

Financial Statements of:

KWAKIUTL DISTRICT COUNCIL SOCIETY

Year ended March 31, 2014

KWAKIUTL DISTRICT COUNCIL SOCIETY
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MARCH 31, 2014

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KWAKIUTL DISTRICT COUNCIL SOCIETY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
MARCH 31, 2014

The accompanying financial statements of the Kwakiutl District Council Society and all the information in this annual report are the responsibility of management and have been approved by the Chairman on behalf of the Executive Committee.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Society maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Society's assets are appropriately accounted for and adequately safeguarded.

The Executive Committee is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Executive Committee reviews and approves the Society's financial statements. The Executive Committee 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 annual report, the financial statements and the external auditor's report. The Executive Committee also approves the engagement of the external auditors.

The financial statements have been audited by Moeller & Company in accordance with Canadian generally accepted auditing standards on behalf of the members. Moeller & Company have full and free access to the Executive Committee.

Chairman

MOELLER & COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Members of Kwakiutl District Council Society

Report on the Financial Statements

We have audited the accompanying financial statements of Kwakiutl District Council Society, which comprise the summary statement of financial position as at March 31, 2014, and the summary statements of revenue and expenditure, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 entity'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 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 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 Kwakiutl District Council Society as at March 31, 2014 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Chartered Accountants

Campbell River, Canada
July 21, 2014

KWAKIUTL DISTRICT COUNCIL SOCIETY
SUMMARY STATEMENT OF FINANCIAL POSITION - MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
	<u>Total</u>	<u>Total</u>
	\$	\$
Financial Assets		
Cash	1,675,476	1,589,416
Accounts receivable (Note 3)	<u>43,366</u>	<u>102,919</u>
	1,718,842	1,692,335
Liabilities		
Accounts payable (Note 4)	<u>118,427</u>	<u>88,632</u>
Net Financial Assets	<u>1,600,415</u>	<u>1,603,703</u>
Non-Financial Assets		
Tangible capital assets (Note 5)	1,279,957	1,344,278
Prepaid expenses (Note 6)	<u>15,731</u>	<u>19,124</u>
	1,295,688	1,363,402
Accumulated Surplus (Note 11)	<u>2,896,103</u>	<u>2,967,105</u>
COMMITMENTS (Note 9)		

Chairman

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

KWAKIUTL DISTRICT COUNCIL SOCIETY
SUMMARY STATEMENT OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31, 2014

	<u>2014</u>		<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Total</u>
	(Note 8)		
	\$	\$	\$
Revenue			
Aboriginal Affairs and Northern Development Canada	657,581	657,576	649,131
First Nations Health Authority	---	1,173,008	---
Health Canada	2,402,055	1,221,216	2,776,790
Vancouver Island Health Authority	---	---	63,191
Interest	16,700	12,616	18,352
Other	<u>258,188</u>	<u>237,958</u>	<u>203,360</u>
	<u>3,334,524</u>	<u>3,302,374</u>	<u>3,710,824</u>
Expenditure			
Band government	850,815	799,827	813,261
Health	<u>2,598,452</u>	<u>2,573,549</u>	<u>3,013,388</u>
	<u>3,449,267</u>	<u>3,373,376</u>	<u>3,826,649</u>
Excess (Deficiency) Of Revenue Over Expenditure	(114,743)	(71,002)	(115,825)
Accumulated Surplus - Beginning Of Year	<u>2,967,105</u>	<u>2,967,105</u>	<u>3,082,930</u>
Accumulated Surplus - End Of Year	<u>2,852,362</u>	<u>2,896,103</u>	<u>2,967,105</u>

