

Rec'd Aug 21/14

**GITANMAAX BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

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**GITANMAAX BAND COUNCIL**  
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**MARCH 31, 2014**

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**INDEPENDENT AUDITOR'S REPORT****TO THE GITANMAAX BAND COUNCIL****Report on the Financial Statements**

We have audited the accompanying statement of financial position of the Gitanmaax Band Council as at March 31, 2014 and the statements of financial activities, cash flows and changes in net financial assets and a summary of significant accounting policies.

**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 controls as management determines are necessary to enable the preparation of financial statements that are free of 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 the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

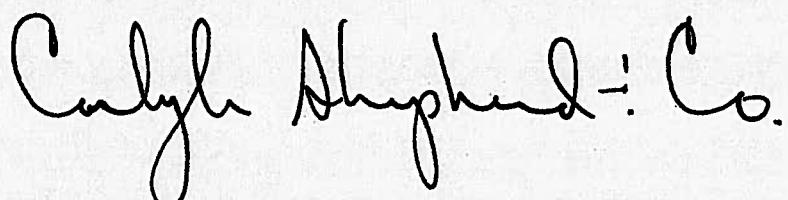
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2014 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC  
August 6, 2014



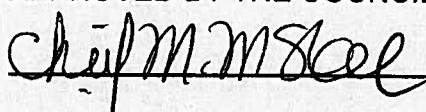
**GITANMAAX BAND COUNCIL**

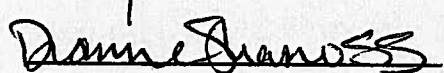
**STATEMENT OF FINANCIAL POSITION**

**YEAR ENDED MARCH 31**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	349,204	333,543
Accounts receivable (note 2)	109,215	172,297
Ottawa Trust funds (note 4)	<u>430,549</u>	<u>413,186</u>
	<u>888,968</u>	<u>919,026</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	175,781	294,084
Long-term debt (note 5)	362,362	382,420
Replacement reserve (note 6)	<u>234,571</u>	<u>221,739</u>
	<u>772,714</u>	<u>898,243</u>
<b>NET FINANCIAL ASSETS</b>		
	<u>116,254</u>	<u>20,783</u>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (notes 1 and 8)	13,016,167	12,960,128
Housing loans (note 3)	465,572	503,994
Investments (note 1)	2,030,551	305,974
Prepaid expenses	<u>66,502</u>	<u>221,851</u>
	<u>15,578,792</u>	<u>13,991,947</u>
	<u>15,695,046</u>	<u>14,012,730</u>
<b>BAND POSITION</b>		
Operating surplus (note 9)	138,710	305,720
Equity in property and equipment (note 7)	12,653,804	12,512,708
Equity in housing loans (note 3)	441,432	475,142
Equity in investments (note 10)	2,030,551	305,974
Ottawa Trust funds (note 4)	<u>430,549</u>	<u>413,186</u>
	<u>15,695,046</u>	<u>14,012,730</u>

**APPROVED BY THE COUNCIL**

 Chief Councilor

 Executive Director

**GITANMAAX BAND COUNCIL**

**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED MARCH 31**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>REVENUE</b>		
GGC	5,609,454	3,694,832
TRICORP	239,809	111,802
Gitxsan Health Society	95,000	95,000
CMHC	27,500	28,602
Rental	259,796	248,650
Ottawa Trust funds	17,363	14,924
Other	<u>1,102,460</u>	<u>1,174,304</u>
	<u>7,351,382</u>	<u>5,368,114</u>
<b>EXPENDITURE</b>		
Administration	672,026	729,348
Amortization	674,689	634,628
Capital projects	379,372	303,280
Community health	141,137	215,233
Economic development	799,897	880,562
Education	<u>1,382,868</u>	<u>1,400,974</u>
Housing	57,290	91,636
Public works	371,910	395,396
Social services	<u>1,189,877</u>	<u>1,296,382</u>
	<u>5,669,066</u>	<u>5,947,439</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>1,682,316</b>	<b>-579,325</b>
<b>OPENING POSITION</b>	<b><u>14,012,730</u></b>	<b><u>14,592,055</u></b>
<b>CLOSING POSITION</b>	<b><u>15,695,046</u></b>	<b><u>14,012,730</u></b>

