

GLEN VOWELL BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2016

GLEN VOWELL BAND COUNCIL
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GLEN VOWELL BAND COUNCIL

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2016

The financial statements of the Glen Vowell 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 Glen Vowell 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

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, 2016 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.

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

Terrace, BC
October 20, 2016

Carlyle Shepherd : Co.

GLEN VOWELL BAND COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31

	2016 \$	2015 \$
FINANCIAL ASSETS		
Cash	800,968	1,114,666
Accounts receivable (note 2)	117,208	182,127
Inventory (note 1)	6,095	2,716
Ottawa Trust funds (note 3)	<u>31,243</u>	<u>362,030</u>
	<u>955,514</u>	<u>1,661,539</u>
LIABILITIES		
Accounts payable and accruals (note 4)	439,680	143,570
Deferred revenue	94,903	46,250
Replacement reserve (note 5)	74,884	72,500
Long-term debt (note 6)	<u>226,819</u>	<u>271,277</u>
	<u>836,286</u>	<u>533,597</u>
NET FINANCIAL ASSETS	119,228	1,127,942
NON-FINANCIAL ASSETS		
Prepaid expenditures	33,560	37,396
Property and equipment (notes 1 and 7)	<u>4,542,075</u>	<u>3,117,198</u>
	<u>4,694,863</u>	<u>4,282,536</u>
BAND POSITION		
Surplus (note 8)	171,688	877,917
Equity in property and equipment (note 9)	4,491,932	3,042,589
Ottawa Trust funds (note 3)	<u>31,243</u>	<u>362,030</u>
	<u>4,694,863</u>	<u>4,282,536</u>

APPROVED BY THE COUNCIL

Robert Sims Chief Councillor

Cheryl Steiner Band Manager

GLEN VOWELL BAND COUNCIL
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31

	Unaudited Budget 2016 \$	2016 \$	2015 \$
REVENUE			
GGC	1,597,422	1,597,422	1,212,243
Gitxsan Health Society	100,147	100,147	109,080
CMHC	18,677	18,677	26,552
Rental	116,080	123,406	116,080
Ottawa Trust funds	9,481	4,499	9,481
Other	707,150	635,654	339,218
	<u>2,548,957</u>	<u>2,479,805</u>	<u>1,812,654</u>
EXPENDITURE			
Amortization	155,677	153,075	155,677
Band Support	392,616	358,386	399,555
Brighter Futures	92,183	93,657	92,183
Capital Housing/Projects	248,485	243,866	227,721
Community Infrastructure	208,416	153,101	208,416
Economic Development	215,907	191,709	215,907
Education	364,810	234,532	364,810
Rental Housing	78,749	162,211	103,215
Social Services	430,035	476,941	430,035
	<u>2,186,878</u>	<u>2,067,478</u>	<u>2,197,519</u>
REVENUE OVER EXPENDITURE	362,079	412,327	-384,865
OPENING POSITION	<u>4,282,536</u>	<u>4,282,536</u>	<u>4,667,401</u>
CLOSING POSITION	<u>4,644,615</u>	<u>4,694,863</u>	<u>4,282,536</u>

GLEN VOWELL BAND COUNCIL**STATEMENT OF CASH FLOWS****YEAR ENDED MARCH 31**

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	412,327	-384,865
Amortization	153,075	155,677
Accounts receivable	64,919	83,990
Inventory	-3,379	1,803
Ottawa Trust funds	330,787	-9,481
Prepaid expenditures	3,836	-1,923
Accounts payable and accruals	296,110	-11,820
Deferred revenue	<u>48,653</u>	<u>46,250</u>
	<u>1,306,328</u>	<u>-120,369</u>
FINANCING ACTIVITIES		
Long-term debt	-44,458	172,592
Replacement reserve	<u>2,384</u>	<u>6,000</u>
	<u>-42,074</u>	<u>178,592</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-1,577,952</u>	<u>-5,012</u>
CHANGE IN CASH	-313,698	53,211
OPENING CASH BALANCE	<u>1,114,666</u>	<u>1,061,455</u>
CLOSING CASH BALANCE	<u>800,968</u>	<u>1,114,666</u>

