

GITANMAAX BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2019

GITANMAAX BAND COUNCIL
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GITANMAAX BAND COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2019

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 CHIEF AND COUNCIL GITANMAAX BAND COUNCIL**

Opinion

We have audited the financial statements of the Gitanmaax Band Council, which comprise the statement of financial position as at March 31, 2019 and the statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

Responsibilities of Management and the Council 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.

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless conditions exist that do not allow for the going concern basis to be used.

The Council is responsible for overseeing the Band's financial reporting process.

Terrace, BC
September 4, 2019

Carlyle Shepherd: Co.

GITANMAAX BAND COUNCIL
STATEMENT OF FINANCIAL POSITION
YEAR ENDED MARCH 31

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	669,895	629,409
Accounts receivable (note 2)	131,322	168,782
Ottawa Trust funds (note 4)	503,322	492,095
	<u>1,304,539</u>	<u>1,290,286</u>
LIABILITIES		
Accounts payable and accruals (note 6)	347,272	306,780
Deferred revenue (note 1)	122,988	-
Long-term debt	-	41,302
Replacement reserve	-	168,652
	<u>470,260</u>	<u>516,734</u>
NET FINANCIAL ASSETS	<u>834,279</u>	<u>773,552</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 7)	15,839,786	16,329,012
Housing loans (note 3)	357,689	332,788
Investments (note 10)	4,051,223	4,466,928
Prepaid expenses	296,108	104,981
	<u>20,544,806</u>	<u>21,233,709</u>
	<u>21,379,085</u>	<u>22,007,261</u>
BAND POSITION		
Operating surplus (note 8)	627,065	464,564
Equity in property and equipment (note 9)	15,839,786	16,287,711
Equity in housing loans (note 3)	357,689	295,963
Equity in investments (note 10)	4,051,223	4,466,928
Ottawa Trust funds (note 4)	503,322	492,095
	<u>21,379,085</u>	<u>22,007,261</u>

APPROVED BY THE COUNCIL

_____ Chief Councilor

_____ Executive Director

GITANMAAX BAND COUNCIL
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31

	Unaudited Budget 2019 \$	2019 \$	2018 \$
REVENUE			
GGC	7,446,514	7,446,514	7,447,892
BC Hydro settlement	-	-	4,350
TRICORP	101,940	101,940	101,624
FNHA	1,782,745	1,785,245	1,529,833
CMHC	9,946	9,946	134,365
Rental	240,521	266,988	252,907
Ottawa Trust funds	16,198	11,226	16,198
Own-source revenue	489,915	518,426	489,915
Other	1,292,619	1,436,207	2,340,182
	<u>11,380,398</u>	<u>11,576,492</u>	<u>12,317,266</u>
EXPENDITURE			
Administration	851,951	952,778	764,764
Amortization/loss on disposal	889,356	909,567	889,356
Capital Projects	3,014,388	2,571,347	2,545,891
Community Health	2,223,066	1,917,544	1,367,894
Economic Development			
Operating losses on investments	-	383,322	894,066
Regular	1,157,474	1,327,774	1,656,770
Education	1,613,787	1,929,387	1,613,787
Housing	127,522	113,241	67,552
Public Works	504,505	543,644	504,505
Social Services	1,312,806	1,556,064	1,312,806
	<u>11,694,855</u>	<u>12,204,668</u>	<u>11,617,391</u>
REVENUE OVER EXPENDITURE	-314,457	-628,176	699,875
OPENING POSITION	<u>22,007,261</u>	<u>22,007,261</u>	<u>21,307,386</u>
CLOSING POSITION	<u>21,692,803</u>	<u>21,379,085</u>	<u>22,007,261</u>

GITANMAAX BAND COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	-628,176	699,875
Amortization/loss on disposal	909,567	889,356
Operating losses on investments	383,322	894,066
Accounts receivable	37,460	-2,130
Prepaid expenses	-191,127	-16,004
Ottawa Trust funds	-11,227	-16,198
Deferred revenue	122,988	-
Accounts payables and accruals	40,492	-138,010
	<u>663,299</u>	<u>2,310,955</u>
FINANCING ACTIVITIES		
Housing loans	-24,901	-257,626
Long-term debt	-41,302	-73,961
Replacement reserve	-168,652	-104,415
	<u>-234,855</u>	<u>-436,002</u>
INVESTING ACTIVITIES		
Investments	32,383	-4,012,178
Property and equipment additions	-420,341	-1,665,905
	<u>-387,958</u>	<u>-5,678,083</u>
CHANGE IN CASH	40,486	-3,803,130
OPENING CASH	<u>629,409</u>	<u>4,432,539</u>
CLOSING CASH	<u>669,895</u>	<u>629,409</u>