**GITANMAAX BAND COUNCIL**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	1,682,316	-579,325
Amortization	674,689	634,628
Accounts receivable	63,082	46,113
Prepaid expenses	155,349	-135,598
Ottawa Trust funds	-17,363	-14,924
Accounts payables and accruals	<u>-118,303</u>	<u>129,934</u>
	<u>2,439,770</u>	<u>80,828</u>
<b>FINANCING ACTIVITIES</b>		
Housing loans receivable	38,422	41,628
Long-term debt	-20,058	-78,349
Replacement reserve	12,832	12,832
Bank demand loan	<u>-</u>	<u>-120,000</u>
	<u>31,196</u>	<u>-143,889</u>
<b>INVESTING ACTIVITIES</b>		
Investments	-1,724,577	-
Property and equipment additions	<u>-730,728</u>	<u>-378,674</u>
	<u>-2,455,305</u>	<u>-378,674</u>
<b>CHANGE IN CASH</b>	<b>15,661</b>	<b>-441,735</b>
<b>OPENING CASH</b>	<b><u>333,543</u></b>	<b><u>775,278</u></b>
<b>CLOSING CASH</b>	<b><u>349,204</u></b>	<b><u>333,543</u></b>

**GITANMAAX BAND COUNCIL**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

**YEAR ENDED MARCH 31**

	<b>2014</b>	<b>2013</b>
	\$	\$
Revenue over expenditure	1,682,316	-579,325
Amortization	674,689	634,628
Housing loans receivable	38,422	41,628
Property and equipment additions	-730,728	-378,674
Gitanmaax Food & Fuel Ltd. investments	-1,724,577	-
Prepaid expenses	<u>155,349</u>	<u>-135,598</u>
Change in the year	95,471	-417,341
Opening net financial assets	<u>20,783</u>	<u>438,124</u>
Closing net financial assets	<u>116,254</u>	<u>20,783</u>

## **GITANMAAX BAND COUNCIL**

### **NOTES**

**MARCH 31, 2014**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **a) Fund Accounting**

These financial statements have been prepared using the fund accounting method and guidelines issued by Aboriginal Affairs and Northern Development Canada which include compliance with Canadian public sector accounting standards.

The Band maintains the following funds which are consolidated into the financial statements:

- Operating Fund reports the general activities of the Band.
- Capital Fund reports the property and equipment of the Band, together with related financing.
- Social Housing fund reports the social housing assets, together with related activities.
- Ottawa Trust funds reports the trust funds owned by the Band and held by the federal government.

##### **b) Property and Equipment**

Property and equipment are reported at cost and are amortized using the declining balance method, for non-social housing assets, at the following annual rates:

Buildings	4%
Engineered structures	4%
Equipment	20%

For Social Housing, amortization on property and equipment is based on the annual principal reduction of the related mortgage.

##### **c) Recognition of Revenue and Expenditures**

Revenue and expenditures are reported on an accrual basis.

Revenue is recorded in the period in which the transaction or events that give rise to the revenue occur. Funding from external parties restricted by agreement or legislation is reported as deferred revenue until used for the purposes specified. Investment revenue is recognized when earned.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

## **GITANMAAX BAND COUNCIL**

### **NOTES**

**MARCH 31, 2014**

#### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **d) Investments**

Investments in Gitanmaax Food and Fuel Ltd. and Gitanmaax Development Corporation are reported on the modified equity method. Financial information for the corporations as at December 31, 2013 is not available.

##### **e) Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards require management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

##### **f) Financial Instruments**

The band measures financial assets and liabilities at market value at the date of acquisition.

It is management's opinion that the Band's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

##### **g) Budget Information**

Budget information is not reported as consolidated budgets, by function, are not prepared.

#### **2. ACCOUNTS RECEIVABLE**

Accounts receivable are reported net of a \$325 014 allowance for doubtful accounts (2013 \$306,010).

