to partner Nations	-	289,784
	4,016,686	2,778,667
<b>Financing activities</b>		
Advances of First Nation loan agreement	544,960	558,720
Repayment of long-term debt	(91,552)	(99,412)
Distribution to members	(232,200)	(232,450)
	221,208	226,858
<b>Capital activities</b>		
Purchases of tangible capital assets	(2,049,440)	(636,663)
<b>Investing activities</b>		
Advances to related Nation entities	(522)	(388,977)
Proceeds on disposition of temporary investments	-	100,000
Change in funds held in Trust	(8,297)	(107,653)
Change in restricted cash	(29,331)	(17,799)
Change in investment in Treaty	(663,650)	(805,408)
Purchase of portfolio investments	(1,868,106)	(2,825,216)
Distributions from investment in Nation partnerships	367,196	1,391,529
	(2,202,710)	(2,653,524)
<b>Decrease in cash resources</b>	(14,256)	(284,662)
<b>Cash resources, beginning of year</b>	1,167,129	1,451,791
<b>Cash resources, end of year</b>	1,152,873	1,167,129

The accompanying notes are an integral part of these financial statements

**1. Operations**

The Gwa'Sala-Nakwaxda'xw Nation (the "Nation") is located in the province of British Columbia, and provides various services to its members. Gwa'Sala-Nakwaxda'xw Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

***Reporting entity consolidated***

The financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities. Trusts administered on behalf of third parties by Gwa'Sala-Nakwaxda'xw Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Gwa'Sala-'Nakwaxda'xw School
- CMHC Housing
- Gwa'Sala-'Nakwaxda'xw Treaty
- Gwa'Sala-'Nakwaxda'xw Band Trust

All inter-entity balances have been eliminated on consolidation.

Gwa'Sala-'Nakwaxda'xw Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- k'awat'si Economic Development Limited Partnership
- k'awat'si Economic Development General Partner Corporation
- Nanwakolas Forestry Limited Partnership
- Nanwakolas Carbon Credit Limited Partnership

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Portfolio investments***

Portfolio investments in entities that are not owned, controlled or influenced by the Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment. The intent of these investments is to be held in order to generate income for the purpose of funding the Trust's administrative expenditures and distributing funds to the Nation's members.

**2. Significant accounting policies** *(Continued from previous page)*

***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution.

All intangibles, and items inherited by right of the Nation, such as reserve lands, forests, water and mineral resources, are not recognized in the Nation's consolidated financial statements.

***Amortization***

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. Land and work-in-progress are not amortized. In the year of acquisition amortization is taken at one-half the rates.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	straight-line	40 years
Paving	straight-line	25 years
Bridges	straight-line	40 years
Computer and IT hardware	straight-line	4 years
Computer software	straight-line	10 years
Furniture and fixtures	straight-line	10 years
Boats	straight-line	10 years
Vehicles	straight-line	10 years
CMHC Housing	straight-line	25 years
Infrastructure	straight-line	40 years
Docks and wharfs	straight-line	20 years

***Funds held in trust***

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Investment in Treaty***

The Nation is in negotiations with the Government of Canada to negotiate a treaty. Both funding and interest free loans are received from the federal government to assist in the process. Expenses pertaining to the negotiation are capitalized to reflect the amount of investment the Nation has made in the treaty process. The loan will be repaid as outlined in Note 7

***Net financial assets***

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the Nation are determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

**2. Significant accounting policies** *(Continued from previous page)*

**Revenue recognition**

i) Government Funding

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

ii) First Nation Capital and Revenue Trust Funds

The First Nation recognizes revenue of the Ottawa Trust Fund at the time income is earned.

iii) Canada Mortgage and Housing Corporation ("CMHC")

CMHC revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

iv) Housing Rental Income

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

v) Own Source Revenue

Revenue from own sources is recognized when performance is achieved, amounts can be reasonably estimated and collectibility is reasonably assured.

vi) Investment Income

Investment income is recognized by the Nation when the investment income is earned.

**Financial instruments**

The Nation's financial instruments consist of cash resources, restricted cash, funds held in trust, accounts receivable, advances to related Nation entities, portfolio investments, accounts payable and accruals, long-term debt, First Nation loan agreement and due to partner Nations. Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments. The portfolio investments are exposed to market risk as the investments are in capital markets as identified in Note 5.

**Measurement uncertainty**

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in surplus in the periods in which they become known.

**2. Significant accounting policies** *(Continued from previous page)*

***Liability for contaminated site***

Expenditures that relate to on-going environmental and remediation programs are charged against operations as incurred. A liability for a contaminated site reflects management's best estimate of the amount required to remediate the contaminated site. The best estimate of the liability is based upon assumptions and estimates related to the amount and timing of costs for future site remediation.

Changes to the underlying assumptions and estimates or legislative changes in the near term could have a material impact on the provision recognized.

***Long-lived assets***

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year.

The Nation does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

***Segments***

The Nation conducts its business through a number of reportable segments as described in Note 18. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements

**2. Significant accounting policies** *(Continued from previous page)*

**Recent accounting pronouncements**

***PS 2200 Related Party Disclosures***

In March 2015, as part of the CPA Canada Public Sector Accounting Handbook Revisions Release No. 42, the Public Sector Accounting Board ("PSAB") issued a new standard, PS 2200 Related Party Disclosures.

This new Section defines related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the consolidated financial statements.

This section is effective for fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The Nation does not expect the application of the new Standard to have a material effect on the consolidated financial statements.

***PS 3210 Assets***

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

***PS 3320 Contingent Assets***

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.

**2. Significant accounting policies** *(Continued from previous page)*

**Recent accounting pronouncements** *(Continued from previous page)*

Elected or public sector entity officials announcing public sector entity intentions after the consolidated financial statement date cannot create an existing condition or situation at the consolidated financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**PS 3380 Contractual Rights**

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**PS 3430 Restructuring Transactions**

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook ("PSA HB"). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**2. Significant accounting policies** *(Continued from previous page)*

**Recent accounting pronouncements** *(Continued from previous page)*

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged. The First Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**PS 3420 Inter-entity Transactions**

In March 2015, the Public Sector Accounting Board ("PSAB") issued new PS 3420 Inter-entity Transactions.

