

KISPIOX BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2015

KISPIOX BAND COUNCIL
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INDEPENDENT AUDITOR'S REPORT**To the Kispiox Band Council****Report on the Financial Statements**

We have audited the accompanying consolidated statement of financial position of Kispiox Band Council as at March 31, 2015 and the consolidated statements of financial activities, cash flows and changes in net financial liabilities for the year then ended 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.

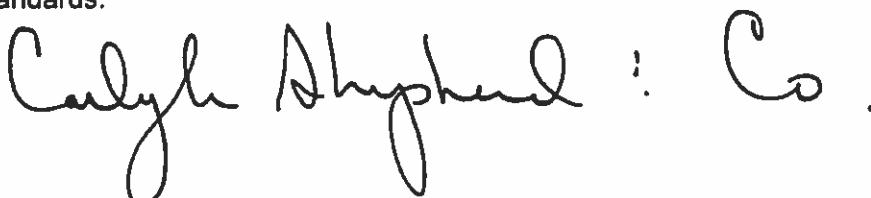
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, 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 Council as at March 31, 2015 and the results of its operations, cash flows and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC
July 23, 2015



KISPIOX BAND COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	1,192,462	1,533,049
Accounts receivable (note 2)	195,666	184,383
Inventory (note 1)	39,689	24,327
Ottawa Trust funds (note 3)	<u>141,894</u>	<u>134,785</u>
	<u>1,569,711</u>	<u>1,876,544</u>
LIABILITIES		
Accounts payable and accruals (note 4)	317,522	448,272
Deferred revenue (note 5)	177,458	211,150
Replacement reserve (note 6)	191,182	174,512
Long-term debt (note 8)	<u>1,059,145</u>	<u>1,161,080</u>
	<u>1,745,307</u>	<u>1,995,014</u>
NET FINANCIAL LIABILITIES	-175,596	-118,470
NON-FINANCIAL ASSETS		
Prepaid expenditures	59,990	62,828
Property and equipment (notes 1 and 7)	<u>14,732,961</u>	<u>13,950,489</u>
	<u>14,617,355</u>	<u>13,894,847</u>
BAND COUNCIL POSITION		
Surplus (note 10)	801,645	970,653
Equity in property and equipment (note 9)	13,673,816	12,789,409
Equity in Ottawa Trust funds (note 3)	<u>141,894</u>	<u>134,785</u>
CONTINGENT LIABILITIES (note 11)	<u>14,617,355</u>	<u>13,894,847</u>

APPROVED ON BEHALF OF COUNCIL

  Chief Councillor

 Finance Manager

KISPIOX BAND COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget \$	2015 \$	2014 \$
REVENUE			
GGC	3,239,501	3,313,480	4,065,374
Gas Bar and Forestry services	1,695,482	1,401,559	1,702,582
Gitxsan Health Society	102,106	103,106	83,580
CMHC	54,360	50,631	51,130
Rental	297,553	293,039	284,716
Ottawa Trust funds	-	7,109	7,496
Other	<u>550,776</u>	<u>633,229</u>	<u>380,255</u>
	<u>5,939,778</u>	<u>5,802,153</u>	<u>6,575,133</u>
EXPENDITURE			
Administration	482,525	510,770	474,686
Amortization	-	527,001	526,218
Capital projects	1,271,185	578,967	381,320
Economic development	1,939,507	1,522,172	2,009,149
Employment programs	39,961	56,000	26,359
Housing rentals	334,574	172,365	170,370
Public works	533,142	415,134	398,258
Social services	<u>1,381,239</u>	<u>1,297,236</u>	<u>1,307,392</u>
	<u>5,982,133</u>	<u>5,079,645</u>	<u>5,293,752</u>
REVENUE OVER EXPENDITURE	-42,355	722,508	1,281,381
OPENING BAND COUNCIL POSITION	<u>13,894,847</u>	<u>13,894,847</u>	<u>12,613,466</u>
CLOSING BAND COUNCIL POSITION	<u>13,852,492</u>	<u>14,617,355</u>	<u>13,894,847</u>

KISPIOX BAND COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	722,508	1,281,381
Amortization	527,001	526,218
Accounts payable and accruals	-130,750	139,285
Deferred revenue	-33,692	-5,284
Accounts receivable	-11,283	300,081
Ottawa Trust funds	-7,109	-7,496
Inventory	-15,362	17,900
Prepaid expenditures	<u>2,838</u>	<u>-10,110</u>
	<u>1,054,151</u>	<u>2,241,975</u>
FINANCING ACTIVITIES		
Long-term debt	-101,935	-131,937
Replacement reserve	<u>16,670</u>	<u>-44,434</u>
	<u>-85,265</u>	<u>-176,371</u>
INVESTING ACTIVITIES		
Property and equipment purchases	<u>-1,309,473</u>	<u>-1,114,575</u>
CHANGE IN CASH		
	-340,587	951,029
OPENING CASH BALANCE		
	<u>1,533,049</u>	<u>582,020</u>
CLOSING CASH BALANCE		
	<u>1,192,462</u>	<u>1,533,049</u>

