

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

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	88,221	349,204
Accounts receivable (note 2)	136,652	109,215
Ottawa Trust funds (note 4)	<u>446,589</u>	<u>430,549</u>
	<u>671,462</u>	<u>888,968</u>
LIABILITIES		
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)	<u>247,403</u>	<u>234,571</u>
	<u>1,184,193</u>	<u>772,714</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>-512,731</u>	<u>116,254</u>
NON-FINANCIAL ASSETS		
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	<u>88,973</u>	<u>66,502</u>
	<u>14,739,732</u>	<u>15,578,792</u>
	<u>14,227,001</u>	<u>15,695,046</u>
BAND POSITION		
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)	<u>446,589</u>	<u>430,549</u>
	<u>14,227,001</u>	<u>15,695,046</u>

APPROVED BY THE COUNCIL

Chief Councilor Chief Councilor

Executive Director Executive Director

GITANMAAX BAND COUNCIL			
STATEMENT OF FINANCIAL ACTIVITIES			
YEAR ENDED MARCH 31			
	Unaudited Budget 2015	Actual 2015	Actual 2014
	\$	\$	\$
REVENUE			
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>
EXPENDITURE			
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>
REVENUE OVER EXPENDITURE	114,591	-1,468,045	1,682,316
OPENING POSITION	<u>15,695,046</u>	<u>15,695,046</u>	<u>14,012,730</u>
CLOSING POSITION	<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
	\$	\$
OPERATING ACTIVITIES		
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	<u>134,383</u>	<u>-118,303</u>
	<u>387,272</u>	<u>2,439,770</u>
FINANCING ACTIVITIES		
Housing loans	-94,081	38,422
Long-term debt	-79,926	-20,058
Replacement reserve	12,832	12,832
Bank revolving loan	<u>90,000</u>	<u>-</u>
	<u>-71,175</u>	<u>31,196</u>
INVESTING ACTIVITIES		
Investments	-388,000	-1,724,577
Property and equipment additions	<u>-443,270</u>	<u>-730,728</u>
	<u>-831,270</u>	<u>-2,455,305</u>
CHANGE IN CASH		
	-515,173	15,661
OPENING CASH	<u>349,204</u>	<u>333,543</u>
CLOSING CASH	<u>-165,969</u>	<u>349,204</u>
Cash is compromised as follows:		
Cash	88,221	349,204
Bank overdraft	<u>-254,190</u>	<u>-</u>
	<u>-165,969</u>	<u>349,204</u>

GITANMAAX BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)

YEAR ENDED MARCH 31

	2015	2014
	\$	\$
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

	2015	2014
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

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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.

	Capital	Revenue	Total 2015	Total 2014
	\$	\$	\$	\$
Opening balance	51,068	379,481	430,549	413,186
Income	-	<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

	2015	2014
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><u>\$ 282,436</u></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><u>\$ 282,436</u></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><u>\$ 247,403</u></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><u>\$12,462,147</u></u>	<u><u>\$ 12,653,804</u></u>

GITANMAX 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	\$
\$ 363,500	-	363,500	\$ 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)

	2015	2014
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	<u>191,538</u>	<u>184,704</u>
	<u><u>\$ -563,770</u></u>	<u><u>\$ 138,710</u></u>

12. EQUITY IN INVESTMENTS

	2015	2014
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	<u>375,120</u>	<u>1,653,731</u>
	<u><u>\$ 1,720,396</u></u>	<u><u>\$ 2,030,551</u></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

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MARCH 31, 2016

14. SEGMENT DISCLOSURE (continued)

	Total Budget 2016	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Amortization	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue												
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	299,796	-	-	-	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>-</u>	<u>6,897,867</u>	<u>7,351,382</u>
Expenditure												
Amortization	674,689	-	-	-	-	-	-	24,144	-	-	714,853	714,853
Bad debts	19,004	-	-	-	-	-	-	-	-	-	-	24,144
Benefits and programs	1,910,733	-	-	-	1,151	1,367,032	-	15,745	774,052	-	-	2,157,960
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	439,982	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
REVENUE OVER EXPENDITURE	114,591	39,595	1,121,797	182,785	2,219,238	1,864,630	75,567	326,839	1,166,237	714,853	8,365,912	5,669,066
TRANSFERS	-	-	-88,289	3,136	-	-	-	-	93,024	-7,871	-	-
ANNUAL SURPLUS (DEFICIT)	114,591	-	39,595	-247,705	-17,639	-719,003	-32,941	87,793	36,850	14,705	-714,853	-1,468,045
												1,682,316

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.

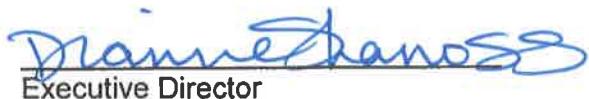
The Gitanmaax Band Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate and that assets are adequately safeguarded.

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