



**GITANMAAX BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

**GITANMAAX BAND COUNCIL**  
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## **GITANMAAX BAND COUNCIL**

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

**YEAR ENDED MARCH 31, 2017**

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 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.



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Chief Councilor



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Executive Director

**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, 2017 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, 2017 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC  
July 19, 2017

*Carlyle Shepherd: Co.*

**GITANMAAX BAND COUNCIL**

**STATEMENT OF FINANCIAL POSITION**

**YEAR ENDED MARCH 31**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash	4,432,539	242,518
Accounts receivable (note 2)	166,652	5,290,336
Ottawa Trust funds (note 4)	475,897	461,416
	<u>5,075,088</u>	<u>5,994,270</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 6)	444,790	376,949
Long-term debt (note 7)	115,263	200,066
Replacement reserve (note 8)	273,067	260,235
	<u>833,120</u>	<u>837,250</u>
<b>NET FINANCIAL ASSETS</b>	<u>4,241,968</u>	<u>5,157,020</u>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (notes 1 and 9)	15,552,463	13,216,537
Housing loans (note 3)	75,162	163,063
Investments (note 12)	1,348,816	1,368,037
Prepaid expenses	88,977	63,961
	<u>17,065,418</u>	<u>14,811,598</u>
	<u>21,307,386</u>	<u>19,968,618</u>
<b>BAND POSITION</b>		
Operating surplus (note 10)	3,996,161	4,983,771
Equity in property and equipment (note 11)	15,437,201	13,016,471
Equity in housing loans (note 3)	49,311	138,923
Equity in investments (note 12)	1,348,816	1,368,037
Ottawa Trust funds (note 4)	475,897	461,416
	<u>21,307,386</u>	<u>19,968,618</u>

APPROVED BY THE COUNCIL

 Chief Councilor

 Executive Director

# GITANMAAX BAND COUNCIL

## STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget 2017 \$	2017 \$	2016 \$
<b>REVENUE</b>			
GGC	4,564,035	5,854,039	4,564,035
BC Hydro settlement	-	46,288	5,700,000
TRICORP	105,089	104,925	105,089
Gitxsan Health Society	-	-	98,750
FNHA	1,405,112	1,405,112	-
CMHC	27,447	26,870	27,447
Rental	261,449	253,838	261,449
Ottawa Trust funds	14,827	14,481	14,827
GHS asset transfer	-	1,656,750	-
Other	2,904,771	1,752,335	2,904,771
	<u>9,282,730</u>	<u>11,114,638</u>	<u>13,676,368</u>
<b>EXPENDITURE</b>			
Administration	757,695	884,125	757,695
Amortization	729,683	840,441	729,683
Capital Projects	417,933	1,553,009	417,933
Community Health	1,405,112	1,392,200	196,390
Economic Development			
Regular	1,592,767	1,528,578	1,592,767
Operating losses on investments	1,123,934	408,278	1,123,934
Education	1,512,292	1,451,018	1,512,292
Housing	129,937	93,094	129,937
Public Works	353,992	385,328	353,992
Social Services	1,120,128	1,239,799	1,120,128
	<u>9,143,473</u>	<u>9,775,870</u>	<u>7,934,751</u>
<b>REVENUE OVER EXPENDITURE</b>	139,257	1,338,768	5,741,617
<b>OPENING POSITION</b>	<u>19,968,618</u>	<u>19,968,618</u>	<u>14,227,001</u>
<b>CLOSING POSITION</b>	<u>20,107,875</u>	<u>21,307,386</u>	<u>19,968,618</u>

**GITANMAAX BAND COUNCIL**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	1,338,768	5,741,617
Amortization	840,441	729,683
Operating losses on investments	408,278	1,123,934
Accounts receivable	5,123,684	-5,153,684
Prepaid expenses	-25,016	25,012
Ottawa Trust funds	-14,481	-14,827
Accounts payables and accruals	67,841	66,785
	<u>7,739,515</u>	<u>2,518,520</u>
<b>FINANCING ACTIVITIES</b>		
Housing loans	87,901	22,716
Long-term debt	-84,803	-82,370
Replacement reserve	12,832	12,832
Bank revolving loan	-	-90,000
	<u>15,930</u>	<u>-136,822</u>
<b>INVESTING ACTIVITIES</b>		
Investments	-389,057	-771,575
Property and equipment additions	-3,176,367	-1,201,636
	<u>-3,565,424</u>	<u>-1,973,211</u>
<b>CHANGE IN CASH</b>	<b>4,190,021</b>	<b>408,487</b>
<b>OPENING CASH</b>	<u><b>242,518</b></u>	<u><b>-165,969</b></u>
<b>CLOSING CASH</b>	<u><b>4,432,539</b></u>	<u><b>242,518</b></u>