GITANMAAX BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2019	2018
	\$	\$
Revenue over expenditure	-628,176	699,875
Amortization/loss on disposal	909,567	889,356
Operating losses on investments	383,322	894,066
Housing loans	-24,901	-257,626
Property and equipment additions	-420,341	-1,665,905
Investments	32,383	-4,012,178
Prepaid expenses	<u>-191,127</u>	<u>-16,004</u>
 Change in the year	 60,727	 -3,468,416
 Opening net financial assets	 <u>773,552</u>	 <u>4,241,968</u>
 Closing net financial assets	 <u>834,279</u>	 <u>773,552</u>

GITANMAAX BAND COUNCIL

NOTES

MARCH 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous Services Canada (ISC) 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.
- 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%

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

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MARCH 31, 2019

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

	2019	2018
Gitksan Government Commission	\$ 60,209	\$ 3,800
CMHC	-	55,405
Trade and other	538,916	552,860
Allowance for doubtful accounts	<u>-467,803</u>	<u>-443,283</u>
	<u>\$ 131,322</u>	<u>\$ 168,782</u>

3. HOUSING LOANS

Housing loans are reported net of a \$374,101 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, 2019

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.

5. OTTAWA TRUST FUNDS

ISC 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 ISC.

	Capital	Revenue	Total 2019	Total 2018
	\$	\$	\$	\$
Opening balance	51,068	441,027	492,095	475,897
Income	-	11,227	11,227	16,198
Closing balance	51,068	452,254	503,322	492,095

6. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
Canada Revenue Agency	\$ -	\$ 14,583
Trade payables	256,297	200,468
Wages and benefits	90,975	91,729
	<u>\$ 347,272</u>	<u>\$ 306,780</u>

GITANMAAX BAND COUNCIL

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MARCH 31, 2019

7. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Annual Amortization	Disposals	Closing Balance	Total 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	363,500	30,000	-	393,500	-	-	-	-	393,500
Buildings	7,318,982	182,164	-	7,501,146	2,641,264	313,688	-	2,954,952	4,546,194
Engineered structures	18,215,117	5,003	-	18,220,120	7,709,233	390,907	-	8,100,140	10,119,980
Equipment	2,531,822	203,174	-260,139	2,474,857	1,749,912	189,965	-245,132	1,694,745	780,112
	<u>28,429,421</u>	<u>420,341</u>	<u>-260,139</u>	<u>28,589,623</u>	<u>12,100,409</u>	<u>894,560</u>	<u>-245,132</u>	<u>12,749,837</u>	<u>15,839,786</u>
									<u>16,329,012</u>

GITANMAAX BAND COUNCIL

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MARCH 31, 2019

8. OPERATING SURPLUS

	2019	2018
Administration	\$ 14,877	\$ 78,941
Capital Projects	-826,097	-1,151,044
Community Health	296,891	75,895
Economic Development	800,673	1,440,031
Education	316,803	147,785
Housing	137,193	-28,184
Public Works	-235,306	-170,014
Social Services	122,031	71,154
	<u>\$ 627,065</u>	<u>\$ 464,564</u>

9. EQUITY IN PROPERTY AND EQUIPMENT

	2019	2018
Opening balance	\$ 16,287,711	\$ 15,437,201
Contributions from operations	420,341	1,665,905
Long-term debt repayment	41,301	73,961
Amortization/loss on disposal	<u>-909,567</u>	<u>-889,356</u>
Closing balance	<u>\$ 15,839,786</u>	<u>\$ 16,287,711</u>

GITANMAAX BAND COUNCIL

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MARCH 31, 2019

10. INVESTMENTS / EQUITY IN INVESTMENTS

	2019	2018
Opening balance	\$ 4,466,928	\$ 1,348,816
Gitanmaax Food and Fuel Ltd. Net income (loss)	-79,088	135,897
Gitanmaax Development Corporation Net income (loss)	-304,234	-1,029,963
Band contributions (receipts)	<u>-32,383</u>	<u>4,012,178</u>
	<u>\$ 4,051,223</u>	<u>\$ 4,466,928</u>