KISPIOX BAND COUNCIL

CONDOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

YEAR ENDED MARCH 31

	2015	2014
	\$	\$
Revenue over expenditure	722,508	1,281,381
Amortization	527,001	526,218
Prepaid expenditures	2,838	-10,110
Property and equipment purchases	<u>-1,309,473</u>	<u>-1,114,575</u>
Change in the year	-57,126	682,914
Opening net financial liabilities	<u>-118,470</u>	<u>-801,384</u>
Closing net financial liabilities	<u>-175,596</u>	<u>-118,470</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Aboriginal Affairs and Northern Development Canada which include compliance with the Canadian public sector accounting standards.

The Band maintains the following funds/entities 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 fund reports the trust funds owned by the Band and held by the federal government.
- Anspayaxw Development Corporation which operates the forestry activities.

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 buildings is based on the annual principal reduction of the related mortgages.

c) Recognition of Revenue and Expenditures

Revenue is recorded in the period in which the transactions 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.

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

e) 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.

f) Inventory

Inventory is valued at cost.

2. ACCOUNTS RECEIVABLE

	2015	2014
GGC	\$ 23,177	\$ 8,503
Gitxsan Health Society	67,057	64,955
Other	516,722	473,008
Allowance for doubtful accounts	<u>-411,290</u>	<u>-362,083</u>
	<u>\$ 195,666</u>	<u>\$ 184,383</u>

3. OTTAWA TRUST FUNDS

Aboriginal Affairs and Northern Development Canada 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 the Minister of AANDC.

	Capital	Revenue	Total 2015	Total 2014
Opening balance	\$ 8,614	\$ 126,171	\$134,785	\$ 127,289
Income	<u>-</u>	<u>7,109</u>	<u>7,109</u>	<u>7,496</u>
Closing balance	<u>\$ 8,614</u>	<u>\$ 133,280</u>	<u>\$141,894</u>	<u>\$ 134,785</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

4. ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
Damage deposits	\$ 25,183	\$ 24,384
Governmental payables	18,299	14,940
Trade and other	206,466	346,470
Wages and benefits	<u>67,574</u>	<u>62,478</u>
	<u>\$ 317,522</u>	<u>\$ 448,272</u>

5. DEFERRED REVENUE

	2015	2014
Revenue received in advance	\$ 465	\$ 14,438
Insurance proceeds	<u>176,993</u>	<u>196,712</u>
	<u>\$ 177,458</u>	<u>\$ 211,150</u>

Insurance proceeds are being recorded as revenue to cover 50% of the mortgage payments on the twelve-plex complex as six units were destroyed by fire.

6. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with an annual charge against earnings. The CMHC 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, 2015, the required funds are in a separate bank account.

	Pre-1997 Projects	Post-1996 Projects	Total
Opening balance	\$ 56,420	\$ 118,092	\$ 174,512
Current provision	<u>3,670</u>	<u>13,000</u>	<u>16,670</u>
Closing balance	<u>\$ 60,090</u>	<u>\$ 131,092</u>	<u>\$ 191,182</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

7. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT					ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Annual Amortization	Closing Balance	Total 2015	Total 2014	
Land and improvement	282,100	-	-	282,100	-	-	-	-	282,100	282,100	
Buildings	6,324,890	438,611	-	6,763,501	2,372,837	-	151,497	2,524,334	4,239,167	3,952,053	
Engineered structures	14,376,988	750,243	-	15,127,231	4,771,366	-	329,237	5,100,603	10,026,628	9,605,622	
Equipment	<u>1,977,014</u>	<u>120,619</u>	-	<u>2,097,633</u>	<u>1,866,300</u>	-	<u>46,267</u>	<u>1,912,567</u>	<u>185,066</u>	<u>110,714</u>	
	<u>22,960,992</u>	<u>1,309,473</u>	-	<u>24,270,465</u>	<u>9,010,503</u>	-	<u>527,001</u>	<u>9,537,504</u>	<u>14,732,961</u>	<u>13,950,489</u>	

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

8. LONG-TERM DEBT

Royal Bank of Canada

\$6,679/month including interest at 3.83% per annum.	\$ 148,060
\$3,214/month including interest at 2.37% per annum.	111,405
\$1,767/month including interest at 3.18% per annum.	17,411
\$682/month including interest at 4.44% per annum.	27,075

All Nations Trust Company

\$2,002/month including interest at 1.05% per annum.	226,023
\$2,435/month including interest at 2.08% per annum.	456,928

Tribal Resource Investment Corporation

\$1,655/month including interest at 11% per annum.	<u>72,243</u>
<u>\$ 1,059,145</u>	

The mortgages are secured by land and buildings.