#### **3. HOUSING LOANS**

Varying terms of repayment and without interest. Agreements for repayment are being negotiated for many of the loans. When the members repay the loans, the housing fund will be credited with the repayment.

# GITANMAAX BAND COUNCIL

## NOTES

MARCH 31, 2014

### 4. OTTAWA TRUST FUNDS

Aboriginal Affairs and Northern Development Canada holds funds in trust for the Band. These funds are designated as revenue or capital funds as is required by the Indian Act. The Band is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Band and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of Aboriginal Affairs and Northern Development Canada.

	Capital	Revenue	Total 2014	Total 2013
	\$	\$	\$	\$
Opening balance	51,068	362,118	413,186	398,262
Income	-	17,363	17,363	14,924
Closing balance	<u>51,068</u>	<u>379,481</u>	<u>430,549</u>	<u>413,186</u>

### 5. LONG-TERM DEBT

Royal Bank of Canada mortgages, secured by land and buildings.

\$2,644/month including interest at 2.4% per annum.	\$ 108,852
\$3,600/month including interest at 2.73% per annum.	195,339

Royal Bank of Canada term loan, \$1 218/month including interest at 4.7% per annum; secured by specific equipment.	<u>58,171</u>
	<u><u>\$ 362,362</u></u>

Scheduled principal repayment during the next five years is as follows:

2015	\$ 79,931
2016	82,289
2017	84,723
2018	73,953
2019	41,466
	<u>\$ 362,362</u>

## GITANMAAX BAND COUNCIL

### NOTES

MARCH 31, 2014

#### 6. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$12,832 annually for the two remaining phases. These funds, with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as approved by CMHC. As at March 31, 2014, \$70,969 of the required \$234,571 is in a separate bank account.

Opening balance	\$ 221,739
Current provision	<u>12,832</u>
Closing balance	<u>\$ 234,571</u>

#### 7. EQUITY IN PROPERTY AND EQUIPMENT

	2014	2013
Opening balance	\$ 12,512,708	\$ 12,755,313
Contributions from operations	1,351,028	313,674
Long-term debt repayment	85,057	78,349
Amortization	<u>-674,689</u>	<u>-634,628</u>
Closing balance	<u>\$ 13,274,104</u>	<u>\$ 12,512,708</u>

**GITANMAAX BAND COUNCIL**

**STATEMENT OF PROPERTY AND EQUIPMENT**

**March 31, 2014**

**Note 8**

<b>PROPERTY AND EQUIPMENT</b>			<b>ACCUMULATED AMORTIZATION</b>			<b>NET BOOK VALUE</b>		
<b>Opening Balance</b>	<b>Additions</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Annual Amortization</b>	<b>Closing Balance</b>	<b>Total 2014</b>	<b>Total 2013</b>	<b>\$</b>
Land	363,500	-	363,500	-	-	363,500	363,500	
Buildings	2,978,028	306,376	3,284,404	1,660,764	92,686	1,753,450	1,530,954	1,317,264
Engineered structures	16,423,040	68,410	16,491,450	5,499,328	439,685	5,939,013	10,552,437	10,923,712
Equipment	<u>1,446,947</u>	<u>355,942</u>	<u>1,802,889</u>	<u>1,091,295</u>	<u>142,318</u>	<u>1,233,613</u>	<u>569,276</u>	<u>355,652</u>
	<u>21,211,515</u>	<u>730,728</u>	<u>21,942,243</u>	<u>8,251,387</u>	<u>674,689</u>	<u>8,926,076</u>	<u>13,016,167</u>	<u>12,960,128</u>

## GITANMAAX BAND COUNCIL

### NOTES

**MARCH 31, 2014**

#### **9. OPERATING SURPLUS (DEFICIT)**

	<b>2014</b>	<b>2013</b>
Administration	\$ 87,963	\$ 135,444
Capital Projects	-310,247	-370,135
Community Health	5,151	4,067
Economic Development	508,749	649,337
Education	4,814	74,986
Housing	-159,069	-196,781
Public Works	-183,355	-128,328
Social Services	<u>184,704</u>	<u>137,130</u>
	<u><b>\$ 138,710</b></u>	<u><b>\$ 305,720</b></u>