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

KWAKIUTL DISTRICT COUNCIL SOCIETY
SUMMARY STATEMENT OF CHANGES IN NET DEBT
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
Excess (Deficiency) Of Revenue Over Expenditure	(71,002)	(115,825)
Acquisition of tangible capital assets	(6,416)	(15,087)
Amortization of tangible capital assets	<u>70,737</u>	<u>76,142</u>
	<u>(6,681)</u>	<u>(54,770)</u>
Acquisition of prepaid expense	(15,731)	(19,124)
Use of prepaid expense	<u>19,124</u>	<u>16,651</u>
	<u>3,393</u>	<u>(2,473)</u>
Increase (Decrease) In Net Financial Assets	(3,288)	(57,243)
Net Financial Assets - Beginning Of Year	<u>1,603,703</u>	<u>1,660,946</u>
Net Financial Assets - End Of Year	<u>1,600,415</u>	<u>1,603,703</u>

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

KWAKIUTL DISTRICT COUNCIL SOCIETY
SUMMARY STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
	\$	\$
CASH PROVIDED BY (USED IN):		
Operating Activities		
Excess (deficiency) of revenue over expenditure	(71,002)	(115,825)
Charges to income not involving cash:		
Amortization	<u>70,737</u>	<u>76,142</u>
	(265)	(39,683)
Change in non-cash working capital balances related to operations:		
Accounts receivable	59,553	(48,892)
Prepaid expenses	3,393	(2,473)
Accounts payable	<u>29,795</u>	<u>(36,834)</u>
	<u>92,476</u>	<u>(127,882)</u>
Investing Activities		
Purchase of property and equipment	<u>(6,416)</u>	<u>(15,087)</u>
Change In Cash During Year	86,060	(142,969)
Cash - Beginning Of Year	<u>1,589,416</u>	<u>1,732,385</u>
Cash - End Of Year	<u>1,675,476</u>	<u>1,589,416</u>

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

KWAKIUTL DISTRICT COUNCIL SOCIETY
NOTES TO SUMMARY FINANCIAL STATEMENTS - MARCH 31, 2014

1. Basis Of Presentation And Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards for local government entities, as defined in the CICA Public Sector Accounting Handbook, which encompasses the following principles:

a) Fund Accounting

The Kwakiutl District Council Society uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Kwakiutl District Council Society maintains the following funds:

- the Operating Fund which reports the general activities of the Society
- Equity In Tangible Capital Assets which reports the tangible capital assets of the Society together with their related financing
- the Contingency Fund which is intended to be used at the discretion of the Board for unpredictable expenditures such as personnel and legal costs

b) Tangible Capital Assets

Property, equipment and infrastructure expenditures are recorded at acquisition cost in Equity In Tangible Capital Assets.

The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the capital fund with a corresponding increase in equity in tangible capital assets.

c) Tangible Capital Assets are amortized annually with a corresponding reduction in equity in tangible capital assets. Assets are amortized over their expected useful life using the declining balance method at the following rates:

Building	10%
Furniture	20%
Equipment	20%
Vehicle	30%

d) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

e) Use Of Estimates

The preparation of 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 the reported amounts of revenue and expenditures during the reporting period. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

KWAKIUTL DISTRICT COUNCIL SOCIETY
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2014

2. Economic Dependence

The Kwakiutl District Council Society receives a major portion of its revenues pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada, Health Canada and First Nations Health Authority. Cessation of this funding would dramatically change the services provided by the Society.

3. Accounts Receivable	<u>2014</u>	<u>2013</u>
	\$	\$
First Nations Health Authority	6,287	---
Government of Canada - GST	1,330	5,702
Vancouver Island Health Authority	---	57,691
HUB Funding	9,203	16,130
University of British Columbia	8,313	10,528
Travel Reimbursements	10,592	9,585
Other	<u>7,641</u>	<u>3,283</u>
	<u>43,366</u>	<u>102,919</u>

4. Accounts Payable	<u>2014</u>	<u>2013</u>
	\$	\$
Trade Payables	47,552	37,094
Wages Payable	70,875	51,532
Government Remittances Payable	---	6
	<u>118,427</u>	<u>88,632</u>

KWAKIUTL DISTRICT COUNCIL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2014

