

**GLEN VOWELL BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

**GLEN VOWELL BAND COUNCIL**  
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## INDEPENDENT AUDITOR'S REPORT

To the Glen Vowell Band Council

### Report on the Financial Statements

We have audited the accompanying statement of financial position of Glen Vowell Band Council as at March 31, 2015 and the statements of financial activities, cash flows and changes in net financial assets for the year then ended and a summary of significant accounting policies.

### 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 assets for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC  
August 20, 2015

*Carlyle Shepherd & Co.*

**GLEN VOWELL BAND COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**

**MARCH 31**

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,114,666	1,061,455
Accounts receivable (note 2)	182,127	266,117
Inventory (note 1)	2,716	4,519
Ottawa Trust funds (note 3)	<u>362,030</u>	<u>352,549</u>
	<u>1,661,539</u>	<u>1,684,640</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 4)	143,570	155,390
Deferred revenue	46,250	-
Replacement reserve (note 5)	72,500	66,500
Long-term debt (note 6)	<u>271,277</u>	<u>98,685</u>
	<u>533,597</u>	<u>320,575</u>
<b>NET FINANCIAL ASSETS</b>	1,127,942	1,364,065
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenditures	37,396	35,473
Property and equipment (notes 1 and 7)	<u>3,117,198</u>	<u>3,267,863</u>
	<u>4,282,536</u>	<u>4,667,401</u>
<b>BAND POSITION</b>		
Surplus (note 8)	877,917	1,145,674
Equity in property and equipment (note 9)	3,042,589	3,169,178
Ottawa Trust funds (note 3)	<u>362,030</u>	<u>352,549</u>
	<u>4,282,536</u>	<u>4,667,401</u>

APPROVED BY THE COUNCIL

 Chief Councillor

 Band Manager

**GLEN VOWELL BAND COUNCIL**  
**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED MARCH 31**

	Unaudited Budget 2015 \$	2015 \$	2014 \$
<b>REVENUE</b>			
GGC	1,222,757	1,212,243	1,712,181
Gitxsan Health Society	50,000	109,080	50,000
CMHC	18,677	26,552	18,677
Rental	112,250	116,080	112,250
Ottawa Trust funds	10,718	9,481	10,718
Other	276,333	339,218	276,333
	<u>1,690,735</u>	<u>1,812,654</u>	<u>2,180,159</u>
<b>EXPENDITURE</b>			
Amortization	164,667	155,677	164,667
Band Support	415,946	399,555	415,946
Brighter Futures	69,223	92,183	67,223
Capital Housing/Projects	56,888	227,721	223,229
Community Infrastructure	152,352	208,416	152,352
Economic Development	216,174	215,907	216,174
Education	259,403	364,810	259,403
Rental Housing	53,428	103,215	53,428
Social Services	526,010	430,035	524,314
	<u>1,914,091</u>	<u>2,197,519</u>	<u>2,076,736</u>
<b>REVENUE OVER EXPENDITURE</b>	-223,356	-384,865	103,423
<b>OPENING POSITION</b>	<u>4,667,401</u>	<u>4,667,401</u>	<u>4,563,978</u>
<b>CLOSING POSITION</b>	<u>4,444,045</u>	<u>4,282,536</u>	<u>4,667,401</u>

**GLEN VOWELL BAND COUNCIL**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	-384,865	103,423
Amortization	155,677	164,667
Accounts receivable	83,990	-172,133
Inventory	1,803	-3,227
Ottawa Trust funds	-9,481	-10,718
Prepaid expenditures	-1,923	-3,734
Accounts payable and accruals	-11,820	106,905
Deferred revenue	46,250	-
	<u>-120,369</u>	<u>185,183</u>
<b>FINANCING ACTIVITIES</b>		
Long-term debt	172,592	-23,690
Replacement reserve	6,000	6,000
	<u>178,592</u>	<u>-17,690</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment additions	<u>-5,012</u>	<u>-44,678</u>
<b>CHANGE IN CASH</b>	<b>53,211</b>	<b>122,815</b>
<b>OPENING CASH BALANCE</b>	<u><b>1,061,455</b></u>	<u><b>938,640</b></u>
<b>CLOSING CASH BALANCE</b>	<u><b>1,114,666</b></u>	<u><b>1,061,455</b></u>

