



GITANMAAX BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2018

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GITANMAAX BAND COUNCIL
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2018

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, 2018 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, 2018 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.

Carlyle Shepherd & Co.

Terrace, BC

September 4, 2018

GITANMAAX BAND COUNCIL

STATEMENT OF FINANCIAL POSITION

YEAR ENDED MARCH 31

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	629,409	4,432,539
Accounts receivable (note 2)	168,782	166,652
Ottawa Trust funds (note 4)	<u>492,095</u>	<u>475,897</u>
	<u>1,290,286</u>	<u>5,075,088</u>
LIABILITIES		
Accounts payable and accruals (note 6)	306,780	444,790
Long-term debt (note 7)	41,302	115,263
Replacement reserve (note 8)	<u>168,652</u>	<u>273,067</u>
	<u>516,734</u>	<u>833,120</u>
NET FINANCIAL ASSETS		
	<u>773,552</u>	<u>4,241,968</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 11)	16,329,012	15,552,463
Housing loans (note 3)	332,788	75,162
Investments (note 12)	4,466,928	1,348,816
Prepaid expenses	<u>104,981</u>	<u>88,977</u>
	<u>21,233,709</u>	<u>17,065,418</u>
	<u>22,007,261</u>	<u>21,307,386</u>
BAND POSITION		
Operating surplus (note 9)	464,564	3,996,161
Equity in property and equipment (note 10)	16,287,711	15,437,201
Equity in housing loans (note 3)	295,963	49,311
Equity in investments (note 12)	4,466,928	1,348,816
Ottawa Trust funds (note 4)	<u>492,095</u>	<u>475,897</u>
	<u>22,007,261</u>	<u>21,307,386</u>

APPROVED BY THE COUNCIL

 Chief Councilor

 Executive Director

GITANMAAX BAND COUNCIL			
STATEMENT OF FINANCIAL ACTIVITIES			
YEAR ENDED MARCH 31			
	Unaudited Budget	2018	2017
		\$	\$
REVENUE			
GGC	6,339,612	7,447,892	5,854,039
BC Hydro settlement	-	4,350	46,288
TRICORP	104,925	101,624	104,925
FNHA	1,529,833	1,529,833	1,405,112
CMHC	141,170	134,365	26,870
Rental	250,788	252,907	253,838
Ottawa Trust funds	14,481	16,198	14,481
GHS asset transfer	-	-	1,656,750
Other	<u>1,580,516</u>	<u>2,830,097</u>	<u>1,752,335</u>
	<u>9,961,325</u>	<u>12,317,266</u>	<u>11,114,638</u>
EXPENDITURE			
Administration	884,125	764,764	884,125
Amortization	840,441	889,356	840,441
Capital Projects	2,728,686	2,545,891	1,553,009
Community Health	1,392,200	1,367,894	1,392,200
Economic Development			
Operating losses on investments	-	894,066	408,278
Regular	1,144,136	1,656,770	1,528,578
Education	1,451,018	1,613,787	1,451,018
Housing	123,897	67,552	93,094
Public Works	379,365	504,505	385,328
Social Services	<u>1,244,149</u>	<u>1,312,806</u>	<u>1,239,799</u>
	<u>10,188,017</u>	<u>11,617,391</u>	<u>9,775,870</u>
REVENUE OVER EXPENDITURE	-226,692	699,875	1,338,768
OPENING POSITION	<u>21,307,386</u>	<u>21,307,386</u>	<u>19,968,618</u>
CLOSING POSITION	<u>21,080,694</u>	<u>22,007,261</u>	<u>21,307,386</u>

GITANMAAX BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	699,875	1,338,768
Amortization	889,356	840,441
Operating losses on investments	894,066	408,278
Accounts receivable	-2,130	5,123,684
Prepaid expenses	-16,004	-25,016
Ottawa Trust funds	-16,198	-14,481
Accounts payables and accruals	<u>-138,010</u>	<u>67,841</u>
	<u>2,310,955</u>	<u>7,739,515</u>
FINANCING ACTIVITIES		
Housing loans	-257,626	87,901
Long-term debt	-73,961	-84,803
Replacement reserve	<u>-104,415</u>	<u>12,832</u>
	<u>-436,002</u>	<u>15,930</u>
INVESTING ACTIVITIES		
Investments	-4,012,178	-389,057
Property and equipment additions	<u>-1,665,905</u>	<u>-3,176,367</u>
	<u>-5,678,083</u>	<u>-3,565,424</u>
CHANGE IN CASH	-3,803,130	4,190,021
OPENING CASH	<u>4,432,539</u>	<u>242,518</u>
CLOSING CASH	<u>629,409</u>	<u>4,432,539</u>

