



**KISPIOX BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2016**

**KISPIOX BAND COUNCIL**  
**INDEX TO FINANCIAL STATEMENTS**  
**MARCH 31, 2016**

**MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**

**INDEPENDENT AUDITOR'S REPORT**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)**

**NOTES**

**KISPLOX BAND COUNCIL**

**MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING**

**YEAR ENDED MARCH 31, 2016**

The financial statements of the Kisplox Band Council and all the information in this annual report are the responsibility of management and have been approved by the Band Council and the Band Manager.

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 Kisplox 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  
\_\_\_\_\_  
Band Manager

Kisplox, BC  
October 17, 2016

**CARLYLE SHEPHERD & CO.****CHARTERED PROFESSIONAL ACCOUNTANTS****INDEPENDENT AUDITOR'S REPORT**

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**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, 2016 and the consolidated statements of financial activities, cash flows and changes in net financial assets (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, 2016 and the results of its operations, cash flows and changes in net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.

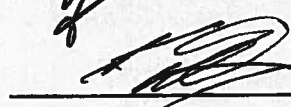
Terrace, BC  
October 17, 2016

**KISPIOX BAND COUNCIL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31**

	2016	2015
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,134,426	1,192,462
Accounts receivable (note 2)	357,139	195,666
Inventory (note 1)	60,129	39,689
Ottawa Trust funds (note 3)	<u>148,644</u>	<u>141,894</u>
	<u>1,700,338</u>	<u>1,569,711</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 4)	419,559	317,522
Deferred revenue (note 5)	157,270	177,458
Replacement reserve (note 6)	144,092	191,182
Long-term debt (note 8)	<u>867,258</u>	<u>1,059,145</u>
	<u>1,588,179</u>	<u>1,745,307</u>
<b>NET FINANCIAL ASSETS (LIABILITIES)</b>	112,159	-175,596
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenditures	52,844	59,990
Property and equipment (notes 1 and 7)	<u>14,183,286</u>	<u>14,732,961</u>
	<u>14,348,289</u>	<u>14,617,355</u>
<b>BAND COUNCIL POSITION</b>		
Surplus (note 10)	883,616	801,645
Equity in property and equipment (note 9)	13,316,029	13,673,816
Equity in Ottawa Trust funds (note 3)	<u>148,644</u>	<u>141,894</u>
<b>CONTINGENT LIABILITIES (note 11)</b>	<u>14,348,289</u>	<u>14,617,355</u>

APPROVED ON BEHALF OF COUNCIL

 \_\_\_\_\_ Chief Councillor

 \_\_\_\_\_ Band Manager



**KISPIOX BAND COUNCIL**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED MARCH 31**

	Unaudited Budget \$	2016 \$	2015 \$
<b>REVENUE</b>			
GGC	3,366,238	3,366,238	3,313,480
Gas Bar and Forestry services	1,401,559	1,969,351	1,401,559
Gibxan Health Society	103,106	98,724	103,106
CMHC	50,631	46,929	50,631
Rental	293,039	296,829	293,039
Ottawa Trust funds	7,109	6,750	7,109
Other	727,016	500,030	727,016
	<u>5,948,698</u>	<u>6,284,851</u>	<u>5,895,940</u>
 <b>EXPENDITURE</b>			
Administration	510,770	498,315	510,770
Amortization/disposal of assets	527,001	605,415	527,001
Capital projects	1,119,638	1,512,268	578,967
Economic development	1,615,959	2,061,513	1,615,959
Employment programs	56,000	87,768	56,000
Housing rentals	172,365	130,278	172,365
Public works	415,134	388,564	415,134
Social services	1,297,236	1,269,796	1,297,236
	<u>5,714,103</u>	<u>6,553,917</u>	<u>5,173,432</u>
 <b>REVENUE OVER EXPENDITURE</b>	234,595	-269,066	722,508
 <b>OPENING BAND COUNCIL POSITION</b>	<u>14,617,355</u>	<u>14,617,355</u>	<u>13,894,847</u>
 <b>CLOSING BAND COUNCIL POSITION</b>	<u>14,851,950</u>	<u>14,348,289</u>	<u>14,617,355</u>

**KISPIOX BAND COUNCIL****CONSOLIDATED STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	-269,066	722,508
Amortization/disposal of assets	605,415	527,001
Accounts payable and accruals	102,037	-130,750
Deferred revenue	-20,188	-33,692
Accounts receivable	-161,473	-11,283
Ottawa Trust funds	-6,750	-7,109
Inventory	-20,440	-15,362
Prepaid expenditures	7,146	2,838
	<u>236,681</u>	<u>1,054,151</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt	-191,887	-101,935
Replacement reserve	<u>-47,090</u>	<u>16,670</u>
	<u>-238,977</u>	<u>-85,265</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment purchases	<u>-55,740</u>	<u>-1,309,473</u>
<b>CHANGE IN CASH</b>	<b>-58,036</b>	<b>-340,587</b>
<b>OPENING CASH BALANCE</b>	<u><b>1,192,462</b></u>	<u><b>1,533,049</b></u>
<b>CLOSING CASH BALANCE</b>	<u><b>1,134,426</b></u>	<u><b>1,192,462</b></u>