**GITANMAAX BAND COUNCIL**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

**YEAR ENDED MARCH 31**

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Revenue over expenditure	1,338,768	5,741,617
Amortization	840,441	729,683
Operating losses on investments	408,278	1,123,934
Housing loans	87,901	22,716
Property and equipment additions	-3,176,367	-1,201,636
Investments	-389,057	-771,575
Prepaid expenses	<u>-25,016</u>	<u>25,012</u>
Change in the year	-915,052	5,669,751
Opening net financial assets	<u>5,157,020</u>	<u>-512,731</u>
Closing net financial assets	<u>4,241,968</u>	<u>5,157,020</u>



# **GITANMAAX BAND COUNCIL**

## **NOTES**

**MARCH 31, 2017**

### **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, 2017**

#### **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**

	<b>2017</b>	<b>2016</b>
Canada Revenue Agency	\$ 14,132	\$ 3,251
CMHC	10,147	32,558
Trade and other	565,980	418,752
BC Hydro settlement	-	5,210,075
Allowance for doubtful accounts	<u>-423,607</u>	<u>-374,300</u>
	<u>\$ 166,652</u>	<u>\$ 5,290,336</u>

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

Housing loans are reported net of a \$449,911 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, 2017**

#### **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.

	<b>Capital</b>	<b>Revenue</b>	<b>Total 2017</b>	<b>Total 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance	51,068	410,348	461,416	446,589
Income	<u>-</u>	<u>14,481</u>	<u>14,481</u>	<u>14,827</u>
Closing balance	<u>51,068</u>	<u>424,829</u>	<u>475,897</u>	<u>461,416</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.

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

	<b>2017</b>	<b>2016</b>
Gitksan Government Commission	\$ 21,574	\$ 199,318
Gitksan Health Society	230,226	-
Trade payables	126,778	131,906
Wages and benefits	<u>66,212</u>	<u>45,725</u>
	<u>\$ 444,790</u>	<u>\$ 376,949</u>

# **GITANMAAX BAND COUNCIL**

## **NOTES**

**MARCH 31, 2017**

### **7. LONG-TERM DEBT**

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

\$2,644/month including interest at 2.4% per annum. \$ 18,360

\$3,600/month including interest at 2.73% per annum. 77,115

Royal Bank of Canada term loan, \$1,218/month including interest at prime  
plus 1.7% per annum; secured by specific equipment. 19,788

\$ 115,263

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

2018 \$ 74,001

2019 41,262

\$ 115,263

### **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, 2017, \$70,950 of the required \$273,067 was in a separate bank account.

Opening balance \$ 260,235

Current provision 12,832

Closing balance \$ 273,067

**GITANMAAX BAND COUNCIL**

**NOTES**

**MARCH 31, 2017**

**9. PROPERTY AND EQUIPMENT**

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance \$	Additions \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Closing Balance \$	Total 2017 \$	Total 2016 \$
Land	363,500	-	363,500	-	-	-	363,500	363,500
Buildings	4,009,187	2,232,451	6,241,638	2,102,439	277,599	2,380,038	3,861,600	1,906,748
Engineered structures	17,358,536	804,176	18,162,712	6,817,718	453,800	7,271,518	10,891,194	10,540,818
Equipment	1,855,926	139,740	1,995,666	1,450,455	109,042	1,559,497	436,169	405,471
	<u>23,587,149</u>	<u>3,176,367</u>	<u>26,763,516</u>	<u>10,370,612</u>	<u>840,441</u>	<u>11,211,053</u>	<u>15,552,463</u>	<u>13,216,537</u>

# **GITANMAAX BAND COUNCIL**

## **NOTES**

**MARCH 31, 2017**

### **10. OPERATING SURPLUS**

	<b>2017</b>	<b>2016</b>
Administration	\$ -124,703	\$ 42,948
Capital Projects	-573,478	-535,705
Community Health	-6,975	-55,555
Economic Development	4,672,328	5,518,094
Education	185,742	31,234
Housing	-181,117	-173,117
Public Works	-107,419	-99,130
Social Services	131,783	255,002
	<u>\$ 3,996,161</u>	<u>\$ 4,983,771</u>

### **11. EQUITY IN PROPERTY AND EQUIPMENT**

	<b>2017</b>	<b>2016</b>
Opening balance	\$ 13,016,471	\$ 12,462,147
Contributions from operations	3,176,367	1,201,638
Long-term debt repayment	84,804	82,369
Amortization	<u>-840,441</u>	<u>-729,683</u>
Closing balance	<u>\$ 15,437,201</u>	<u>\$ 13,016,471</u>