GITANMAAX BAND COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31

	2018	2017
	\$	\$
Revenue over expenditure	699,875	1,338,768
Amortization	889,356	840,441
Operating losses on investments	894,066	408,278
Housing loans	-257,626	87,901
Property and equipment additions	-1,665,905	-3,176,367
Investments	-4,012,178	-389,057
Prepaid expenses	<u>-16,004</u>	<u>-25,016</u>
Change in the year	-3,468,416	-915,052
Opening net financial assets	<u>4,241,968</u>	<u>5,157,020</u>
Closing net financial assets	<u>773,552</u>	<u>4,241,968</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2018

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, 2018

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

	2018	2017
Gitksan Government Commission	\$ 3,800	\$ 109,838
Canada Revenue Agency	-	14,132
CMHC	55,405	12,386
Trade and other	552,860	453,903
Allowance for doubtful accounts	<u>-443,283</u>	<u>-423,607</u>
	<u><u>\$ 168,782</u></u>	<u><u>\$ 166,652</u></u>

3. HOUSING LOANS

Housing loans are reported net of a \$360,664 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. 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, 2018

5. 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 2018	Total 2017
	\$	\$	\$	\$
Opening balance	51,068	424,829	475,897	461,416
Income	-	16,198	16,198	14,481
Closing balance	51,068	441,027	492,095	475,897

6. ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
Gitksan Government Commission	\$ -	\$ 21,574
Canada Revenue Agency	14,583	-
Gitksan Health Society	-	230,226
Trade payables	200,468	123,441
Wages and benefits	91,729	69,549
	<u>\$ 306,780</u>	<u>\$ 444,790</u>

7. LONG-TERM DEBT

Royal Bank of Canada mortgages, \$3,600/month including interest at 2.73% per annum; secured by land and buildings.	\$ 35,505
Royal Bank of Canada term loan, \$1,218/month including interest at prime plus 1.7% per annum; secured by specific equipment.	<u>5,797</u>
	<u>\$ 41,302</u>

The long-term debt is scheduled to be repaid in 2019.

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2018

8. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$7,783 annually for the one remaining phase. 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, 2018, \$78,584 of the required \$168,652 was in a separate bank account.

Opening balance	\$ 273,067
Current provision	10,307
Completed phase	<u>-114,722</u>
Closing balance	<u>\$ 168,652</u>

9. OPERATING SURPLUS

	2018	2017
Administration	\$ 78,941	\$ -124,703
Capital Projects	-1,151,044	-573,478
Community Health	75,895	-6,975
Economic Development	1,440,031	4,672,328
Education	147,785	185,742
Housing	-28,184	-181,117
Public Works	-170,014	-107,419
Social Services	<u>71,154</u>	<u>131,783</u>
	<u>\$ 464,564</u>	<u>\$ 3,996,161</u>

10. EQUITY IN PROPERTY AND EQUIPMENT

	2018	2017
Opening balance	\$ 15,437,201	\$ 13,016,471
Contributions from operations	1,665,905	3,176,367
Long-term debt repayment	73,961	84,804
Amortization	<u>-889,356</u>	<u>-840,441</u>
Closing balance	<u>\$ 16,287,711</u>	<u>\$ 15,437,201</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2018

11. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	Total 2018	Total 2017
Land	363,500	-	363,500	-	-	-	363,500	363,500
Buildings	6,241,638	1,077,344	7,318,982	2,380,038	261,226	2,641,264	4,677,718	3,861,600
Engineered structures	18,162,712	52,405	18,215,117	7,271,518	437,715	7,709,233	10,505,884	10,891,194
Equipment	<u>1,995,666</u>	<u>536,156</u>	<u>2,531,822</u>	<u>1,559,497</u>	<u>190,415</u>	<u>1,749,912</u>	<u>781,910</u>	<u>436,169</u>
	<u><u>26,763,516</u></u>	<u><u>1,665,905</u></u>	<u><u>28,429,421</u></u>	<u><u>11,211,053</u></u>	<u><u>889,356</u></u>	<u><u>12,100,409</u></u>	<u><u>16,329,012</u></u>	<u><u>15,552,463</u></u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2018

12. INVESTMENTS / EQUITY IN INVESTMENTS

	2018	2017
Opening balance	\$ 1,348,816	\$ 1,368,037
Gitanmaax Food and Fuel Ltd.		
Net income	135,897	237,489
Gitanmaax Development Corporation		
Net income (loss)	-1,029,963	-645,767
Band contributions	<u>4,012,178</u>	<u>389,057</u>
	<u>\$ 4,466,928</u>	<u>\$ 1,348,816</u>

Financial information for the investments at December 31, 2017 is as follows:

	Gitanmaax Food and Fuel Ltd.	Gitanmaax Development Corporation
Assets	\$ 832,226	\$ 5,273,462
Liabilities	113,730	1,525,026
Revenue	4,460,626	4,261,822

13. CONTINGENT LIABILITIES

The Band has guaranteed mortgages totaling \$650,383 for community members.