GLEN VOWELL BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2016	2015
	\$	\$
Revenue over expenditure	412,327	-384,865
Amortization	153,075	155,677
Property and equipment purchases	-1,577,952	-5,012
Prepaid expenditures	<u>3,836</u>	<u>-1,923</u>
Change in the year	-1,008,714	-236,123
Opening net financial assets	<u>1,127,942</u>	<u>1,364,065</u>
Closing net financial assets	<u>119,228</u>	<u>1,127,942</u>

GLEN VOWELL 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 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, 2016

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

	2016	2015
Canada Revenue Agency	\$ 7,617	\$ 4,588
CMHC	1,556	10,895
Rent	358,181	267,023
Trade and other	108,035	166,644
Allowance for doubtful accounts	<u>-358,181</u>	<u>-267,023</u>
	<u>\$ 117,208</u>	<u>\$ 182,127</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	2016	2015
Opening balance	\$ 22,942	\$ 339,088	\$ 362,030	\$ 352,549
Withdrawal	-	-335,286	-335,286	-
Interest	-	<u>4,499</u>	<u>4,499</u>	<u>9,481</u>
	<u>\$ 22,942</u>	<u>\$ 8,301</u>	<u>\$ 31,243</u>	<u>\$ 362,030</u>

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2016

4. ACCOUNTS PAYABLES AND ACCRUALS

	2016	2015
Gitksan Government Commission	\$ 50,000	\$ 14,264
Trade payables and accruals	369,186	104,715
Wages and benefits	20,494	24,591
	<u>\$ 439,680</u>	<u>\$ 143,570</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, \$9,695 of the required \$74,884 are in a separate bank account.

Opening balance	\$ 72,500
Current provision	6,000
Expense	<u>-3,616</u>
Closing balance	<u>\$ 74,884</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. \$ 50,143

Royal Bank of Canada term loan, \$1,666/month plus interest at prime plus 2.3%; secured by a general security agreement. 176,676

\$ 226,819

Principal repayment during the next five years is as follows:

2017	\$ 44,857
2018	45,270
2019	19,992
2020	19,992
2021	<u>19,992</u>
	<u>\$ 150,103</u>

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2016

7. PROPERTY AND EQUIPMENT

	Cost		Closing Balance \$	Opening Balance \$	Accumulated Amortization		Closing Balance \$	Net Book Value	
	Opening Balance \$	Additions \$			Disposal \$	Annual Amortization \$		2016 \$	2015 \$
Land	75,600	-	-	-	-	-	-	75,600	75,600
Buildings	2,282,652	1,450,123	-	1,283,133	-	49,364	1,332,497	2,400,278	999,519
Engineered structures	3,782,981	120,890	-	1,839,680	-	82,568	1,922,248	1,981,623	1,943,301
Equipment	637,018	6,939	8,681	538,240	8,681	21,143	550,702	84,574	98,778
	<u>6,778,251</u>	<u>1,577,952</u>	<u>8,681</u>	<u>3,661,053</u>	<u>8,681</u>	<u>153,075</u>	<u>3,805,447</u>	<u>4,542,075</u>	<u>3,117,198</u>

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2016

8. SURPLUS (DEFICIT)

	2016	2015
Band Support	\$ -104,103	\$ -21,867
Brighter Futures	-	4,536
Capital Housing/Projects	-123,952	540,756
Community Infrastructure	6,464	-
Economic Development	114,833	116,686
Education	89,352	50,688
Rental Housing	127,256	171,220
Social Services	61,838	15,898
	<u>\$ 171,688</u>	<u>\$ 877,917</u>