**GLEN VOWELL BAND COUNCIL**

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**

**YEAR ENDED MARCH 31**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Revenue over expenditure	-384,865	103,423
Amortization	155,677	164,667
Property and equipment purchases	-5,012	-44,678
Prepaid expenditures	<u>-1,923</u>	<u>-3,734</u>
Change in the year	-236,123	219,678
Opening net financial assets	<u>1,364,065</u>	<u>1,144,387</u>
Closing net financial assets	<u>1,127,942</u>	<u>1,364,065</u>

# **GLEN VOWELL 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 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 fund reports the trust funds owned by the Band and held by the federal government.

#### **b) Inventory**

Inventory is valued at cost.

#### **c) 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 on the mortgages.

#### **d) 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.



# GLEN VOWELL BAND COUNCIL

## NOTES

MARCH 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e) 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. Other revenue is recognized when earned.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

#### 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

	2015	2014
Gitksan Government Commission	\$ -	\$ 155,124
Canada Revenue Agency	4,588	11,644
CMHC	10,895	1,556
Rent	267,023	207,882
Trade and other	166,644	97,793
Allowance for doubtful accounts	<u>-267,023</u>	<u>-207,882</u>
	<u>\$ 182,127</u>	<u>\$ 266,117</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	2015	2014
Opening balance	\$ 22,942	\$ 329,607	\$ 352,549	\$ 341,831
Interest	<u>-</u>	<u>9,481</u>	<u>9,481</u>	<u>10,718</u>
	<u>\$ 22,942</u>	<u>\$ 339,088</u>	<u>\$ 362,030</u>	<u>\$ 352,549</u>

# GLEN VOWELL BAND COUNCIL

## NOTES

MARCH 31, 2015

### 4. ACCOUNTS PAYABLES AND ACCRUALS

	2015	2014
Gitksan Government Commission	\$ 14,264	\$ -
Trade payables	104,715	116,532
Wages and benefits	<u>24,591</u>	<u>38,858</u>
	<u>\$ 143,570</u>	<u>\$ 155,390</u>

### 5. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$6,000 annually. 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. Withdrawals are first from interest, then from principal. At year-end, \$9,715 of the funds are in a separate bank account.

Opening balance	\$ 66,500
Current provision	<u>6,000</u>
Closing balance	<u>\$ 72,500</u>

### 6. LONG-TERM DEBT

All Nations Trust Company mortgage, \$2,124/month including interest at 1.6% per annum; secured by six housing units. \$ 74,609

Royal Bank of Canada term loan, \$1,666/month plus interest at prime plus 2.3%; secured by a general security agreement. 196,668

\$ 271,277

Principal repayment during the next five years is as follows:

2016	\$ 44,556
2017	44,858
2018	45,171
2019	19,992
2020	<u>19,992</u>
	<u>\$ 174,569</u>

# GLEN VOWELL BAND COUNCIL

## NOTES

MARCH 31, 2015

### 7. PROPERTY AND EQUIPMENT

	Property and Equipment			Accumulated Amortization			Net Book Value	
	Opening Balance \$	Additions \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Closing Balance \$	2015 \$	2014 \$
Land	75,600	-	75,600	-	-	-	75,600	75,600
Buildings	2,282,652	-	2,282,652	1,233,121	50,012	1,283,133	999,519	1,049,531
Engineered structures	3,782,981	-	3,782,981	1,758,709	80,971	1,839,680	1,943,301	2,024,272
Equipment	632,006	5,012	637,018	513,546	24,694	538,240	98,778	118,460
	6,773,239	5,012	6,778,251	3,505,376	155,677	3,661,053	3,117,198	3,267,863

# GLEN VOWELL BAND COUNCIL

## NOTES

MARCH 31, 2015

### 8. SURPLUS (DEFICIT)

	2015	2014
Band Support	\$ -21,867	\$ -31,974
Brighter Futures	4,536	7,720
Capital Housing/Projects	540,756	738,038
Economic Development	116,686	179,892
Education	50,688	130,817
Rental Housing	171,220	163,304
Social Services	15,898	-42,123
	<u>\$ 877,917</u>	<u>\$ 1,145,674</u>