#### **10. EQUITY IN INVESTMENTS**

	<b>2014</b>	<b>2013</b>
Opening balance	\$ 305,974	\$ 305,974
Gitanmaax Food and Fuel Ltd.		
Share of net income	70,846	-
Gitanmaax Development Corporation		
Contribution	<u>1,653,731</u>	<u>-</u>
	<u><b>\$ 2,030,511</b></u>	<u><b>\$ 305,974</b></u>

#### **11. CONTINGENT LIABILITY**

Guarantor on loan totaling \$15,777.

#### **12. 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 one. 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 year are as follows:

GITANMAX BAND COUNCIL

NOTES

MARCH 31, 2014

Note 12 continued

	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Amortization	Total 2014	Total 2013
<b>Revenue</b>											
GGC	496,190	2,477,672	-	133,358	1,129,746	-	316,018	1,056,470	-	5,609,454	3,694,832
TRICORP	-	-	-	146,277	-	-	-	93,532	-	239,809	111,802
GHS	-	-	95,000	-	-	-	-	-	-	95,000	95,000
CMHC	-	-	-	-	-	27,500	-	-	-	27,500	28,602
Rent	-	-	-	126,753	-	133,043	-	-	-	259,796	248,650
Ottawa	17,363	-	-	-	-	-	-	-	-	17,363	14,924
Other	128,037	-	-	47,221	635,133	182,950	-	21,670	87,449	-	1,102,460
	<b>641,590</b>	<b>2,477,672</b>	<b>142,221</b>	<b>1,041,521</b>	<b>1,312,696</b>	<b>160,543</b>	<b>337,688</b>	<b>1,237,451</b>	<b>-</b>	<b>7,351,382</b>	<b>5,368,114</b>
<b>Expenditure</b>											
Amortization	-	-	-	-	-	-	-	-	-	-	-
Bad debts	-	-	-	7,400	-	11,604	-	-	-	674,689	634,628
Benefits and programs	-	-	-	1,496	920,664	-	13,548	860,940	-	1,796,648	1,878,658
Contract services	60,637	-79,342	31,818	113,010	15,935	-	40,002	27,365	-	209,425	438,612
Honouraria	77,339	-	-	-	-	-	-	-	-	77,339	101,470
Insurance	5,962	-	550	9,084	5,209	9,173	23,567	-	-	53,545	48,931
Materials, supplies and other	119,441	152,338	28,144	384,455	100,999	30,105	62,950	29,274	-	907,706	1,036,956
Professional services	110,216	-	-	-	-	3,500	-	-	-	113,716	134,250
Rent	-	-	12,100	34,926	8,040	-	-	7,000	-	62,066	47,259
Telephone and utilities	16,782	-	1,853	53,593	12,605	2,908	65,724	6,702	-	160,167	148,371
Travel and workshops	13,570	-	8,168	3,982	57,755	-	-	49,885	-	133,360	119,769
Wages and benefits	268,079	-	58,594	191,951	261,661	-	166,119	94,626	-	1,040,940	1,339,128
	<b>672,026</b>	<b>72,996</b>	<b>141,137</b>	<b>799,897</b>	<b>1,382,868</b>	<b>57,290</b>	<b>371,910</b>	<b>1,075,792</b>	<b>-</b>	<b>674,689</b>	<b>5,248,605</b>
<b>REVENUE OVER EXPENDITURE</b>											
TRANSFERS	-30,436	2,404,676	1,084	241,624	-70,172	103,253	-34,222	161,659	-674,689	2,102,777	-579,325
ANNUAL SURPLUS (DEFICIT)	<b>-30,118</b>	<b>2,701,749</b>	<b>1,084</b>	<b>-55,449</b>	<b>-70,172</b>	<b>103,253</b>	<b>-34,540</b>	<b>161,659</b>	<b>-674,689</b>	<b>2,102,777</b>	<b>-579,325</b>

CARLYLE SHEPHERD & CO.

CHARTERED ACCOUNTANTS

