

**GITANMAAX BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**GITANMAAX BAND COUNCIL**  
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**MARCH 31, 2015**

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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, 2015 and the statements of financial activities, cash flows and changes in net financial assets (liabilities) 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, 2015 and the results of its operations, cash flows and changes in net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC  
July 23, 2015

*Carlyle Shepherd : Co.*

**GITANMAAX BAND COUNCIL**

**STATEMENT OF FINANCIAL POSITION**

**YEAR ENDED MARCH 31**

	<b>2015</b>	<b>2014</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	88,221	349,204
Accounts receivable (note 2)	136,652	109,215
Ottawa Trust funds (note 4)	446,589	430,549
	<u>671,462</u>	<u>888,968</u>
<b>LIABILITIES</b>		
Bank indebtedness (note 5)	344,190	-
Accounts payable and accruals (note 6)	310,164	175,781
Long-term debt (note 7)	282,436	362,362
Replacement reserve (note 8)	247,403	234,571
	<u>1,184,193</u>	<u>772,714</u>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	<u>-512,731</u>	<u>116,254</u>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (notes 1 and 10)	12,744,584	13,016,167
Housing loans (note 3)	185,779	465,572
Investments (note 1)	1,720,396	2,030,551
Prepaid expenses	88,973	66,502
	<u>14,739,732</u>	<u>15,578,792</u>
	<u>14,227,001</u>	<u>15,695,046</u>
<b>BAND POSITION</b>		
Operating surplus (deficit) (note 11)	-563,770	138,710
Equity in property and equipment (note 9)	12,462,147	12,653,804
Equity in housing loans (note 3)	161,639	441,432
Equity in investments (note 12)	1,720,396	2,030,551
Ottawa Trust funds (note 4)	446,589	430,549
	<u>14,227,001</u>	<u>15,695,046</u>

APPROVED BY THE COUNCIL

 Chief Councilor

 Executive Director

**CARLYLE SHEPHERD & CO.**

CHARTERED ACCOUNTANTS



**GITANMAAX BAND COUNCIL**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED MARCH 31**

	Unaudited Budget 2015 \$	Actual 2015 \$	Actual 2014 \$
<b>REVENUE</b>			
GGC	4,041,729	4,581,210	5,609,454
TRICORP	239,809	116,958	239,809
Gitxsan Health Society	95,000	100,000	95,000
CMHC	27,500	27,500	27,500
Rental	259,796	260,935	259,796
Ottawa Trust funds	17,363	16,040	17,363
Other	1,102,460	1,795,224	1,102,460
	<u>5,783,657</u>	<u>6,897,867</u>	<u>7,351,382</u>
<b>EXPENDITURE</b>			
Administration	672,026	693,966	672,026
Amortization	674,689	714,853	674,689
Capital projects			
Projects	379,372	747,923	379,372
Write-down housing loans	-	373,874	-
Community health	141,137	182,785	141,137
Economic development			
Regular	799,897	1,521,083	799,897
Operating losses on investments	-	698,155	-
Education	1,382,868	1,864,630	1,382,868
Housing	57,290	75,567	57,290
Public works	371,910	326,839	371,910
Social services	1,189,877	1,166,237	1,189,877
	<u>5,669,066</u>	<u>8,365,912</u>	<u>5,669,066</u>
<b>REVENUE OVER EXPENDITURE</b>	114,591	-1,468,045	1,682,316
<b>OPENING POSITION</b>	<u>15,695,046</u>	<u>15,695,046</u>	<u>14,012,730</u>
<b>CLOSING POSITION</b>	<u>15,809,637</u>	<u>14,227,001</u>	<u>15,695,046</u>

**GITANMAAX BAND COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	-1,468,045	1,682,316
Amortization	714,853	674,689
Write-down housing loans	373,874	-
Operating losses on investments	698,155	-
Accounts receivable	-27,437	63,082
Prepaid expenses	-22,471	155,349
Ottawa Trust funds	-16,040	-17,363
Accounts payables and accruals	134,383	-118,303
	<u>387,272</u>	<u>2,439,770</u>
<b>FINANCING ACTIVITIES</b>		
Housing loans	-94,081	38,422
Long-term debt	-79,926	-20,058
Replacement reserve	12,832	12,832
Bank revolving loan	90,000	-
	<u>-71,175</u>	<u>31,196</u>
<b>INVESTING ACTIVITIES</b>		
Investments	-388,000	-1,724,577
Property and equipment additions	-443,270	-730,728
	<u>-831,270</u>	<u>-2,455,305</u>
<b>CHANGE IN CASH</b>	-515,173	15,661
<b>OPENING CASH</b>	<u>349,204</u>	<u>333,543</u>
<b>CLOSING CASH</b>	<u>-165,969</u>	<u>349,204</u>
Cash is compromised as follows:		
Cash	88,221	349,204
Bank overdraft	-254,190	-
	<u>-165,969</u>	<u>349,204</u>