The new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The main features of the new Section are:

- Under a policy of cost allocation, revenue and expenses are recognized on a gross basis.
- Transactions are measured at the carrying amount, except in specific circumstances.
- A recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice.
- The transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.
- Inter-entity transactions are considered in conjunction with PS 2200 Related Party Disclosures.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The First Nation does not expect application of the new Standard to have a material effect on the consolidated financial statements.

**3. Accounts receivable**

	<b>2016</b>	<b>2015</b>
Indigenous and Northern Affairs Canada	<b>202,230</b>	39,412
CMHC subsidy assistance receivable	<b>7,135</b>	7,135
Fisheries and Oceans Canada	<b>93,302</b>	96,909
School District No. 85	<b>76,787</b>	8,933
Members	<b>92,131</b>	38,405
Social housing rent	<b>978</b>	2,761
Other accounts receivable	<b>71,312</b>	38,615
Marine Harvest	-	118,036
Province of British Columbia	<b>76,348</b>	204,429
Accrued trust investment income	-	213,884
	<b>620,223</b>	768,519

**4. Advances to related Nation entities**

Advances to related Nation entities are unsecured, non-interest bearing and due on demand.

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**5. Portfolio investments**

Portfolio investments are held in the following investments within Scotia Trust accounts:

	2016	2015
Bentall Kennedy Prime Can Property Fund	2,710,567	2,528,475
Fiera Capital - Fiera Active Fixed Income Fund (202)	7,677,639	7,230,856
Mawer Canadian Equity Pooled Fund (112)	8,095,878	11,477,990
Mawer Global Equity Fund (220)	9,700,069	5,078,726
	<b>28,184,153</b>	<b>26,316,047</b>

**6. Investments in First Nation partnerships and business entities**

Summary financial information for each Nation business entity, accounted for using the modified equity method, for their respective year-end is as follows:

The Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Share of earnings (loss)</i>	<i>Withdrawals</i>	<i>2016 Total investment</i>
<b>Wholly-owned Businesses:</b>				
k'awat'si Economic Development General Partner Corporation	(104,804)	(7,673)	-	(112,477)
k'awat'si Economic Development Limited Partnership	1,673,814	576,113	-	2,249,927
	<b>1,569,010</b>	<b>568,440</b>	<b>-</b>	<b>2,137,450</b>

**First Nation Business Partnerships – Modified Equity:**

Nanwakolas Forestry Limited Partnership - 40.278%	156,288	19,234	-	175,522
Nanwakolas Carbon Credit Limited Partnership - 33.98%	170,764	259,858	(367,196)	63,426
	<b>327,052</b>	<b>279,092</b>	<b>(367,196)</b>	<b>238,948</b>
	<b>1,896,062</b>	<b>847,532</b>	<b>(367,196)</b>	<b>2,376,398</b>

	<i>Investment cost</i>	<i>Share of earnings (loss)</i>	<i>Withdrawals</i>	<i>2015 Total investment</i>
<b>Wholly-owned Businesses:</b>				
k'awat'si Economic Development General Partner Corporation	(102,984)	(1,820)	-	(104,804)
k'awat'si Economic Development Limited Partnership	9,999	1,663,815	-	1,673,814
	<b>(92,985)</b>	<b>1,661,995</b>	<b>-</b>	<b>1,569,010</b>

**First Nation Business Partnerships – Modified Equity:**

Nanwakolas Forestry Limited Partnership - 40.278%	362,325	712,404	(918,441)	156,288
Nanwakolas Carbon Credit Limited Partnership - 33.98%	541,712	102,140	(473,088)	170,764
	<b>904,037</b>	<b>814,544</b>	<b>(1,391,529)</b>	<b>327,052</b>

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

811,052      2,476,539      (1,391,529)      1,896,062

*Continued on next page*

The Nation's investment in k'awat'si Economic Development General Partner Corporation was established for the purposes of running the economic activities of various business endeavours for the Nation. It owns investments in Gwa'Nak Resources Ltd., 0997211 B.C. Ltd., 0997328 B.C. Ltd., 0997329 B.C. Ltd., 0997330 B.C. Ltd., and Pier Side Landing Ltd.

k'awat'si Economic Development Limited Partnership was established for the purposes of running the economic activities of various business endeavours for the Nation. It owns investments in Gwa'Nak Resources Limited Partnership, 09973211 Fisheries Limited Partnership, 0997328 Marine Services Limited Partnership, 0997329 Tourism Services Limited Partnership, 0997330 Contracting Limited Partnership, and Pier Side Landing Limited Partnership.

The Nation holds units of Nanwakolas Forestry Limited Partnership equal to 40.278% of the total partnership units outstanding. The investment in Nanwakolas Forestry Limited Partnership was established for the purpose of developing profitable forestry based activities within the Partners collective territories.

The Nation holds units of Nanwakolas Carbon Credit Limited Partnership equal to 33.98% of the total partnership units outstanding. The investment in Nanwakolas Carbon Credit Limited Partnership was established to develop profitable carbon credit projects within the South Central Coast Region of the area commonly known as the Great Bear Rainforest in British Columbia.