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2014	Total 2013
	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	1,972,577	---	1,972,577	711,582	51,538	763,120	1,209,457	1,260,995
Furniture	44,937	---	44,937	44,310	126	44,436	501	627
Equipment	516,363	6,416	522,779	452,715	13,371	466,086	56,693	63,648
Vehicles	153,606	---	153,606	134,598	5,702	140,300	13,306	19,008
	<u>2,687,483</u>	<u>6,416</u>	<u>2,693,899</u>	<u>1,343,205</u>	<u>70,737</u>	<u>1,413,942</u>	<u>1,279,957</u>	<u>1,344,278</u>

KWAKIUTL DISTRICT COUNCIL SOCIETY
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2014

6. Prepaid Expenses	<u>2014</u>	<u>2013</u>
	\$	\$
Insurance	9,159	10,448
Rent	3,469	3,923
Program supplies	<u>3,103</u>	<u>4,753</u>
	<u>15,731</u>	<u>19,124</u>

7. Contingency Fund

These funds are intended to be used at the discretion of the Board for unpredictable expenditures such as personnel and legal costs related to the general management of the Kwakiutl District Council Society. In the current year, General operations transferred \$50,000 from contingency fund to Executive Management. To date, General Operations has contributed \$39,324 and Health has contributed \$270,000.

8. Budget Information

The budget information disclosed has been approved by the Society's executive committee.

9. Commitments

The nature of Kwakiutl District Council Society's activities can result in some multi-year contracts whereby it will be obligated to make future payments when the goods or services are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 and Thereafter</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Office Equipment	<u>13,263</u>	<u>12,516</u>	<u>10,275</u>	<u>---</u>	<u>---</u>	<u>36,054</u>

10. Program Surplus

All surplus funds that are identified are committed to future program service and expansion over the duration of the current ten year Health Transfer agreement.

KWAKIUTL DISTRICT COUNCIL SOCIETY
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2014

11. Accumulated Surplus

	<u>General</u>	<u>2014 Health</u>	<u>Total</u>	<u>2013 Total</u>
	\$	\$	\$	\$
Operating Fund	184,985	1,121,837	1,306,822	1,263,503
Equity In Tangible Capital Assets	40,112	1,239,845	1,279,957	1,344,278
Contingency Fund (Note 7)	<u>39,324</u>	<u>270,000</u>	<u>309,324</u>	<u>359,324</u>
	<u>264,421</u>	<u>2,631,682</u>	<u>2,896,103</u>	<u>2,967,105</u>

12. Pension Agreement

Kwakiutl District Council Society provides defined contribution plan for eligible members of its staff. Members can voluntarily contribute 3% of their salary up to a maximum of 8.5% of their basic salary. Kwakiutl District Council Society matches contributions which are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Kwakiutl District Council Society contributed during the year \$64,364 (2013 - \$61,287) for retirement benefits.

KWAKIUTL DISTRICT COUNCIL SOCIETY
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2014

13. Segment Disclosure

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 following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