### 9. EQUITY IN PROPERTY AND EQUIPMENT

	2015	2014
Opening balance	\$ 3,169,178	\$ 3,265,476
Contributions from operations	5,012	44,678
Long-term debt repayment	24,076	23,691
Amortization	<u>-155,677</u>	<u>-164,667</u>
Closing balance	<u>\$ 3,042,589</u>	<u>\$ 3,169,178</u>

### 10. 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:

GLEN VOWELL BAND COUNCIL  
NOTES

MARCH 31, 2015

10. SEGMENT DISCLOSURE (continued)

	Budget Total 2015	Band Support	Brighter Futures	Capital Housing/ Projects	Community Infrastructure	Economic Development	Education	Rental Housing	Social Services	Amortization	Total 2015	Total 2014
Revenue	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
GGC	1,222,757	219,285	-	30,439	130,467	28,720	324,783	-	478,549	-	1,212,243	1,712,181
Gibson Health Society	50,000	-	75,000	-	34,080	-	-	-	-	-	109,080	50,000
CMHC	18,677	-	-	-	-	7,875	-	18,677	-	-	26,552	18,677
Rental	112,250	-	-	-	-	-	-	116,080	-	-	116,080	112,250
Ottawa Trust funds	10,718	9,481	-	-	-	-	-	-	-	-	9,481	10,718
Other	276,333	94,741	13,999	-	7,822	215,981	6,225	450	-	-	339,218	276,333
	<u>1,690,735</u>	<u>323,507</u>	<u>88,999</u>	<u>30,439</u>	<u>172,389</u>	<u>252,576</u>	<u>331,008</u>	<u>135,207</u>	<u>478,549</u>	<u>-</u>	<u>1,812,654</u>	<u>2,180,159</u>
Expenses												
Amortization	164,667	-	-	-	-	-	-	-	-	155,677	155,677	164,667
Bad debts	15,293	-	-	-	-	-	-	59,142	-	-	59,142	15,293
Bank charges and interest	8,269	13,380	-	-	-	-	-	1,417	-	-	14,797	8,269
Benefits and programs	645,434	-	-	-	-	-	239,467	-	355,786	-	655,253	645,434
Contract services	61,916	30,416	-	201,706	23,675	461	-	-	-	-	256,258	224,561
Honoraria	51,800	55,642	-	-	7,135	-	-	-	-	-	55,642	51,800
Insurance	27,841	15,024	-	11,015	28,885	-	-	9,050	-	-	42,224	27,841
Materials, supplies and other	266,679	62,464	18,687	-	140,319	5,159	-	5,000	15,121	-	275,635	266,679
Professional services	18,209	18,711	-	-	-	-	-	500	-	-	19,211	18,209
Repairs and maintenance	26,899	39	-	-	21,594	-	-	22,106	-	-	43,739	26,899
Replacement reserve	6,000	-	-	-	-	-	-	6,000	-	-	6,000	6,000
Telephone and utilities	42,137	10,976	-	-	37,195	-	-	-	-	-	48,171	42,137
Travel and workshops	47,977	25,421	18,847	-	-	-	9,595	-	-	-	53,863	47,977
Wages and benefits	530,950	167,462	54,649	15,000	89,932	75,127	50,589	-	59,128	-	511,907	530,950
	<u>1,914,091</u>	<u>399,555</u>	<u>92,183</u>	<u>227,721</u>	<u>208,416</u>	<u>215,907</u>	<u>364,810</u>	<u>103,215</u>	<u>430,035</u>	<u>155,677</u>	<u>2,197,519</u>	<u>2,076,736</u>
REVENUE OVER EXPENDITURE	-223,356	-76,048	-3,184	-197,282	-36,047	36,669	-33,802	31,992	48,514	-155,677	-384,865	103,423
TRANSFERS	-	95,636	-	-	36,047	-94,863	-46,327	9,507	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	-223,356	18,588	-3,184	-197,282	-	-58,194	-80,129	41,499	48,514	-155,677	-384,865	103,423