Summary financial information for each First Nation business partnership, accounted for using the modified equity method, for their respective year-end is as follows:

	<i>k'awat'si Economic Development Limited Partnership As at December 31, 2015</i>	<i>k'awat'si Economic Development General Partner Corporation As at December 31, 2015</i>	<i>Nanwakolas Forestry Limited Partnership As at March 31, 2016</i>	<i>Nanwakolas Carbon Credit Limited Partnership As at March 31, 2016</i>
<b>Assets</b>				
Cash	910,454	-	359,360	146,954
Accounts receivable	512,320	-	600	10
Prepaid expenses and deposits	101,362	-	5,234	-
Intangible assets	-	-	-	42,595
Property, plant and equipment	4,365,659	-	-	-
Intangible assets	-	-	66,707	-
Advances to related parties	220,380	7	-	-
Investment in related parties	-	480	-	-
<b>Total assets</b>	<b>6,110,175</b>	<b>487</b>	<b>431,901</b>	<b>189,559</b>
<b>Liabilities</b>				
Accounts payable and accruals	998,326	7,961	2,500	4,001
Advances from related parties	484,690	104,997	-	-
Term loans due on demand	1,525,000	-	-	-
Long-term debt	852,000	-	-	-
<b>Total liabilities</b>	<b>3,860,016</b>	<b>112,958</b>	<b>2,500</b>	<b>4,001</b>
<b>General Partner/Share Capital</b>	<b>233</b>	<b>7</b>	<b>-</b>	<b>-</b>
<b>Partners' Capital/Retained Earnings</b>	<b>2,249,926</b>	<b>(112,478)</b>	<b>429,401</b>	<b>185,558</b>
<b>Total revenue</b>	<b>5,681,864</b>	<b>293</b>	<b>85,766</b>	<b>1,150,813</b>
<b>Total expenses</b>	<b>4,405,624</b>	<b>7,966</b>	<b>18,906</b>	<b>386,075</b>

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**6. Investments in First Nation partnerships and business entities** *(Continued from previous page)*

<b>Net income</b>	<b>1,276,240</b>	<b>(7,673)</b>	<b>66,860</b>	<b>764,738</b>
<b>Comprehensive income</b>	<b>1,276,240</b>	<b>(7,673)</b>	<b>66,860</b>	<b>764,738</b>

Certain of the Nation's investees have a different year-end than March 31, 2016. The Nation uses the investees' year-end financial statements to account for its investment in these investees.

<b>Name of investee</b>	<b>Year-end</b>	<b>Significant events and transactions</b>
K'awat'si Economic Development Limited Partnership	December 31, 2015	No significant events or transactions noted from January 1, 2016 to March 31, 2016
K'awat'si Economic Development General Partner Corporation	December 31, 2015	No significant events or transactions noted from January 1, 2016 to March 31, 2016

**7. Funds held in trust**

Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with consent of the Nation's Council.

	<b>2016</b>	<b>2015</b>
<b>Capital Trust</b>		
Balance, beginning and end of year	<b>138,158</b>	94,133
Transfer - release to capital	-	44,025
Balance, end of year	<b>138,158</b>	138,158
<b>Revenue Trust</b>		
Balance, beginning of year	<b>154,877</b>	91,249
Interest	<b>8,297</b>	8,662
Transfer - release to revenue account	-	54,966
Balance, end of year	<b>163,174</b>	154,877
<b>Total</b>	<b>301,332</b>	293,035

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**8. First Nation loan agreement**

Gwa'Sala-'Nakwaxda'xw First Nation receives interest free advances from Indigenous and Northern Affairs Canada pursuant to an agreement with the British Columbia Treaty Commission and the Minister of Indigenous and Northern Affairs Canada. Under the terms of the agreement the Nation receives both loaned and contributed funds.

During the year the Nation received \$186,240 (2015 - \$144,680) contributed funds and loans in the amount of \$544,960 (2015 - \$558,720) resulting in a cumulative loan balance of \$6,905,754 (2015 - \$6,360,794).

The funds are to be used solely for the purposes of treaty negotiations. The loan proceeds are non-interest bearing and become due and payable upon the earlier of:

- a) the date a treaty signed by the Negotiating Parties takes effect unless otherwise agreed in the treaty;
- b) the later of;
  - the twelfth anniversary of the date of the first Loan Advance by Canada to the First Nation under the earliest First Nation Funding Agreement; or
  - the Extended Due Date; and
- c) the date the Federal Minister demands payment of the Loan due to an event of default under the agreement or under any First Nation Funding Agreement.

The Nation capitalizes all expenses related to the Treaty process as management expects the future settlement to exceed the investment in treaty balance. During the year, the Nation capitalized \$663,650 (2015 - \$805,409). The Nation is in Stage 4 of treaty negotiation, which is the Negotiation of an Agreement in Principle stage.

**9. Restricted cash**

	2016	2015
Replacement reserve	168,828	157,578
Operating reserve	75,141	57,060
	<b>243,969</b>	214,638

Under the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC"), the replacement reserve account is to be credited in the amount of \$24,985 (2015 - \$26,268) annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, these reserves were underfunded by \$17,508 (2015 - underfunded by \$6,490).

Under the terms of the agreements with Canada Mortgage and Housing Corporation ("CMHC"), excess revenues over expenditures for the Post 1996 phases may be retained in an Operating Reserve. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At year end, the operating reserve was adequately funded (2015 - underfunded by \$18,135).

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**10. Long-term debt**

	2016	2015
Post 96 - Phase 2 - All Nations Trust - repayable at \$4,972 per month including interest at 1.62% per annum; secured by a N. H. A. and Ministerial Guarantee. Matures March 1, 2033 and renewing on March 1, 2018.	<b>886,596</b>	931,521
Post 96 - Phase 1 - All Nations Trust - repayable at \$2,656 per month including interest at 1.80% per annum; secured by a N. H. A. and Ministerial Guarantee. Matures October 1, 2031 and renewing on October 1, 2016.	<b>433,021</b>	456,876
Post 96 - Phase 5 - All Nations Trust - repayable at \$976 per month including interest at 1.71% per annum; secured by a N. H. A. and Ministerial Guarantee. Matures September 1, 2037 and renewing on September 1, 2017.	<b>210,756</b>	218,796
Pre 97 - Phase 9 - All Nations Trust - repayable at \$1,250 (2014 - \$1,261) per month including interest at 2.57% (2014 - 1.58%) per annum; secured by a N. H. A. and Ministerial Guarantee. Matures October 1, 2016.	<b>8,701</b>	23,432
	<b>1,539,074</b>	1,630,625

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

	Principal
2017	86,796
2018	79,421
2019	80,770
2020	82,142
2021	83,538
	412,667
Thereafter	1,126,407
Total	1,539,074

**11. Due to partner Nations**

During the prior year, the Nation made the decision to withdraw from the Gwabalís Fisheries Group and are currently holding funds on behalf of the group. There is no formal agreement in place that describes how these funds are to be distributed between the five member Nations.