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

2016	\$ 182,206
2017	171,743
2018	102,632
2019	63,616
2020	<u>44,318</u>
	<u>\$ 564,515</u>

9. EQUITY IN PROPERTY AND EQUIPMENT

	2015	2014
Opening balance	\$ 12,789,409	\$ 12,069,115
Contribution from operations	1,233,348	1,077,923
Long-term debt repayment	178,060	168,589
Amortization	<u>-527,001</u>	<u>-526,218</u>
Closing balance	<u>\$ 13,673,816</u>	<u>\$ 12,789,409</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

10. SURPLUS (DEFICIT)

	2015	2014
Unrestricted		
Administration	\$ 315,119	\$ 267,915
Capital Projects	-105,006	-15,521
Economic Development	-226,276	47,964
Employment Programs	25,431	8,308
Housing Rentals	-259,668	-221,594
Public Works	-85,035	-164,260
Social Services	<u>218,005</u>	<u>196,279</u>
	-117,430	119,091
Restricted - Internally	<u>919,075</u>	<u>851,562</u>
	<u>\$ 801,645</u>	<u>\$ 970,653</u>

The Band Council has internally restricted funds by band council resolution for as yet unspecified purposes.

11. CONTINGENT LIABILITIES

The Band Council has provided loan guarantees totaling \$247,733 on four individual home loans. Management believes that the current risk of default is low.

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:

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2015

12. SEGMENT DISCLOSURE (continued)

	Total Budget	Administration	Capital Projects	Economic Development	Employment Programs	Housing	Public Works	Social Services	Amortization	Total 2015	Total 2014
Revenue											
GGC	3,239,501	424,770	1,218,119	118,091	-	-	382,304	1,170,196	-	3,313,480	4,065,375
Gas Bar and Forestry services	1,695,482	-	-	1,401,559	-	-	-	-	-	1,401,559	1,702,582
Gibson Health Society	102,106	-	-	-	-	-	8,580	94,526	-	103,106	83,580
CNHC	54,360	-	-	-	-	-	50,631	-	-	50,631	51,130
Rental	297,553	-	-	56,182	-	-	236,857	-	-	293,039	284,715
Ottawa Trust funds	-	7,109	-	-	-	-	-	-	-	7,109	7,496
Other	550,776	230,740	111,287	40,640	-	73,123	19,721	103,475	54,243	633,229	380,255
	5,839,776	662,619	1,329,406	1,616,472	73,123	307,209	494,359	1,318,985	-	5,802,153	6,575,133
Expenses											
Amortization	-	-	-	-	-	-	-	-	-	527,001	526,218
Bad debts	64,488	-	-	-	-	-	49,207	-	-	-	49,207
Bank charges and interest	18,739	7,024	-	14,683	-	-	29,342	-	-	-	51,049
Benefits and programs	1,193,285	-	-	-	-	-	-	1,029,501	-	1,029,501	1,072,611
Contract services	1,124,639	14,609	336,102	5,511	450	9,915	58,175	7,197	-	431,959	608,203
Cost of sales	991,575	-	-	730,411	-	-	-	-	-	730,411	1,128,839
Equipment purchases/ rentals/repairs	67,490	7,243	71,021	26,220	-	-	9,188	12,306	-	124,978	29,711
Honoraria	42,900	23,685	-	-	-	-	-	-	-	23,685	26,000
Insurance	79,333	13,115	-	13,609	-	-	25,907	21,173	-	73,804	67,753
Materials, supplies and other	697,732	46,191	80,042	160,745	5,282	21,111	35,273	27,041	-	375,685	276,702
Professional services	25,400	24,648	-	-	-	5,000	-	-	-	29,648	22,372
Repairs and maintenance	74,100	-	54,093	1,578	-	27,923	42,343	-	-	125,937	76,688
Telephone and utilities	144,625	12,845	-	30,160	-	3,941	85,598	4,349	-	136,893	165,033
Travel and workshops	28,770	39,947	538	21,360	563	-	14,093	20,086	-	96,507	72,637
Wages and benefits	1,419,057	321,463	37,171	518,895	49,705	19	149,291	196,836	-	1,273,380	1,114,301
	5,902,133	510,770	578,967	1,522,172	56,000	172,365	415,134	1,297,236	527,001	5,079,645	5,293,752
Revenue over expenditure	-42,355	151,849	750,439	94,300	17,123	134,844	79,225	21,729	-527,001	722,508	1,281,381
Transfers	-	-101,256	-	100,000	-	-	1,256	-	-	-	-
Annual surplus (deficit)	-42,355	50,593	750,439	194,300	17,123	136,100	79,225	21,729	-527,001	722,508	1,281,381