Financial information for the investments at December 31, 2018 is as follows:

	Gitanmaax Food and Fuel Ltd.	Gitanmaax Development Corporation
Assets	\$ 675,534	\$ 7,787,381
Liabilities	54,003	4,357,685
Revenue	3,857,459	4,887,221

11. CONTINGENT LIABILITIES

The Band has guaranteed member mortgages totaling \$589,638.

12. 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, 2019

12 SEGMENT DISCLOSURE (continued)

	Total Budget 2019	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Amortization	Total 2019	Total 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
GGC	7,446,514	674,509	2,426,331	494,131	161,129	1,858,131	-	478,902	1,353,381	-	7,446,514	7,447,892
BC Hydro settlement	-	-	-	-	-	-	-	-	-	-	-	4,350
TRICORP	101,940	-	-	-	10,571	-	-	-	91,369	-	101,940	101,624
FNHA	1,782,745	-	-	1,641,605	-	143,640	-	-	-	-	1,785,245	1,529,833
CMHC	9,946	-	-	-	-	-	9,946	-	-	-	9,946	134,365
Rent	240,521	-	-	-	131,463	-	135,525	-	-	-	266,988	252,907
Ottawa Trust Funds	16,198	11,226	-	-	-	-	-	-	-	-	11,226	16,198
Own-source	489,915	-	-	-	518,426	-	-	-	-	-	518,426	489,915
Other	1,292,619	209,736	65,567	178,992	387,440	161,289	230,378	37,351	165,454	-	1,436,207	2,340,182
	11,380,398	895,471	2,491,898	2,314,728	1,209,029	2,163,060	375,849	516,253	1,610,204	-	11,576,492	12,317,266
EXPENDITURE												
Amortization/loss on disposal	889,356	-	-	-	-	-	-	-	-	909,567	909,567	889,356
Bad debts	19,676	-	-	-	-	-	24,520	-	-	-	24,520	19,676
Benefits and programs	1,923,376	-	-	-	200	1,158,671	-	18,111	1,028,636	-	2,205,618	1,923,376
Contract services	3,788,319	161,140	1,265,629	365,788	121,460	219,266	-	28,225	61,245	-	2,222,753	2,299,806
GGC recovery	-	-	-	-	-	-	-	-	-	-	-	620,300
Honoraria	76,047	80,360	-	-	-	-	-	-	-	-	80,360	76,047
Insurance	86,618	9,138	-	18,102	20,870	5,886	13,028	29,548	-	-	96,572	86,618
Materials, supplies and other	2,831,828	193,316	1,305,718	804,893	697,572	250,261	72,193	202,459	116,754	-	3,643,166	2,722,913
Operating losses on investments	-	-	-	-	383,322	-	-	-	-	-	383,322	894,066
Professional services	124,306	73,661	-	46,642	30,000	-	3,500	-	-	-	153,803	124,384
Rent	55,816	-	-	10,200	30,071	-	-	-	-	-	40,271	55,816
Telephone and utilities	189,213	5,599	-	31,150	74,276	8,365	-	67,786	4,116	-	191,292	194,545
Travel and workshops	139,347	94,438	-	61,251	3,331	60,803	-	-	25,836	-	245,659	139,347
Wages and benefits	1,570,953	335,126	-	579,518	349,994	226,135	-	197,515	319,477	-	2,007,765	1,571,141
	11,694,855	952,778	2,571,347	1,917,544	1,711,096	1,929,387	113,241	543,644	1,556,064	909,567	12,204,668	11,617,391
REVENUE OVER EXPENDITURE	-314,457	-57,307	-79,449	397,184	-502,067	233,673	262,608	-27,391	54,140	-909,567	-628,176	699,875
TRANSFERS	-	4,469	547,199	-	-547,199	-	-	-1,206	-3,263	-	-	-
ANNUAL SURPLUS (DEFICIT)	-314,457	-52,838	467,750	397,184	-1,049,266	233,673	262,608	-28,597	50,877	-909,567	-628,176	699,875