**KISPIOX BAND COUNCIL**

**CONDOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (LIABILITIES)**

**YEAR ENDED MARCH 31**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Revenue over expenditure	-269,066	722,508
Amortization/disposal of assets	605,415	527,001
Prepaid expenditures	7,146	2,838
Property and equipment purchases	<u>-55,740</u>	<u>-1,309,473</u>
Change in the year	287,755	-57,126
Opening net financial assets (liabilities)	<u>-175,596</u>	<u>-118,470</u>
Closing net financial assets (liabilities)	<u>112,159</u>	<u>-175,596</u>



# **KISPIOX BAND COUNCIL**

## **NOTES**

**MARCH 31, 2016**

### **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 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, 2016

### 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

	2016	2015
GGC	\$ -	\$ 23,177
Gitxsan Health Society	136,954	67,057
Housing rent	432,155	411,290
Other	240,584	105,432
Allowance for doubtful accounts	<u>-452,554</u>	<u>-411,290</u>
	<u>\$ 357,139</u>	<u>\$ 195,666</u>

### 3. 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 the Minister of INAC.

	Capital	Revenue	Total 2016	Total 2015
Opening balance	\$ 8,614	\$ 133,280	\$ 141,894	\$ 134,785
Income	<u>-</u>	<u>6,750</u>	<u>6,750</u>	<u>7,109</u>
Closing balance	<u>\$ 8,614</u>	<u>\$ 140,030</u>	<u>\$ 148,644</u>	<u>\$ 141,894</u>

# KISPIOX BAND COUNCIL

## NOTES

MARCH 31, 2015

### 4. ACCOUNTS PAYABLE AND ACCRUALS

	2016	2015
GGC	\$ 53,130	\$ -
Damage deposits	26,240	25,183
Governmental payables	32,479	18,299
Trade and other	270,781	206,466
Wages and benefits	<u>36,929</u>	<u>67,574</u>
	<u>\$ 419,559</u>	<u>\$ 317,522</u>

### 5. DEFERRED REVENUE

	2016	2015
Revenue received in advance	\$ -	\$ 465
Insurance proceeds	<u>157,270</u>	<u>176,993</u>
	<u>\$ 157,270</u>	<u>\$ 177,458</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, 2016, the required funds are in a separate bank account.

	Pre-1997 Projects	Post-1996 Projects	Total
Opening balance	\$ 60,090	\$ 131,092	\$ 191,182
Current provision	2,753	13,000	15,753
Completed phase	<u>-62,843</u>	<u>-</u>	<u>-62,843</u>
Closing balance	<u>\$ -</u>	<u>\$ 144,092</u>	<u>\$ 144,092</u>

KISPIX BAND COUNCIL

NOTES

MARCH 31, 2016

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 2016 \$	Total 2015 \$
Land and improvements	282,100	-	-84,000	198,100	-	-	-	-	198,100	282,100
Buildings	6,763,501	-	-	6,763,501	2,524,334	-	150,246	2,674,580	4,088,921	4,239,167
Engineered structures	15,127,231	-	-	15,127,231	5,100,603	-	316,068	5,416,671	9,710,560	10,026,628
Equipment	2,087,633	55,740	-13,554	2,139,819	1,912,567	-4,879	46,426	1,954,114	185,705	185,066
	<u>24,270,465</u>	<u>55,740</u>	<u>-97,554</u>	<u>24,228,651</u>	<u>9,537,504</u>	<u>-4,879</u>	<u>512,740</u>	<u>10,045,365</u>	<u>14,183,286</u>	<u>14,732,961</u>

# KISPIOX BAND COUNCIL

## NOTES

MARCH 31, 2016

### 8. LONG-TERM DEBT

#### Royal Bank of Canada

\$6,274/month including interest at 1.72% per annum.	\$ 74,433
\$3,214/month including interest at 2.37% per annum.	75,085
\$682/month including interest at 4.44% per annum.	19,947

#### All Nations Trust Company

\$2,002/month including interest at 1.05% per annum.	204,433
\$2,435/month including interest at 2.08% per annum.	437,006

#### Tribal Resource Investment Corporation

\$1,655/month including interest at 11% per annum.	<u>56,354</u>
	<u>\$ 867,258</u>

The mortgages are secured by land and buildings.