**GITANMAAX BAND COUNCIL**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)**

**YEAR ENDED MARCH 31**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Revenue over expenditure	-1,468,045	1,427,553
Amortization	714,853	674,689
Write-down housing loans	373,874	-
Operating losses on investments	698,155	-
Housing loans	-94,081	293,185
Property and equipment additions	-443,270	-730,728
Investments	-388,000	-1,724,577
Prepaid expenses	<u>-22,471</u>	<u>155,349</u>
Change in the year	-628,985	95,471
Opening net financial assets (liabilities)	<u>116,254</u>	<u>20,783</u>
Closing net financial assets (liabilities)	<u>-512,731</u>	<u>116,254</u>

# **GITANMAAX BAND COUNCIL**

## **NOTES**

**MARCH 31, 2015**

### **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, 2015**

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

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

Investments in Gitanmaax Food and Fuel Ltd., Gitanmaax Development Corporation and Gitanmaax Market Ltd. are reported on the modified equity method. Financial information for the corporations as at December 31, 2014 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.

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

	<b>2015</b>	<b>2014</b>
Gitksan Government Commission	\$ 40,843	\$ -
Canada Revenue Agency	3,537	5,675
CMHC	15,025	4,430
Trade and other	375,946	424,124
Allowance for doubtful accounts	<u>-298,699</u>	<u>-325,014</u>
	<u>\$ 136,652</u>	<u>\$109,215</u>

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

Housing loans are reported net of a \$373,874 allowance for doubtful accounts. 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, 2015**

### **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.

	<b>Capital</b>	<b>Revenue</b>	<b>Total 2015</b>	<b>Total 2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance	51,068	379,481	430,549	413,186
Income	<u>-</u>	<u>16,040</u>	<u>16,040</u>	<u>17,363</u>
Closing balance	<u>51,068</u>	<u>395,521</u>	<u>446,589</u>	<u>430,549</u>

### **5. BANK INDEBTEDNESS**

Bank overdraft	\$ 254 190
Revolving loan	<u>90 000</u>
	<u>\$ 344 190</u>

The Royal Bank of Canada revolving loan is authorized to \$250,000 with interest at prime plus 1 % per annum; secured by a general security agreement.

### **6. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2015</b>	<b>2014</b>
Trade payables	\$ 230,877	\$ 101,694
Wages and benefits	<u>79,287</u>	<u>74,087</u>
	<u>\$ 310,164</u>	<u>\$ 175,781</u>

**GITANMAAX BAND COUNCIL**

# GITANMAAX BAND COUNCIL

## NOTES

MARCH 31, 2015

### 7. LONG-TERM DEBT

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

\$2,644/month including interest at 2.4% per annum.	\$ 79,403
\$3,600/month including interest at 2.73% per annum.	157,009

Royal Bank of Canada term loan, \$1,218/month including interest at prime plus 1.7% per annum; secured by specific equipment.	<u>46,024</u>
	<u>\$ 282,436</u>

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

2016	\$ 82,351
2017	84,766
2018	73,973
2019	<u>41,346</u>
	<u>\$ 282,436</u>

### 8. 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, 2015, \$70,969 of the required \$247,403 was in a separate bank account.

Opening balance	\$ 234,571
Current provision	<u>12,832</u>
Closing balance	<u>\$ 247,403</u>

### 9. EQUITY IN PROPERTY AND EQUIPMENT

	2015	2014
Opening balance	\$12,653,804	\$ 12,512,708
Contributions from operations	443,270	730,728
Long-term debt repayment	79,926	85,057
Amortization	<u>-714,853</u>	<u>-674,689</u>
Closing balance	<u>\$12,462,147</u>	<u>\$ 12,653,804</u>

**GITANMAAX BAND COUNCIL**

**NOTES**

**MARCH 31, 2015**

Note 10

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$
Land	363,500	-	363,500	-	-	-	363,500	363,500
Buildings	3,284,404	-	3,284,404	1,753,450	159,874	1,913,324	1,371,080	1,530,954
Engineered structures	16,491,450	435,169	16,926,619	5,939,013	439,504	6,378,517	10,548,102	10,552,437
Equipment	1,802,889	8,101	1,810,990	1,233,613	115,475	1,349,088	461,902	569,276
	<u>21,942,243</u>	<u>443,270</u>	<u>22,385,513</u>	<u>8,926,076</u>	<u>714,853</u>	<u>9,640,929</u>	<u>12,744,584</u>	<u>13,016,167</u>

# **GITANMAAX BAND COUNCIL**

## **NOTES**

**MARCH 31, 2015**

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

	<b>2015</b>	<b>2014</b>
Administration	\$ 111,518	\$ 87,963
Capital Projects	-713,328	-310,247
Community Health	-12,488	5,151
Economic Development	82,755	508,749
Education	-28,127	4,814
Housing	-139,055	-159,069
Public Works	-56,583	-183,355
Social Services	191,538	184,704
	<u>\$ -563,770</u>	<u>\$ 138,710</u>

### **12. EQUITY IN INVESTMENTS**

	<b>2015</b>	<b>2014</b>
Opening balance	\$ 2,030,551	\$ 305,974
Gitanmaax Food and Fuel Ltd.		
Share of net income	12,880	70,846
Gitanmaax Development Corporation		
Share of net income (loss)	-698,155	-
Contribution	375,120	1,653,731
	<u>\$ 1,720,396</u>	<u>\$ 2,030,551</u>

### **13. CONTINGENT LIABILITY**

Guarantor on loan totalling \$9,991.

