



GITANMAAX BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2016

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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, 2016 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, 2016 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 20, 2016

Carlyle Shepherd: Co.

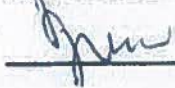
GITANMAAX BAND COUNCIL

STATEMENT OF FINANCIAL POSITION

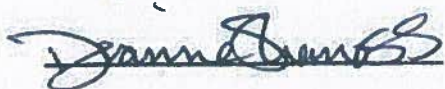
YEAR ENDED MARCH 31

	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash	242,518	88,221
Accounts receivable (note 2)	5,290,336	136,652
Ottawa Trust funds (note 4)	461,416	446,589
	<u>5,994,270</u>	<u>671,462</u>
LIABILITIES		
Bank indebtedness (note 5)	-	344,190
Accounts payable and accruals (note 6)	376,949	310,164
Long-term debt (note 7)	200,066	282,436
Replacement reserve (note 8)	260,235	247,403
	<u>837,250</u>	<u>1,184,193</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>5,157,020</u>	<u>-512,731</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 9)	13,216,537	12,744,584
Housing loans (note 3)	163,063	185,779
Investments (note 12)	1,368,037	1,720,396
Prepaid expenses	63,961	88,973
	<u>14,811,598</u>	<u>14,739,732</u>
	<u>19,968,618</u>	<u>14,227,001</u>
BAND POSITION		
Operating surplus (deficit) (note 11)	4,983,771	-563,770
Equity in property and equipment (note 10)	13,016,471	12,462,147
Equity in housing loans (note 3)	138,923	161,639
Equity in investments (note 12)	1,368,037	1,720,396
Ottawa Trust funds (note 4)	461,416	446,589
	<u>19,968,618</u>	<u>14,227,001</u>

APPROVED BY THE COUNCIL



Chief Councilor



Executive Director

GITANMAAX BAND COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget 2016 \$	2016 \$	2015 \$
REVENUE			
GGC	4,984,752	4,564,035	4,581,210
BC Hydro settlement	5,700,000	5,700,000	-
TRICORP	116,958	105,089	116,958
Gitxsan Health Society	100,000	98,750	100,000
CMHC	27,500	27,447	27,500
Rental	260,935	261,449	260,935
Ottawa Trust funds	-	14,827	16,040
Other	<u>1,771,251</u>	<u>2,904,771</u>	<u>1,795,224</u>
	<u>12,961,396</u>	<u>13,676,368</u>	<u>6,897,867</u>
 EXPENDITURE			
Administration	693,966	757,695	693,966
Amortization	714,853	729,683	714,853
Capital projects			
Projects	983,935	417,933	747,923
Write-down housing loans	-	-	373,874
Community health	182,785	196,390	182,785
Economic development			
Regular	2,163,349	1,592,767	1,521,083
Operating losses on investments	-	1,123,934	698,155
Education	1,864,630	1,512,292	1,864,630
Housing	143,346	129,937	75,567
Public works	329,941	353,992	326,839
Social services	<u>1,166,237</u>	<u>1,120,128</u>	<u>1,166,237</u>
	<u>8,243,042</u>	<u>7,934,751</u>	<u>8,365,912</u>
 REVENUE OVER EXPENDITURE	 4,718,354	 5,741,617	 -1,468,045
 OPENING POSITION	 <u>14,227,001</u>	 <u>14,227,001</u>	 <u>15,695,046</u>
 CLOSING POSITION	 <u>18,945,355</u>	 <u>19,968,618</u>	 <u>14,227,001</u>

GITANMAAX BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	5,741,617	-1,468,045
Amortization	729,683	714,853
Write-down housing loans	-	373,874
Operating losses on investments	1,123,934	698,155
Accounts receivable	-5,153,684	-27,437
Prepaid expenses	25,012	-22,471
Ottawa Trust funds	-14,827	-16,040
Accounts payables and accruals	66,785	134,383
	<u>2,518,520</u>	<u>387,272</u>
FINANCING ACTIVITIES		
Housing loans	22,716	-94,081
Long-term debt	-82,370	-79,926
Replacement reserve	12,832	12,832
Bank revolving loan	-90,000	90,000
	<u>-136,822</u>	<u>-71,175</u>
INVESTING ACTIVITIES		
Investments	-771,575	-388,000
Property and equipment additions	-1,201,636	-443,270
	<u>-1,973,211</u>	<u>-831,270</u>
CHANGE IN CASH	408,487	-515,173
OPENING CASH	<u>-165,969</u>	<u>349,204</u>
CLOSING CASH	<u>242,518</u>	<u>-165,969</u>
Cash is compromised as follows:		
Cash	242,518	88,221
Bank overdraft	-	-254,190
	<u>242,518</u>	<u>-165,969</u>