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

	<b>2017</b>	<b>2016</b>
Opening balance	\$ 1,368,037	\$ 1,720,396
Gitanmaax Food and Fuel Ltd.		
Net income	237,489	168,755
Gitanmaax Development Corporation		
Net income (loss)	-645,767	-1,292,689
Band contributions	<u>389,057</u>	<u>771,575</u>
	<u>\$ 1,348,816</u>	<u>\$ 1,368,037</u>

## **GITANMAAX BAND COUNCIL**

### **NOTES**

**MARCH 31, 2017**

#### **12. INVESTMENTS / EQUITY IN INVESTMENTS (continued)**

Financial information for the investments at December 31, 2016 is as follows:

	<b>Gitanmaax Food and Fuel Ltd.</b>	<b>Gitanmaax Development Corporation</b>
Assets	\$ 676,817	\$ 5,593,725
Liabilities	33,869	3,772,165
Revenue	4,506,780	4,655,657

The Band contributed an additional \$ 431,484 in the period January 1 to March 31, 2017.

#### **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 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, 2017

## 13. SEGMENT DISCLOSURE (continued)

	Total Budget 2017	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Amortization	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>												
GGC	4,564,035	518,726	2,466,611	-	170,669	1,297,506	-	366,060	1,034,467	-	5,854,039	4,564,035
BC Hydro settlement	-	-	-	-	46,288	-	-	-	-	-	46,288	5,700,000
TRICORP	105,089	-	-	-	13,556	-	-	-	91,369	-	104,925	105,089
Gibson Health Society	-	-	-	-	-	-	-	-	-	-	-	98,750
CMHC	27,447	-	-	-	-	-	26,870	-	-	-	26,870	27,447
FNHA	1,405,112	-	-	1,251,330	-	153,782	-	-	-	-	1,405,112	-
Rent	261,449	-	-	-	124,237	-	129,601	-	-	-	263,838	261,449
Ottawa Trust Funds	14,827	14,481	-	-	-	-	-	-	-	-	14,481	14,827
GHS asset transfer	-	-	-	1,656,750	-	-	-	-	-	-	1,656,750	-
Other	2,904,771	197,748	184,409	128,061	1,020,417	154,238	-	10,979	56,483	-	1,752,335	2,904,771
	9,282,730	730,955	2,651,020	3,036,141	1,375,167	1,605,526	156,471	377,039	1,182,319	-	11,114,638	13,676,368
<b>Expenditure</b>												
Amortization	729,683	-	-	-	-	-	-	-	-	840,441	840,441	729,683
Bad debts	75,601	-	-	-	-	-	49,305	-	-	-	49,305	75,601
Benefits and programs	1,827,288	-	-	-	-	973,328	-	9,098	784,443	-	1,766,869	1,827,288
Contract services	1,744,358	95,691	608,670	719,987	80,675	13,963	-	67,766	56,265	-	1,643,017	339,248
Honoraria	56,042	87,691	-	-	-	-	-	-	-	-	87,691	56,042
Insurance	66,633	10,119	-	9,703	20,723	6,063	13,310	27,404	-	-	87,322	66,633
Materials, supplies and other	1,499,951	146,385	944,339	371,656	989,756	179,598	23,404	69,514	83,087	-	2,807,739	1,696,341
Operating losses on investments	1,123,934	-	-	-	406,278	-	-	-	-	-	406,278	1,123,934
Professional services	457,971	172,626	-	48,156	8,628	-	3,500	-	-	-	232,910	457,971
Rent	70,543	-	-	30,097	40,880	3,989	-	-	-	-	74,968	70,543
Telephone and utilities	181,688	5,451	-	22,959	70,102	7,574	-	72,468	6,722	-	185,276	181,688
Travel and workshops	100,663	53,307	-	29,610	2,311	44,967	-	-	16,164	-	146,359	100,663
Wages and benefits	1,209,118	312,855	-	160,032	315,503	221,536	3,575	139,078	293,118	-	1,445,697	1,209,118
	9,143,473	884,125	1,553,009	1,392,200	1,936,856	1,451,018	93,094	385,328	1,239,799	840,441	9,775,870	7,934,751
REVENUE OVER EXPENDITURE	139,257	-153,170	1,098,011	1,643,941	-561,689	154,508	63,377	-8,289	-57,480	-840,441	1,338,768	5,741,617
TRANSFERS	-	-	-	61,389	-	-	-	-	-61,389	-	-	-
ANNUAL SURPLUS (DEFICIT)	139,257	-153,170	1,098,011	1,705,330	-561,689	154,508	63,377	-8,289	-118,869	-840,441	1,338,768	5,741,617