### **14. 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:

**GITANMAAX BAND COUNCIL**

**NOTES**

**MARCH 31, 2015**

**14. SEGMENT DISCLOSURE (continued)**

	Total Budget 2015	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services Amortization	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>											
GGC	4,041,729	500,056	962,381	-	348,573	1,417,771	-	320,158	1,032,271	4,581,210	5,609,454
TRICORP	239,809	-	-	-	28,415	-	-	-	88,543	116,958	239,809
GHS	95,000	-	-	100,000	-	-	-	-	-	100,000	95,000
CMHC	27,500	-	-	-	-	-	27,500	-	-	27,500	27,500
Rent	259,796	-	-	-	125,075	-	135,860	-	-	260,935	259,796
Ottawa	17,363	16,040	-	-	-	-	-	-	-	16,040	17,363
Other	1,102,460	217,465	-	62,010	998,172	413,918	-	43,531	60,128	1,795,224	1,102,460
	<u>5,783,657</u>	<u>733,561</u>	<u>962,381</u>	<u>162,010</u>	<u>1,500,235</u>	<u>1,831,689</u>	<u>163,360</u>	<u>363,689</u>	<u>1,180,942</u>	<u>6,897,867</u>	<u>7,351,382</u>
<b>Expenditure</b>											
Amortization	674,689	-	-	-	-	-	-	-	-	714,853	674,689
Bad debts	19,004	-	-	-	-	-	24,144	-	-	24,144	19,004
Benefits and programs	1,910,733	-	-	-	1,151	1,367,032	-	15,745	774,052	2,157,980	1,910,733
Contract services	515,801	59,155	305,906	29,754	344,293	14,505	-	29,464	25,916	808,993	515,801
Honoraria	77,339	73,168	-	-	-	-	-	-	-	73,168	77,339
Insurance	53,545	8,632	2,055	500	8,340	5,285	11,970	24,838	-	61,620	53,545
Materials, supplies and other	907,706	131,482	439,962	66,566	745,548	115,649	33,385	70,390	125,353	1,728,335	907,706
Operating losses on investments	-	-	-	-	698,155	-	-	-	-	698,155	-
Professional services	113,716	61,844	-	-	-	-	3,500	-	-	65,344	113,716
Rent	62,066	-	-	13,700	41,016	8,040	-	-	14,000	76,756	62,066
Telephone and utilities	160,167	13,448	-	1,190	75,275	13,410	2,568	60,311	5,117	171,319	160,167
Travel and workshops	133,360	56,836	-	7,903	5,842	62,010	-	-	9,381	141,972	133,360
Wages and benefits	1,040,940	289,401	-	63,172	299,618	278,699	-	126,091	212,418	1,269,399	1,040,940
Write-down housing loans	-	-	373,874	-	-	-	-	-	-	373,874	-
	<u>5,669,066</u>	<u>693,966</u>	<u>1,121,797</u>	<u>182,785</u>	<u>2,219,238</u>	<u>1,864,630</u>	<u>75,567</u>	<u>326,839</u>	<u>1,166,237</u>	<u>8,365,912</u>	<u>5,669,066</u>
<b>REVENUE OVER EXPENDITURE</b>	<u>114,591</u>	<u>39,595</u>	<u>-159,416</u>	<u>-20,775</u>	<u>-719,003</u>	<u>-32,941</u>	<u>87,793</u>	<u>36,850</u>	<u>14,705</u>	<u>-714,853</u>	<u>1,682,316</u>
<b>TRANSFERS</b>	-	-	-88,289	3,136	-	-	-	93,024	-7,871	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>114,591</u>	<u>-39,595</u>	<u>-247,705</u>	<u>-17,639</u>	<u>-719,003</u>	<u>-32,941</u>	<u>87,793</u>	<u>129,874</u>	<u>6,834</u>	<u>-1,460,045</u>	<u>1,682,316</u>

**GITANMAAX BAND COUNCIL**  
**MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**  
**YEAR ENDED MARCH 31, 2015**

The financial statements of the Gitanmaax Band Council and all the information in this annual report are the responsibility of management and have been approved by the Band Council and the Executive director.

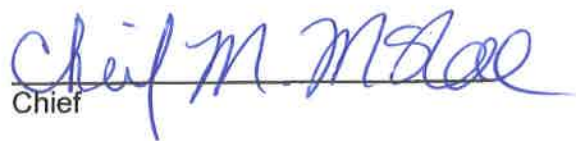
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements are presented fairly, in all material respects.


The Gitanmaax Band Council 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 reliable and accurate and that assets are adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Band Council meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Band Council also considers the engagement of the external auditor.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to the Chief and Council.

  
Chief

  
Executive Director

Gitanmaax , BC  
July 23, 2015