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**12. Loan guarantees**

As at March 31, 2016, the First Nation has guaranteed credit facilities for the following Nation government business enterprises:

**0997211 B.C. Ltd**

\$100,000 (2015 - \$100,000) credit facility revolving line of credit and \$800,000 (2015 - \$800,000) credit facility demand loan, up to a maximum amount of \$900,000 (2015 - \$900,000) that bears interest at prime plus 1.5% and is secured by a general security agreement. As at March 31, 2016 \$800,000 (2015 - \$800,000) has been drawn on the credit facility demand loan.

**0997329 B.C. Ltd**

\$1,000,000 (2015 - \$1,000,000) credit facility demand loan, up to a maximum amount of \$1,000,000 (2015 - \$1,000,000) that bears interest at prime plus 1.5% and is secured by a general security agreement. As at March 31, 2016 \$1,000,000 (2015 - \$1,000,000) has been drawn on the credit facility demand loan.

**0997329 Tourism Services Limited Partnership**

\$5,550,000 (2015 - \$5,550,000) credit facility demand loan, \$250,000 (2015 - \$250,000) overdraft lending facility and \$50,000 credit cards (2015 - \$50,000), up to a maximum amount of \$5,850,000 (2015 - \$5,850,000) that bears interest at prime plus 0.5% and is secured by a general security agreement. As at March 31, 2016 \$nil (2015 - \$nil) has been drawn on the credit facility demand loan.

As at March 31, 2016, no liability has been recorded associated with the above noted guarantees.

**13. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2016</b>	<b>2015</b>
Equity in Gwa'Sala-'Nakwaxda'xw Band Trust	<b>28,333,235</b>	26,968,111
Equity in Treaty	<b>1,540,842</b>	1,422,152
Equity in funds held in trust	<b>301,332</b>	293,035
Operating surplus	<b>1,233,576</b>	917,414
Equity in tangible capital assets	<b>8,384,393</b>	6,752,734
Social Housing Replacement and Operating Reserves	<b>233,752</b>	233,752
Investment in Nation business entities	<b>2,376,398</b>	1,896,062
	<b>42,403,528</b>	38,483,260

**14. Economic dependence**

Gwa'Sala-Nakwaxda'xw Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") as a result of agreements entered into with the Government of Canada. These agreements are administered by INAC under the terms and conditions of the *Indian Act*. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these agreements.

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

**15. Trust**

Funds held in trust on behalf of the Nation's members by the Gwa'Sala-'Nakwaxda'xw Band Trust are reported on the consolidated statement of financial position and consolidated statement of operations and accumulated surplus as follows:

	<b>2016</b>	<b>2015</b>
Financial Assets	<b>28,400,357</b>	27,023,116
Liabilities	<b>(67,522)</b>	(55,405)
Net Financial Assets	<b>28,332,835</b>	26,967,711
Non Financial Assets	<b>400</b>	400
	<b>28,333,235</b>	26,968,111
Revenue	<b>2,855,316</b>	3,563,176
Expenses	<b>(1,490,192)</b>	(1,030,264)
Surplus	<b>1,365,124</b>	2,532,912

**16. Indigenous and Northern Affairs Canada funding reconciliation**

	<b>2016</b>	<b>2015</b>
INAC revenue per confirmation	<b>5,495,297</b>	3,898,919
Difference between estimated and actual recoveries	<b>(113,095)</b>	14,772
	<b>5,382,202</b>	3,913,691

**17. Comparative figures**

Certain comparative figures have been reclassified to conform with current year's presentation.

**18. Segments**

The Nation receives revenue and incurs expenses from many different projects and sources. For management and reporting purposes, the revenue, expenses and surplus or deficits are organized by segments. Schedules 3 to 15 disclose the details of the Nation's revenue and expenses by segment. The Nation is organized into the following segments:

**Administration**

Includes general operations, support, and financial management of the Nation.

**Treaty**

Includes revenue and expenditures related to the negotiation of treaty.

**Income Assistance**

Includes revenue and expenses relating to the social assistance of the members of Gwa'Sala-'Nakwaxda'xw First Nation.

**Education**

Includes revenue and expenses related to primary, secondary and post secondary education of the members.

**Gwa'Sala-'Nakwaxda'xw School**

Includes the operation of the school.

**Economic Development**

Includes activities related to the growth of revenue producing projects with the Nation.

**Community Infrastructure**

Includes the maintenance of infrastructure owned by the Nation.

**Natural Resources**

Includes revenue and expenditures related to conservation and stewardship of the Nation's land and resources.

**Capital Projects**

Includes revenue and expenditures related to capital projects.

**Community**

Includes revenue and expenditures related to the delivery of programs that support the Gwa'Sala-'Nakwaxda'xw First Nation community.

**Health**

Includes activities related to the provision of health services within the Nation.

**CMHC social housing**

Includes rent collection and maintenance related to the mortgaged homes owned by the Nation.

**Trust**

Includes revenue and expenditures related to the financial settlement arising out the relocation of the Nation.

**Gwa'Sala-Nakwaxda'xw Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2016*

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**19. Budget information**

The disclosed budget information has been approved by the Chief and Council of the Gwa'Sala-Nakwaxda'xw Nation at the Chief and Council meeting held on April 4, 2016.

Approved budgets were not prepared for all programs of the Nation. As such, the budget figures in the Consolidated Statement of Operations and Accumulated Surplus are not presented for the same scope of activities as the actual results.