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, 2018

14. SEGMENT DISCLOSURE (continued)

	Total Budget 2018	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Amortization	Total 2018	Total 2017
REVENUE												
GGC	6,339,612	569,313	2,446,357	1,500	1,608,280	1,324,217	27,800	423,632	1,046,793	-	7,447,892	5,854,039
BC Hydro settlement	-	-	-	-	4,350	-	-	-	-	-	4,350	46,288
TRICORP	104,925	-	-	-	10,255	-	-	-	91,369	-	101,624	104,925
FNHA	1,529,833	-	-	1,388,693	-	141,140	-	-	-	-	1,529,833	1,405,112
CMHC	141,170	-	114,300	-	-	-	20,065	-	-	-	134,365	26,870
Rent	250,788	-	-	-	135,039	-	117,868	-	-	-	252,907	253,838
Ottawa Trust Funds	14,481	16,198	-	-	-	-	-	-	-	-	16,198	14,481
GHS asset transfer	-	-	-	-	-	-	-	-	-	-	-	1,656,750
Other	1,580,516	330,845	696,735	291,437	867,982	124,641	361,374	18,278	138,805	-	2,830,097	1,752,335
	<u>9,961,325</u>	<u>916,356</u>	<u>3,257,392</u>	<u>1,681,630</u>	<u>2,625,906</u>	<u>1,589,998</u>	<u>527,107</u>	<u>441,910</u>	<u>1,276,967</u>	<u>-</u>	<u>12,317,266</u>	<u>11,114,638</u>
EXPENDITURE												
Amortization	840,441	-	-	-	-	-	19,676	-	-	-	889,356	889,356
Bad debts	-	-	-	-	-	-	-	-	-	-	19,676	49,305
Benefits and programs	1,768,607	-	-	-	242	1,013,784	-	18,842	890,508	-	1,923,376	1,766,869
Contract services	2,706,419	65,173	1,525,875	427,300	132,916	36,953	-	37,753	73,836	-	2,299,806	1,643,017
GGC recovery	-	-	-	-	620,300	-	-	-	-	-	620,300	-
Honoraria	87,691	76,047	-	-	-	-	-	-	-	-	76,047	87,691
Insurance	83,408	7,673	-	12,624	21,372	3,782	12,666	28,501	-	-	86,618	87,322
Materials, supplies and other	2,609,028	152,768	1,020,016	391,639	488,728	309,945	31,710	209,912	118,195	-	2,722,913	2,807,739
Operating losses on investments	-	-	-	-	894,066	-	-	-	-	-	894,066	408,278
Professional services	224,282	120,806	-	-	78	-	3,500	-	-	-	-	124,384
Rent	74,966	-	-	10,300	45,516	-	-	-	-	-	55,816	74,966
Telephone and utilities	190,147	9,190	-	30,002	69,230	9,261	-	71,748	5,114	-	194,545	185,276
Travel and workshops	146,359	49,402	-	31,636	2,640	45,546	-	-	10,123	-	139,347	146,359
Wages and benefits	1,456,669	283,705	-	464,393	275,748	194,516	-	137,749	215,030	-	1,571,141	1,445,697
	<u>10,188,017</u>	<u>764,764</u>	<u>2,545,891</u>	<u>1,367,894</u>	<u>2,550,836</u>	<u>1,613,787</u>	<u>67,552</u>	<u>504,505</u>	<u>1,312,806</u>	<u>-</u>	<u>889,356</u>	<u>11,617,391</u>
REVENUE OVER EXPENDITURE												
TRANSFERS	-	168,133	18,820	13,117	-161,112	-14,168	-	-	-	-24,790	-	-
ANNUAL SURPLUS (DEFICIT)	-	319,726	730,321	326,853	-86,042	-37,957	459,555	-62,595	-60,629	-	-889,356	699,875
	<u>-226,692</u>	<u>151,592</u>	<u>711,501</u>	<u>313,736</u>	<u>75,070</u>	<u>-23,789</u>	<u>459,555</u>	<u>-62,595</u>	<u>-35,839</u>	<u>-</u>	<u>-889,356</u>	<u>699,875</u>
	<u>-</u>	<u>168,133</u>	<u>18,820</u>	<u>13,117</u>	<u>-161,112</u>	<u>-14,168</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-24,790</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>319,726</u>	<u>730,321</u>	<u>326,853</u>	<u>-86,042</u>	<u>-37,957</u>	<u>459,555</u>	<u>-62,595</u>	<u>-60,629</u>	<u>-</u>	<u>-889,356</u>	<u>699,875</u>
	<u>-226,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,338,768</u>