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**GITANMAAX BAND COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 2017**

GITANMAAX BAND COUNCIL

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL ACTIVITIES

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

NOTES

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.



Chief Councilor



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.

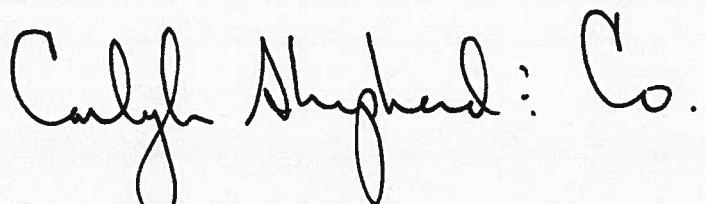
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, 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



GITANMAAX BAND COUNCIL

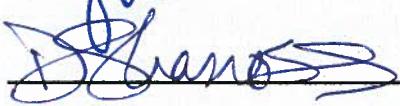
STATEMENT OF FINANCIAL POSITION

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
FINANCIAL ASSETS		
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>
LIABILITIES		
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>
NET FINANCIAL ASSETS	4,241,968	5,157,020
NON-FINANCIAL ASSETS		
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>
BAND POSITION		
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
		\$	\$	\$
REVENUE				
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	
	9,282,730	11,114,638	13,676,368	
EXPENDITURE				
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	
	9,143,473	9,775,870	7,934,751	
REVENUE OVER EXPENDITURE	139,257	1,338,768	5,741,617	
OPENING POSITION	19,968,618	19,968,618	14,227,001	
CLOSING POSITION	20,107,875	21,307,386	19,968,618	

GITANMAAX BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
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	<u>67,841</u>	<u>66,785</u>
	<u>7,739,515</u>	<u>2,518,520</u>
FINANCING ACTIVITIES		
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>
INVESTING ACTIVITIES		
Investments	-389,057	-771,575
Property and equipment additions	<u>-3,176,367</u>	<u>-1,201,636</u>
	<u>-3,565,424</u>	<u>-1,973,211</u>
CHANGE IN CASH	4,190,021	408,487
OPENING CASH	<u>242,518</u>	<u>-165,969</u>
CLOSING CASH	<u>4,432,539</u>	<u>242,518</u>

GITANMAAX BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
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

	2017	2016
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.

	Capital	Revenue	Total 2017	Total 2016
	\$	\$	\$	\$
Opening balance	51,068	410,348	461,416	446,589
Income	-	14,481	14,481	14,827
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

	2017	2016
Gitksan Government Commission	\$ 21,574	\$ 199,318
Gitxsan 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.	<u>19,788</u>
	<u><u>\$ 115,263</u></u>

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

2018	\$ 74,001
2019	<u>41,262</u>
	<u><u>\$ 115,263</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, 2017, \$70,950 of the required \$273,067 was in a separate bank account.

Opening balance	\$ 260,235
Current provision	<u>12,832</u>
Closing balance	<u><u>\$ 273,067</u></u>

GITANIMAX 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	
Engineered structures	17,358,536	804,176	18,162,712	6,817,718	453,800	7,271,518	10,891,194	
Equipment	1,855,926	139,740	1,995,666	1,450,455	109,042	1,559,497	436,169	
	23,587,149	3,176,367	26,763,516	10,370,612	840,441	11,211,053	15,552,463	
							13,216,537	

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2017

10. OPERATING SURPLUS

	2017	2016
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
	<hr/> <u>\$ 3,996,161</u>	<hr/> <u>\$ 4,983,771</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2017	2016
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	-840,441	-729,683
	<hr/> <u>\$ 15,437,201</u>	<hr/> <u>\$ 13,016,471</u>

12. INVESTMENTS / EQUITY IN INVESTMENTS

	2017	2016
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	389,057	771,575
	<hr/> <u>\$ 1,348,816</u>	<hr/> <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:

	Gitanmaax Food and Fuel Ltd.	Gitanmaax Development Corporation
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:

GITTANMAX 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
Revenue												
GGC	4,564,035	518,726	2,466,611	-	170,669	1,287,506	-	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
Gibsan 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	-	129,801	-	-	-	253,388	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
	<u>9,282,730</u>	<u>730,955</u>	<u>2,651,020</u>	<u>3,036,141</u>	<u>1,375,167</u>	<u>1,605,526</u>	<u>156,471</u>	<u>377,039</u>	<u>1,182,319</u>	<u>-</u>	<u>11,114,838</u>	<u>13,676,368</u>
Expenditure												
Amortization	729,683	-	-	-	-	-	-	-	-	-	840,441	840,441
Bad debts	75,601	-	-	-	-	-	-	49,305	-	-	-	49,305
Benefits and programs	1,827,288	-	-	-	-	973,328	-	9,098	784,443	-	1,786,869	1,827,288
Contract services	1,744,358	95,691	608,670	719,987	80,675	13,963	-	67,766	56,265	-	1,843,017	339,246
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	-	-	-	408,278	-	-	-	-	-	408,278	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	3,969	-	-	-	-	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	-	1,445,897	1,209,118
	<u>9,143,473</u>	<u>884,125</u>	<u>1,553,009</u>	<u>1,392,200</u>	<u>1,936,856</u>	<u>1,451,018</u>	<u>93,094</u>	<u>385,328</u>	<u>1,239,799</u>	<u>-</u>	<u>840,441</u>	<u>9,775,870</u>
REVENUE OVER EXPENDITURE	<u>139,257</u>	<u>-153,170</u>	<u>1,098,011</u>	<u>1,643,941</u>	<u>-561,689</u>	<u>154,508</u>	<u>63,377</u>	<u>-8,289</u>	<u>-57,480</u>	<u>-</u>	<u>-840,441</u>	<u>1,338,768</u>
TRANSFERS	-	-	-	61,389	-	-	-	-	-	-	-61,389	-
ANNUAL SURPLUS (DEFICIT)	<u>139,257</u>	<u>-153,170</u>	<u>1,098,011</u>	<u>1,705,330</u>	<u>-561,689</u>	<u>154,508</u>	<u>63,377</u>	<u>-8,289</u>	<u>-118,869</u>	<u>-</u>	<u>-840,441</u>	<u>1,338,768</u>
												<u>5,741,617</u>

CARLYLE SHEPHERD & CO.

CHARTERED PROFESSIONAL ACCOUNTANTS