Budget figures on the Consolidated Statement of Operations and Accumulated Surplus are presented using the same basis of accounting as the actual results. A reconciliation of these amounts to the Chief and Council approved budget is as follows:

Budgeted annual surplus per the Consolidated Statement of Operations and Accumulated Surplus	\$1,940,173
Adjusted for:	
<u>Capital purchases</u>	<u>(\$1,953,130)</u>
Budgeted deficit approved by Chief and Council	(\$12,957)

**20. Contingencies**

The financial results of the CMHC Social Housing program are subject to review by CMHC. It is possible that adjustments could be made based on the results to their review.

**Gwa'Sala-Nakwaxda'xw Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2016*

	<i>Land</i>	<i>Buildings</i>	<i>Paving</i>	<i>Bridges</i>	<i>Computers and IT hardware</i>	<i>Computer software</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	719,224	9,218,390	332,792	1,404,461	933,007	83,305	12,691,179
Acquisition of tangible capital assets	-	1,841,013	-	-	13,361	-	1,854,374
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	719,224	11,059,403	332,792	1,404,461	946,368	83,305	14,545,553
<b>Accumulated amortization</b>							
Balance, beginning of year	-	6,153,042	247,680	992,177	877,782	36,879	8,307,560
Annual amortization	-	253,472	13,312	35,112	30,593	4,887	337,376
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	-	6,406,514	260,992	1,027,289	908,375	41,766	8,644,936
<b>Net book value of tangible capital assets</b>	<b>719,224</b>	<b>4,652,889</b>	<b>71,800</b>	<b>377,172</b>	<b>37,993</b>	<b>41,539</b>	<b>5,900,617</b>
2015 Net book value of tangible capital assets	719,224	3,065,348	85,112	412,284	55,225	46,426	4,383,619

**Gwa'Sala-Nakwaxda'xw Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**

*For the year ended March 31, 2016*

	<i>Subtotal</i>	<i>Furniture and fixtures</i>	<i>Boats</i>	<i>Vehicles</i>	<i>CMHC housing</i>	<i>Infrastructure</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	12,691,179	1,104,562	386,875	166,380	3,080,984	1,235,838	18,665,818
Acquisition of tangible capital assets	1,854,374	-	-	-	-	-	1,854,374
Disposal of tangible capital assets	-	-	-	(9,000)	-	-	(9,000)
Balance, end of year	14,545,553	1,104,562	386,875	157,380	3,080,984	1,235,838	20,511,192
<b>Accumulated amortization</b>							
Balance, beginning of year	8,307,560	990,732	127,054	164,504	547,964	268,204	10,406,018
Annual amortization	337,376	18,862	38,686	250	78,552	29,270	502,996
Accumulated amortization on disposals	-	-	-	(9,000)	-	-	(9,000)
Balance, end of year	8,644,936	1,009,594	165,740	155,754	626,516	297,474	10,900,014
<b>Net book value of tangible capital assets</b>	<b>5,900,617</b>	<b>94,968</b>	<b>221,135</b>	<b>1,626</b>	<b>2,454,468</b>	<b>938,364</b>	<b>9,611,178</b>
2015 Net book value of tangible capital assets	4,383,619	113,830	259,821	1,876	2,533,020	967,634	8,259,800

**Gwa'Sala-Nakwaxda'xw Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2016*

	<i>Subtotal</i>	<i>Docks and wharfs</i>	<i>Assets under construction (work in progress)</i>	<i>2016</i>	<i>2015</i>
<b>Cost</b>					
Balance, beginning of year	18,665,818	126,727	-	18,792,545	18,168,182
Acquisition of tangible capital assets	1,854,374	-	195,066	2,049,440	636,663
Disposal of tangible capital assets	(9,000)	-	-	(9,000)	(12,300)
Balance, end of year	20,511,192	126,727	195,066	20,832,985	18,792,545
<b>Accumulated amortization</b>					
Balance, beginning of year	10,406,018	3,168	-	10,409,186	9,924,043
Annual amortization	502,996	6,336	-	509,332	497,443
Accumulated amortization on disposals	(9,000)	-	-	(9,000)	(12,300)
Balance, end of year	10,900,014	9,504	-	10,909,518	10,409,186
<b>Net book value of tangible capital assets</b>	<b>9,611,178</b>	<b>117,223</b>	<b>195,066</b>	<b>9,923,467</b>	<b>8,383,359</b>
2015 Net book value of tangible capital assets	8,259,800	123,559	-	8,383,359	

**Gwa'Sala-Nakwaxda'xw Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Consolidated expenses by object</b>			
Administration	42,708	1,460	2,384
Advertising	-	3,073	6,024
Amortization	-	509,333	497,443
Audit fees	-	39,750	25,422
Bad debts	-	46,111	35,715
Bank charges and interest	4,267	8,145	8,048
Contracted services	-	13,085	22,551
Funeral	35,000	48,623	27,759
Furniture and equipment	81,359	266,776	262,223
Honouraria	84,749	299,142	298,541
Insurance	26,083	170,265	134,119
Interest on long-term debt	-	26,666	28,288
Trust management fees	-	313,695	311,035
Miscellaneous	-	106,583	81,250
Office equipment lease	-	45,466	62,256
Office supplies	19,732	72,473	59,358
Professional fees	106,182	329,656	506,339
Program expense	44,738	353,237	329,544
Property tax	88,170	101,625	91,038
Rent	3,506	36,904	53,792
Repairs and maintenance	63,374	134,038	139,406
Salaries and benefits	2,424,801	3,811,567	3,772,316
Social assistance	658,751	600,305	627,309
Subcontracts	379,208	853,021	837,830
Supplies	91,834	270,446	275,322
Transfers to Economic Development business entities	-	866,192	1,695,483
Telephone	17,575	70,275	68,473
Training	21,230	46,352	44,763
Travel	104,721	320,242	260,512
Tuition	-	271,918	235,573
User fees	33,888	56,365	49,224
Utilities	89,521	253,648	192,449
	<b>4,421,397</b>	<b>10,346,437</b>	<b>11,041,789</b>