GITANMAAX BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)

YEAR ENDED MARCH 31

	2016	2015
	\$	\$
Revenue over expenditure	5,741,617	-1,468,045
Amortization	729,683	714,853
Write-down housing loans	-	373,874
Operating losses on investments	1,123,934	698,155
Housing loans	22,716	-94,081
Property and equipment additions	-1,201,636	-443,270
Investments	-771,575	-388,000
Prepaid expenses	<u>25,012</u>	<u>-22,471</u>
Change in the year	5,669,751	-628,985
Opening net financial assets (liabilities)	<u>-512,731</u>	<u>116,254</u>
Closing net financial assets (liabilities)	<u>5,157,020</u>	<u>-512,731</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous and Northern Affairs Canada (INAC) 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, 2016

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.

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

	2016	2015
Gitksan Government Commission \$	-	\$ 40,843
Canada Revenue Agency	3,251	3,537
CMHC	32,558	15,025
Trade and other	418,752	375,946
BC Hydro settlement	5,210,075	-
Allowance for doubtful accounts	<u>-374,300</u>	<u>-298,699</u>
	<u>\$ 5,290,336</u>	<u>\$ 136,652</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2016

3. HOUSING LOANS

Housing loans are reported net of a \$369,839 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.

4. OTTAWA TRUST FUNDS

INAC 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 INAC.

	Capital	Revenue	Total 2016	Total 2015
	\$	\$	\$	\$
Opening balance	51,068	395,521	446,589	430,549
Income	<u>-</u>	<u>14,827</u>	<u>14,827</u>	<u>16,040</u>
Closing balance	<u>51,068</u>	<u>410,348</u>	<u>461,416</u>	<u>446,589</u>

5. BANK REVOLVING LOAN

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

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2016

6. ACCOUNTS PAYABLE AND ACCRUALS

	2016	2015
Gitksan Government Commission	\$ 199 318	\$ -
Trade payables	131,906	230,877
Wages and benefits	<u>45,725</u>	<u>79,287</u>
	<u>\$ 376,949</u>	<u>\$ 310,164</u>

7. LONG-TERM DEBT

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

\$2,644/month including interest at 2.4% per annum. \$ 49,246

\$3,600/month including interest at 2.73% per annum. 117,605

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

33,215

\$ 200,066

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

2017	\$ 84,811
2018	73,996
2019	<u>41,259</u>
	<u>\$ 200 066</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, 2016, \$70,950 of the required \$260,235 was in a separate bank account.

Opening balance	\$ 247,403
Current provision	<u>12,832</u>
Closing balance	<u>\$ 260,235</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2016

9.

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance \$	Additions \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Closing Balance \$	Total 2016 \$	Total 2015 \$
Land	363,500	-	363,500	-	-	-	363,500	363,500
Buildings	3,284,404	724,783	4,009,187	1,913,324	189,115	2,102,439	1,906,748	1,371,080
Engineered structures	16,926,619	431,917	17,358,536	6,378,517	439,201	6,817,718	10,540,818	10,548,102
Equipment	<u>1,810,990</u>	<u>44,936</u>	<u>1,855,926</u>	<u>1,349,088</u>	<u>101,367</u>	<u>1,450,455</u>	<u>405,471</u>	<u>461,902</u>
	<u>22,385,513</u>	<u>1,201,636</u>	<u>23,587,149</u>	<u>9,640,929</u>	<u>729,683</u>	<u>10,370,612</u>	<u>13,216,537</u>	<u>12,744,584</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2016

10. EQUITY IN PROPERTY AND EQUIPMENT

	2016	2015
Opening balance	\$ 12,462,147	\$ 12,653,804
Contributions from operations	1,201,638	443,270
Long-term debt repayment	82,369	79,926
Amortization	<u>-729,683</u>	<u>-714,853</u>
Closing balance	<u>\$ 13,016,471</u>	<u>\$ 12,462,147</u>

11. OPERATING SURPLUS (DEFICIT)

	2016	2015
Administration	\$ 42,948	\$ 111,518
Capital Projects	-535,705	-713,328
Community Health	-55,555	-12,488
Economic Development	5,518,094	82,755
Education	31,234	-28,127
Housing	-173,117	-139,055
Public Works	-99,130	-56,583
Social Services	<u>255,002</u>	<u>191,538</u>
	<u>\$ 4,983,771</u>	<u>\$ -563,770</u>