9. EQUITY IN PROPERTY AND EQUIPMENT

	2016	2015
Opening balance	\$ 3,042,589	\$ 3,169,178
Contributions from operations	1,577,952	5,012
Long-term debt repayment	24,466	24,076
Amortization	<u>-153,075</u>	<u>-155,677</u>
Closing balance	<u>\$ 4,491,932</u>	<u>\$ 3,042,589</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

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MARCH 31, 2016

10. SEGMENT DISCLOSURE (continued)

	Budget Total 2016 \$	Band Support \$	Brighter Futures \$	Capital Housing/ Projects \$	Community Infrastructure \$	Economic Development \$	Education \$	Rental Housing \$	Social Services \$	Amortization \$	Total 2016 \$	Total 2015 \$
Revenue												
GGC	1,597,422	223,668	-	411,559	131,392	77,295	258,330	-	495,178	-	1,597,422	1,212,243
Glxson Health Society	100,147	-	80,198	-	19,949	-	-	-	-	-	100,147	109,080
CMHC	18,677	-	-	-	-	-	-	18,677	-	-	18,677	26,552
Rental	116,080	-	-	-	-	-	-	123,406	-	-	123,406	116,080
Ottawa Trust funds	9,481	4,499	-	-	-	-	-	-	-	-	4,499	9,481
Other	707,150	9,421	6,704	403,326	4,261	166,524	14,868	630	29,922	-	635,654	339,218
	<u>2,548,957</u>	<u>237,588</u>	<u>86,902</u>	<u>814,885</u>	<u>155,602</u>	<u>243,819</u>	<u>273,196</u>	<u>142,713</u>	<u>525,100</u>	<u>-</u>	<u>2,479,805</u>	<u>1,812,654</u>
Expenses												
Amortization	155,677	-	-	-	-	-	-	-	-	153,075	153,075	155,677
Bad debts	59,142	-	-	-	-	-	-	91,158	-	-	91,158	59,142
Bank charges and interest	13,380	7,231	-	-	-	-	-	-	-	-	7,231	14,797
Benefits and programs	655,253	-	-	-	-	-	187,960	-	406,629	-	594,589	655,253
Revenue recovery	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	204,423	17,295	-	-	9,887	2,750	-	-	-	-	2,750	-
Honoraria	48,400	61,900	-	58,629	-	-	-	-	-	-	85,811	256,258
Insurance	31,209	16,127	-	-	7,218	-	-	-	-	-	61,900	55,642
Materials, supplies and other	314,261	37,078	14,789	126,383	28,330	91,798	548	9,050	-	-	32,395	42,224
Professional services	19,211	28,108	-	-	-	-	-	6,026	7,255	-	312,207	275,635
Repairs and maintenance	43,739	-	-	-	11,297	-	-	49,977	-	-	28,108	19,211
Replacement reserve	48,171	13,799	-	-	39,209	-	-	6,000	-	-	61,274	43,739
Telephone and utilities	61,105	42,538	20,190	-	-	-	-	-	-	-	53,008	48,171
Travel and workshops	511,907	134,310	58,678	58,854	57,160	97,161	29,745	-	-	-	79,007	53,863
Wages and benefits	2,171,878	358,386	93,657	243,866	153,101	191,709	234,532	162,211	476,941	-	498,965	511,907
	<u>377,079</u>	<u>-120,798</u>	<u>-6,755</u>	<u>571,019</u>	<u>2,501</u>	<u>52,110</u>	<u>38,864</u>	<u>-19,498</u>	<u>48,159</u>	<u>-153,075</u>	<u>412,327</u>	<u>-384,865</u>
REVENUE OVER EXPENDITURE												
	-	50,000	2,219	-	3,963	-53,963	-	-	-2,219	-	-	-
TRANSFERS												
	<u>377,079</u>	<u>-70,798</u>	<u>-4,536</u>	<u>571,019</u>	<u>6,464</u>	<u>-1,853</u>	<u>38,864</u>	<u>-19,498</u>	<u>45,940</u>	<u>-153,075</u>	<u>412,327</u>	<u>-384,865</u>
ANNUAL SURPLUS (DEFICIT)												