# Gwa'Sala-Nakwaxda'xw Nation

## Administration

### Schedule 3 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	2016 Budget (Note 19)	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	472,229	477,119	582,898
Other revenue	108,500	85,490	132,494
Canada Mortgage and Housing Corporation	1,200	1,200	-
Rental income	11,400	12,800	6,600
Interest income	11,000	9,106	14,235
Coast Opportunity Fund	-	250,000	250,000
	<b>604,329</b>	<b>835,715</b>	<b>986,227</b>
<b>Expenses</b>			
Administration (recovery)	-	(160,253)	(73,610)
Amortization	-	68,420	84,723
Audit fees	-	35,750	19,422
Bank charges and interest	4,000	4,592	2,562
Funeral	35,000	38,401	25,585
Contracted services	-	1,507	1,792
Furniture and equipment	24,837	32,779	50,827
Honouraria	66,000	74,267	133,989
Insurance	4,700	5,339	22,648
Miscellaneous	-	-	5,309
Office equipment lease	-	320	9,816
Office supplies	3,400	6,448	6,590
Professional fees	76,109	78,102	104,964
Program expense	4,899	8,193	6,806
Rent	3,506	920	16,716
Repairs and maintenance	2,500	25,635	21,849
Salaries and benefits	355,503	483,825	422,278
Supplies	3,550	9,587	20,676
Telephone	10,000	21,152	28,626
Training	11,600	17,723	-
Travel	49,755	50,837	35,527
Utilities	20,644	22,916	33,690
Advertising	-	1,746	2,320
Subcontracts	37,395	141,255	36,410
	<b>713,398</b>	<b>969,461</b>	<b>1,019,515</b>
<b>Annual deficit before distributions</b>	<b>(109,069)</b>	<b>(133,746)</b>	<b>(33,288)</b>
<b>Provision for distribution to Partner Nations</b>	<b>-</b>	<b>-</b>	<b>(289,784)</b>
<b>Annual deficit before transfers</b>	<b>(109,069)</b>	<b>(133,746)</b>	<b>(323,072)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>(5,258)</b>
<b>Annual deficit</b>	<b>(109,069)</b>	<b>(133,746)</b>	<b>(328,330)</b>

**Gwa'Sala-Nakwaxda'xw Nation**  
**Income Assistance**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	907,767	757,232	945,343
Interest income	-	11	-
	<b>907,767</b>	<b>757,243</b>	<b>945,343</b>
<b>Expenses</b>			
Bank charges and interest	-	1,274	1,645
Contracted services	-	200	2,555
Furniture and equipment	273	4,042	8,950
Insurance	-	342	-
Miscellaneous	-	-	17,200
Office equipment lease	-	1,850	1,526
Office supplies	-	1,715	2,032
Program expense	6,500	12,321	12,896
Rent	-	1,165	1,454
Repairs and maintenance	-	245	4,868
Salaries and benefits	116,048	118,589	111,854
Social assistance	658,751	600,305	627,309
Supplies	50,000	38,243	72,565
Telephone	4,595	6,434	2,491
Training	3,430	6,701	28,422
Travel	-	276	-
Tuition	-	3,664	4,910
Utilities	30,000	103,303	-
Subcontracts	38,150	40,919	-
	<b>907,747</b>	<b>941,588</b>	<b>900,677</b>
<b>Annual surplus (deficit)</b>	<b>20</b>	<b>(184,345)</b>	<b>44,666</b>

# Gwa'Sala-Nakwaxda'xw Nation

## Education

### Schedule 5 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	2016 Budget (Note 19)	2016	2015
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	1,121,596	367,928	386,563
First Nations Education Steering Committee	135,792	17,134	11,390
Other revenue	936,613	6,505	5,015
School District 85	-	226,103	220,346
Province of BC	936,613	-	-
	<b>3,130,614</b>	<b>617,670</b>	<b>623,314</b>
<b>Expenses</b>			
Advertising	-	633	-
Amortization	-	15,007	15,007
Bank charges and interest	267	-	6
Contracted services	-	50	745
Furniture and equipment	22,050	7,117	2,033
Honouraria	3,210	800	150
Insurance	20,383	15,276	15,778
Miscellaneous	-	-	5,314
Office supplies	15,132	6,202	3,900
Professional fees	11,073	-	-
Program expense	31,839	12,604	6,141
Rent	-	60	-
Repairs and maintenance	34,319	735	1,926
Salaries and benefits	1,902,800	215,875	248,596
Subcontracts	-	161,017	4,777
Supplies	25,619	37,798	25,926
Telephone	-	77	-
Training	-	2,170	-
Travel	4,993	10,216	11,727
Tuition	-	268,254	230,663
Utilities	26,224	1,776	2,278
	<b>2,097,909</b>	<b>755,667</b>	<b>574,967</b>
<b>Annual surplus (deficit)</b>	<b>1,032,705</b>	<b>(137,997)</b>	<b>48,347</b>