12. INVESTMENTS / EQUITY IN INVESTMENTS

	2016	2015
Opening balance	\$ 1,720,396	\$ 2,030,551
Gitanmaax Food and Fuel Ltd. Share of net income	168,755	12,880
Gitanmaax Development Corporation Share of net income (loss)	-1,292,689	-698,155
Band contribution	<u>771,575</u>	<u>375,120</u>
	<u>\$ 1,368,037</u>	<u>\$ 1,720,396</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2016

12. INVESTMENTS / EQUITY IN INVESTMENTS (continued)

Financial information for the investments as at December 31, 2015 is as follows:

	Gitanmaax Food and Fuel Ltd.	Gitanmaax Development Corporation
Assets	\$ 839,535	\$ 5,807,185
Liabilities	663,619	4,997,603
Revenue	\$ 4,543,376	\$ 4,363,486

13. SUBSEQUENT EVENT

Council have indicated their intention to use funds from the BC Hydro settlement to repay the long-term debt of Gitanmaax Development Corporation.

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, 2016

14. SEGMENT DISCLOSURE (continued)

	Total Budget 2016	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services Amortization	Total 2016	Total 2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue											
GHS	4,984,752	510,055	1,275,505	-	185,017	1,305,940	-	282,138	995,380	4,564,035	4,561,210
BC Hydro settlement	5,700,000	-	-	-	5,700,000	-	-	-	-	5,700,000	-
TRICORP	116,958	-	-	-	13,720	-	-	-	91,369	105,089	116,958
Gibson Health Society	100,000	-	-	98,750	-	-	-	-	-	98,750	100,000
CMHC	27,500	-	-	-	-	-	27,447	-	-	27,447	27,500
Rent	260,935	-	-	-	123,460	-	137,989	-	-	261,449	260,935
Ottawa Trust Funds	-	14,827	-	-	-	-	-	-	-	14,827	16,040
Other	1,771,251	202,033	454,035	54,573	1,800,792	265,713	-	30,782	96,843	2,904,771	1,795,224
	12,961,396	726,915	1,729,540	153,323	7,822,989	1,571,653	165,438	322,920	1,183,592	13,676,368	6,897,867
Expenditure											
Amortization	714,853	-	-	-	-	-	-	-	729,683	729,683	714,853
Bad debts	24,144	-	-	-	-	-	75,601	-	-	75,601	24,144
Benefits and programs	2,157,980	-	-	-	371	1,050,800	-	10,836	765,481	1,827,288	2,157,980
Contract services	1,096,945	109,427	47,099	29,703	86,543	18,711	-	18,158	29,607	339,246	808,993
Honoraria	73,168	56,042	-	-	-	-	-	-	-	56,042	73,168
Insurance	68,865	5,272	-	903	18,354	5,304	12,324	24,476	-	66,633	61,620
Materials, supplies and other	2,132,297	103,043	370,834	77,045	810,883	130,026	38,512	79,039	86,959	1,696,341	1,728,335
Operating losses on investments	-	-	-	-	1,123,934	-	-	-	-	1,123,934	698,155
Professional services	315,344	164,546	-	-	289,925	-	3,500	-	-	457,971	65,344
Rent	76,756	-	-	14,150	41,003	8,040	-	-	7,350	70,543	76,756
Telephone and utilities	171,319	10,153	-	1,883	65,267	16,211	-	81,758	6,416	181,688	171,319
Travel and workshops	141,972	41,455	-	13,563	2,863	41,892	-	-	890	100,663	141,972
Wages and benefits	1,269,399	267,757	-	59,143	277,558	241,508	-	139,727	223,425	1,209,118	1,269,399
Write-down housing loans	-	-	-	-	-	-	-	-	-	-	373,874
	8,243,042	757,695	417,933	196,390	2,716,701	1,512,292	129,937	353,992	1,120,128	7,934,751	8,365,912
REVENUE OVER EXPENDITURE	4,718,354	-30,780	1,311,607	-43,067	5,106,288	59,361	35,499	-31,072	63,464	5,741,617	-1,468,045
TRANSFERS	-	-	-	-	-	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	4,718,354	-30,780	1,311,607	-43,067	5,106,288	59,361	35,499	-31,072	63,464	5,741,617	-1,468,045