	Band Government			Health		
	2014		2013	2014		2013
	Budget	Actual	Actual	Budget	Actual	Actual
	\$	\$	\$	\$	\$	\$
Revenue						
Government of Canada						
Aboriginal Affairs and Northern Development Canada	657,581	657,576	649,131	---	---	---
First Nations Health Authority	---	---	---	---	1,173,008	---
Health Canada	---	---	---	2,402,055	1,221,216	2,776,790
Interest and G.S.T. refund	700	685	718	16,000	11,931	17,634
Vancouver Island Health Authority	---	---	---	---	---	63,191
Other	---	---	124	96,894	82,955	41,942
FNSS Engagement HUB	---	---	---	161,294	155,003	161,294
	<u>658,281</u>	<u>658,261</u>	<u>649,973</u>	<u>2,676,243</u>	<u>2,644,113</u>	<u>3,060,851</u>
Expenses						
Advertising	647	647	631	17,500	5,545	41,685
Amortization	---	6,939	7,240	---	63,798	68,902
Consultant/contract fee	2,652	2,652	4,561	40,729	39,047	40,393
Employee benefits	23,340	26,936	19,843	130,487	121,674	137,868
Equipment and rentals	---	---	6,658	---	---	---
Honorarium	146,775	144,900	97,950	14,000	2,200	16,407
Insurance	7,873	7,873	9,007	25,060	23,489	29,202
Interest and bank charges	31	31	25	---	---	---
Meetings	110,768	86,533	84,945	73,072	65,983	53,725
Office and supplies	27,623	25,778	31,446	131,242	130,861	133,262
Payroll costs	9,929	5,900	5,928	102,408	79,020	90,408
Professional fees	40,650	25,781	49,098	78,967	55,365	124,998
Program delivery	---	---	16,054	317,186	329,032	437,210
Public relations	21,500	26,269	20,812	---	---	---
Rent	5,216	5,216	---	29,570	16,980	17,401
Repairs and maintenance	---	---	---	65,087	59,648	43,234
Telephone	16,000	13,393	13,364	60,790	55,583	62,213
Training	---	---	---	67,740	49,470	48,769
Travel	125,179	111,950	107,147	85,165	72,126	86,726
Utilities	22,000	17,286	11,456	18,000	18,404	38,460
Vehicle	---	---	---	6,000	7,304	5,986
Wages	287,632	289,833	324,189	1,425,449	1,355,438	1,536,539
Workshops	3,000	1,910	2,907	10,000	22,582	---
	<u>850,815</u>	<u>799,827</u>	<u>813,261</u>	<u>2,698,452</u>	<u>2,573,549</u>	<u>3,013,388</u>
Excess (Deficiency) Of Revenue Over Expenditure	<u>(192,534)</u>	<u>(141,566)</u>	<u>(163,288)</u>	<u>(22,209)</u>	<u>70,564</u>	<u>47,463</u>

MOELLER & COMPANY

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REVIEW ENGAGEMENT REPORT

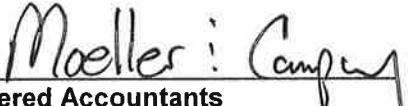
To Kwakiutl District Council Society:

At the request of the Kwakiutl District Council Society, we have reviewed the schedules of senior elected officials remuneration and expenses of the Kwakiutl District Council Society (the "Schedules") for the year ended March 31, 2014 prepared in accordance with the provisions of Section 7 of the Aboriginal Affairs and Northern Development Canada Year-End Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Society.

A review does not constitute an audit and consequently we do not express an opinion on this Schedule.

Based on our review, nothing has come to our attention that causes us to believe that this Schedule is not, in all material respects, in accordance with the provisions of Section 7 of the Aboriginal Affairs and Northern Development Canada Year-End Reporting Handbook for First Nations, Tribal Councils and First Nation Political Organizations.

Campbell River, B.C.
July 21, 2014


Chartered Accountants

KWAKIUTL DISTRICT COUNCIL SOCIETY
SCHEDULE OF REMUNERATION AND EXPENSES
PAID TO ELECTED OR APPOINTED OFFICIALS
YEAR ENDED MARCH 31, 2014

<u>Name of Individual</u>	<u>Position Title</u>	<u>Number of Months</u>	<u>Remuneration</u>	<u>Expenses</u>
			\$	\$
James D. Wilson	Chairman	12	47,875	23,762
John P. Henderson	KDC Executive	12	24,000	10,655
Tom Nelson	KDC Executive	12	18,650	11,122
Tom Wallace	KDC Executive	12	13,600	12,121
Tom K. Henderson	KDC Executive	12	10,400	9,986
Cindy Inrig	KDC Executive	12	8,650	1,087
Marian Atkinson	KDC Executive	12	10,000	2,132
Paddy Walkus	KDC Executive	12	14,650	11,726