**Gwa'Sala-Nakwaxda'xw Nation**  
**Economic Development**  
**Schedule 6 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	192,234	192,234	45,353
Other revenue	-	76,348	67,358
Earnings from investment in Nation partnerships	-	279,092	814,544
Earnings from investment in Nation business entities	-	568,440	1,661,995
Coast Opportunity Fund	-	866,192	518,750
Marine Services and fisheries	-	-	31,044
Fishing income	-	-	502,590
Nanwakolas distributions	-	5,000	-
	<b>192,234</b>	<b>1,987,306</b>	<b>3,641,634</b>
<b>Expenses</b>			
Administration	7,336	7,337	-
Advertising	-	-	2,242
Amortization	-	6,988	4,699
Bank charges and interest	-	30	1,206
Contracted services	-	40	4,969
Furniture and equipment	7,500	110,182	92,485
Honouraria	15,539	115,646	51,752
Insurance	-	18,835	-
Miscellaneous	-	-	4,584
Office equipment lease	-	262	630
Office supplies	-	4,259	2,899
Professional fees	19,000	82,121	162,363
Program expense	-	20,406	10,983
Property tax	-	-	1,824
Rent	-	2,171	2,332
Repairs and maintenance	-	98	11,559
Salaries and benefits	-	2,397	79,388
Subcontracts	88,184	178,212	576,817
Supplies	7,065	24,562	15,486
Telephone	-	1,460	-
Training	1,200	1,250	-
Transfers to Economic Development	-	866,192	1,378,554
Travel	46,410	93,729	38,727
Utilities	-	1,205	17,017
Funeral	-	7,008	-
User fees	-	3,122	4,640
	<b>192,234</b>	<b>1,547,512</b>	<b>2,465,156</b>
<b>Annual surplus</b>	<b>-</b>	<b>439,794</b>	<b>1,176,478</b>

**Gwa'Sala-Nakwaxda'xw Nation**  
**Community Infrastructure**  
**Schedule 7 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	<b>56,901</b>	<b>56,901</b>	53,398
Other revenue			
Other revenue	-	<b>58,635</b>	-
Rental income	-	-	40,429
	<b>56,901</b>	<b>115,536</b>	93,827
<b>Expenses</b>			
Amortization	-	<b>71,221</b>	70,065
Furniture and equipment	<b>2,500</b>	<b>20,671</b>	23,156
Insurance	-	<b>4,848</b>	56,472
Office supplies	-	-	2,757
Program expense	-	<b>1,276</b>	-
Rent	-	-	1,320
Repairs and maintenance	<b>26,555</b>	<b>27,391</b>	16,554
Travel	<b>1,491</b>	<b>3,332</b>	-
User fees	-	<b>3,180</b>	1,372
Utilities	<b>3,300</b>	<b>3,874</b>	5,573
Subcontracts	<b>23,055</b>	<b>30,538</b>	6,233
Salaries and benefits	-	<b>30,454</b>	-
	<b>56,901</b>	<b>196,785</b>	183,502
<b>Annual deficit</b>	-	<b>(81,249)</b>	<b>(89,675)</b>

**Gwa'Sala-Nakwaxda'xw Nation**  
**Natural Resources**  
**Schedule 8 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Department of Fisheries and Oceans	-	<b>217,541</b>	210,265
Other revenue	-	-	10,953
Interest income	-	-	101
Forest Consultation and Revenue Sharing Agreement	-	<b>240,832</b>	223,014
Marine Services and fisheries	-	<b>55,620</b>	257,934
	-	<b>513,993</b>	702,267
<b>Expenses</b>			
Amortization	-	<b>14,569</b>	14,569
Bank charges and interest	-	<b>487</b>	123
Funeral	-	<b>3,215</b>	2,174
Contracted services	-	<b>53</b>	275
Furniture and equipment	-	<b>12,021</b>	35,380
Honouraria	-	<b>1,600</b>	6,694
Insurance	-	<b>6,855</b>	3,200
Miscellaneous	-	-	6,310
Office equipment lease	-	<b>786</b>	7,140
Office supplies	-	<b>145</b>	97
Professional fees	-	<b>93,008</b>	84,752
Program expense	-	<b>1,700</b>	27,957
Rent	-	<b>273</b>	3,934
Repairs and maintenance	-	<b>100</b>	28,775
Salaries and benefits	-	<b>55,790</b>	169,009
Supplies	-	<b>28,108</b>	31,955
Telephone	-	<b>117</b>	4,261
Training	-	-	6,486
Travel	-	<b>32,447</b>	13,759
User fees	-	<b>460</b>	1,564
Utilities	-	<b>15,227</b>	38,869
Advertising	-	<b>694</b>	157
Subcontracts	-	<b>1,000</b>	28,643
Transfer to Economic Development business entities	-	-	204,429
	-	<b>268,655</b>	720,512
<b>Annual surplus (deficit)</b>	-	<b>245,338</b>	(18,245)

**Gwa'Sala-Nakwaxda'xw Nation**  
**Capital Projects**  
**Schedule 9 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<i>2016 Budget (Note 19)</i>	<i>2016</i>	<i>2015</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	2,147,306	2,146,856	643,942
Other revenue	-	7,000	-
	<b>2,147,306</b>	<b>2,153,856</b>	<b>643,942</b>
<b>Expenses</b>			
Administration	27,872	27,872	8,554
Amortization	-	62,634	34,782
Furniture and equipment	4,413	3,131	1,067
Insurance	1,000	936	-
Office supplies	-	60	700
Property tax	88,170	101,625	88,956
Rent	-	300	-
Repairs and maintenance	-	772	-
Salaries and benefits	25,450	25,450	29,731
Telephone	2,980	2,980	3,883
Training	-	52	-
Travel	1,050	239	-
User fees	33,888	41,824	41,648
Utilities	9,353	12,048	145
Subcontracts	-	-	4,200
	<b>194,176</b>	<b>279,923</b>	<b>213,666</b>
<b>Surplus before transfers</b>	<b>1,953,130</b>	<b>1,873,933</b>	<b>430,276</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>3,833</b>
<b>Annual surplus</b>	<b>1,953,130</b>	<b>1,873,933</b>	<b>434,109</b>