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

2017	\$ 175,756
2018	100,177
2019	48,341
2020	44,317
2021	<u>45,010</u>
	<u>\$ 413,601</u>

### 9. EQUITY IN PROPERTY AND EQUIPMENT

	2016	2015
Opening balance	\$ 13,673,816	\$ 12,789,409
Contribution from operations	55,740	1,233,348
Long-term debt repayment	191,888	178,060
Amortization	<u>-605,415</u>	<u>-527,001</u>
Closing balance	<u>\$ 13,316,029</u>	<u>\$ 13,673,816</u>

# KISPIOX BAND COUNCIL

## NOTES

MARCH 31, 2016

### 10. SURPLUS (DEFICIT)

	2016	2015
Unrestricted		
Administration	\$ 380,514	\$ 315,119
Capital Projects	-423,295	-105,006
Economic Development	-85,587	-226,276
Employment Programs	-1,146	5,420
Housing Rentals	-184,766	-259,668
Public Works	-26,552	-85,035
Social Services	305,376	238,019
	<u>-35,456</u>	<u>-117,427</u>
Restricted - Internally	<u>919,072</u>	<u>919,072</u>
	<u>\$ 883,616</u>	<u>\$ 801,645</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 \$244,022 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:



## KISPIX BAND COUNCIL

## NOTES

MARCH 31, 2016

## 12. SEGMENT DISCLOSURE (continued)

	Total Budget	Administration	Capital Projects	Economic Development	Employment Programs	Housing	Public Works	Social Services	Amortization	Total 2016	Total 2015
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>											
GGC	3,366,238	469,886	1,209,320	126,175	-	-	383,929	1,178,928	-	3,366,238	3,313,480
Gas Bar and Forestry services	1,401,559	-	-	1,969,351	-	-	-	-	-	1,969,351	1,401,559
Gibson Health Society	103,106	-	-	-	-	-	-	98,724	-	98,724	103,106
CMHC	50,631	-	-	-	-	46,929	-	-	-	46,929	50,631
Rental	293,039	-	-	45,143	-	251,686	-	-	-	296,829	293,039
Ottawa Trust funds	7,109	6,750	-	-	-	-	-	-	-	6,750	7,109
Other	727,016	93,824	-	117,822	81,202	82,584	63,117	81,501	-	500,030	727,016
	<u>5,948,698</u>	<u>570,460</u>	<u>1,209,320</u>	<u>2,258,491</u>	<u>81,202</u>	<u>381,179</u>	<u>447,046</u>	<u>1,337,153</u>	<u>-</u>	<u>6,284,851</u>	<u>5,895,940</u>
<b>Expenses</b>											
Amortization/disposal of assets	527,001	-	-	-	-	-	-	-	605,415	605,415	527,001
Bad debts	49,207	260	3,362	12,800	3,564	19,707	4,925	-	-	44,618	49,207
Bank charges and interest	51,049	8,876	-	17,481	-	18,010	56	-	-	44,423	51,049
Benefits and programs	1,029,501	-	-	-	-	-	-	981,475	-	981,475	1,029,501
Contract services	1,024,942	28,607	882,782	185,592	39,248	4,383	58,381	10,490	-	1,209,483	525,746
Cost of sales	730,411	-	-	1,047,983	-	-	-	-	-	1,047,983	730,411
Equipment purchases/ rentals/repairs	124,978	489	12,154	22,181	1,873	-	3,013	3,210	-	42,920	124,978
Honoraria	23,685	31,500	-	-	-	-	-	-	-	31,500	23,685
Insurance	73,804	11,917	-	15,980	-	26,964	24,358	-	-	79,219	73,804
Materials, supplies and other	454,263	51,453	351,598	58,943	5,808	18,854	46,106	5,392	-	538,254	375,885
Professional services	29,648	15,456	-	-	-	5,000	-	-	-	20,456	29,648
Repairs and maintenance	125,937	-	-	-	-	34,764	21,866	-	-	56,630	125,937
Telephone and utilities	136,893	14,191	-	27,954	-	2,596	81,834	5,767	-	132,342	136,893
Travel and workshops	96,507	6,675	-	23,576	2,098	-	10,660	30,762	-	73,761	96,507
Wages and benefits	1,236,257	328,891	282,372	649,013	35,077	-	137,365	232,710	-	1,645,428	1,273,380
	<u>5,714,103</u>	<u>498,315</u>	<u>1,512,288</u>	<u>2,061,513</u>	<u>87,768</u>	<u>130,278</u>	<u>389,564</u>	<u>1,269,796</u>	<u>605,415</u>	<u>6,553,917</u>	<u>5,173,432</u>
Revenue over expenditure	234,595	72,145	-302,948	196,978	-6,566	250,901	58,482	67,357	-605,415	-289,066	722,508
Transfers	-	-	-	-	-	-	-	-	-	-	-
Annual surplus (deficit)	<u>234,595</u>	<u>72,145</u>	<u>-302,948</u>	<u>196,978</u>	<u>-6,566</u>	<u>250,901</u>	<u>58,482</u>	<u>67,357</u>	<u>-605,415</u>	<u>-289,066</u>	<u>722,508</u>