**Gwa'Sala-Nakwaxda'xw Nation  
Community**

**Schedule 10 - Consolidated Schedule of Revenue and Expenses**

*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	259,032	279,936	97,758
Other revenue	-	29,035	36,900
Rental income	-	88,934	250
Province of BC	-	431,452	428,027
	<b>259,032</b>	<b>829,357</b>	<b>562,935</b>
<b>Expenses</b>			
Administration	7,500	10,720	3,840
Advertising	-	-	1,305
Amortization	-	1,042	1,042
Contracted services	-	9,895	7,053
Furniture and equipment	19,786	33,782	13,046
Honouraria	-	550	4,950
Insurance	-	67,978	3,511
Miscellaneous	-	-	(4)
Office equipment lease	-	33,683	30,796
Office supplies	1,200	21,706	7,567
Professional fees	-	4,943	37,620
Program expense	1,500	6,128	5,107
Property tax	-	-	258
Rent	-	10,793	783
Repairs and maintenance	-	8,817	2,206
Salaries and benefits	25,000	416,675	394,338
Subcontracts	192,424	117,035	7,225
Supplies	5,600	34,925	36,316
Telephone	-	4,968	527
Training	5,000	3,542	7,030
Transfer to Economic Development	-	-	112,500
Travel	1,022	4,482	11,273
User fees	-	7,780	-
Utilities	-	17,287	26,947
	<b>259,032</b>	<b>816,731</b>	<b>715,236</b>
<b>Surplus (deficit) before transfers</b>	-	<b>12,626</b>	<b>(152,301)</b>
<b>Transfers between programs</b>	-	-	<b>1,424</b>
<b>Annual surplus (deficit)</b>	-	<b>12,626</b>	<b>(150,877)</b>

**Gwa'Sala-Nakwaxda'xw Nation  
Health**

**Schedule 11 - Consolidated Schedule of Revenue and Expenses**

*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
First Nations Health Authority	-	1,152,887	1,041,436
<b>Expenses</b>			
Administration	-	97,553	61,129
Amortization	-	3,667	3,667
Contracted services	-	1,340	5,161
Furniture and equipment	-	13,479	4,882
Honouraria	-	400	200
Insurance	-	11,067	11,187
Miscellaneous	-	-	5,140
Office equipment lease	-	8,564	12,348
Office supplies	-	9,176	11,769
Professional fees	-	4,150	83,389
Program expense	-	9,050	25,113
Rent	-	769	150
Repairs and maintenance	-	12,902	18,739
Salaries and benefits	-	461,414	523,899
Supplies	-	36,387	35,547
Telephone	-	21,744	18,401
Training	-	14,915	2,826
Travel	-	112,218	136,771
Utilities	-	7,239	8,542
Subcontracts	-	93,658	70,509
	-	919,692	1,039,369
<b>Annual surplus</b>	-	233,195	2,067

**Gwa'Sala-Nakwaxda'xw Nation**  
**Gwa'Sala-Nakwaxda'xw School**  
**Schedule 12 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	-	1,103,996	1,158,436
First Nations Education Steering Committee	-	384,070	147,981
Other revenue	-	212,401	62,445
Province of BC	-	593,512	959,285
	-	<b>2,293,979</b>	2,328,147
<b>Expenses</b>			
Amortization	-	187,233	187,233
Bank charges and interest	-	326	258
Furniture and equipment	-	29,570	30,397
Honouraria	-	29,260	19,255
Insurance	-	17,250	2,481
Office supplies	-	19,175	19,548
Professional fees	-	11,757	4,701
Program expense	-	56,303	58,892
Rent	-	14,520	21,504
Repairs and maintenance	-	53,904	32,501
Salaries and benefits	-	2,001,098	1,793,224
Supplies	-	60,836	36,852
Telephone	-	11,344	10,284
Travel	-	3,103	-
Utilities	-	46,944	37,984
	-	<b>2,542,623</b>	2,255,114
<b>Annual surplus (deficit)</b>	-	<b>(248,644)</b>	73,033

**Gwa'Sala-Nakwaxda'xw Nation**  
**CMHC Social Housing**  
**Schedule 13 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Canada Mortgage and Housing Corporation	-	<b>85,326</b>	88,295
Rental income	-	<b>113,718</b>	117,360
Interest income	-	<b>764</b>	318
	-	<b>199,808</b>	205,973
<b>Expenses</b>			
Administration	-	<b>18,231</b>	2,471
Amortization	-	<b>78,552</b>	81,657
Audit fees	-	<b>4,000</b>	6,000
Bad debts	-	<b>46,111</b>	35,715
Bank charges and interest	-	<b>320</b>	752
Insurance	-	<b>21,539</b>	18,842
Interest on long-term debt	-	<b>26,666</b>	28,288
Miscellaneous	-	-	(60)
Professional fees	-	<b>11,384</b>	-
Repairs and maintenance	-	<b>3,435</b>	430
Utilities	-	<b>21,830</b>	21,403
	-	<b>232,068</b>	195,498
<b>Annual surplus (deficit)</b>	-	<b>(32,260)</b>	10,475

**Gwa'Sala-Nakwaxda'xw Nation  
Trust**

**Schedule 14 - Consolidated Schedule of Revenue and Expenses**

*For the year ended March 31, 2016*

	<b>2016 Budget (Note 19)</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>			
Interest income	-	<b>2,855,316</b>	3,563,176
<b>Expenses</b>			
Bank charges and interest	-	<b>1,116</b>	1,496
Honouraria	-	<b>76,620</b>	81,550
Miscellaneous	-	<b>106,583</b>	37,458
Office supplies	-	<b>3,587</b>	1,500
Professional fees	-	<b>44,190</b>	28,551
Program expense	-	<b>225,257</b>	175,647
Rent	-	<b>5,934</b>	5,600
Subcontracts	-	<b>89,387</b>	103,012
Travel	-	<b>9,363</b>	12,728
Trust management fees	-	<b>313,695</b>	311,035
	-	<b>875,732</b>	758,577
<b>Annual surplus</b>	-	<b>1,979,584</b>	2,804,599

**Gwa'Sala-Nakwaxda'xw Nation**  
**Treaty**

**Schedule 15 - Consolidated Schedule of Revenue and Expenses**

*For the year ended March 31, 2016*

	<i>2016 Budget (Note 19)</i>	<i>2016</i>	<i>2015</i>
<b>Revenue</b>			
British Columbia Treaty Commission	-	<b>186,240</b>	144,680
<b>Annual surplus</b>	-	<b>186,240</b>	144,680