

GLEN VOWELL BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2017

GLEN VOWELL BAND COUNCIL
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GLEN VOWELL BAND COUNCIL

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2017

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.

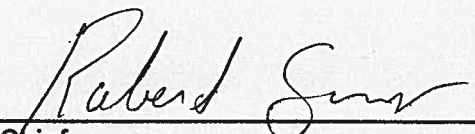
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements are presented fairly, in all material respects.

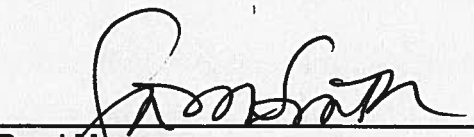
The Glen Vowell Band Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate and that assets are adequately safeguarded.

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, 2017 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'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, 2017 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.

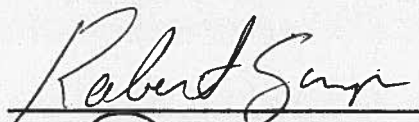
Terrace, BC
August 14, 2017

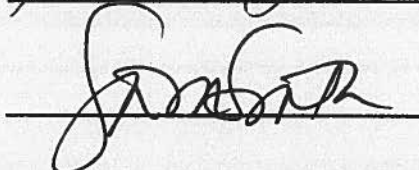
Carlyle Shepherd & Co.

GLEN VOWELL BAND COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	266,452	800,968
Accounts receivable (note 2)	190,969	117,208
Inventory (note 1)	5,389	6,095
Ottawa Trust funds (note 3)	32,824	31,243
	<u>495,634</u>	<u>955,514</u>
LIABILITIES		
Accounts payable and accruals (note 4)	105,488	439,680
Deferred revenue	-	94,903
Replacement reserve (note 5)	80,411	74,884
Long-term debt (note 6)	181,960	226,819
	<u>367,859</u>	<u>836,286</u>
NET FINANCIAL ASSETS	127,775	119,228
NON-FINANCIAL ASSETS		
Prepaid expenditures	46,057	33,560
Property and equipment (notes 1 and 7)	4,575,527	4,542,075
	<u>4,749,359</u>	<u>4,694,863</u>
BAND POSITION		
Surplus (note 8)	166,284	171,688
Equity in property and equipment (note 9)	4,550,251	4,491,932
Ottawa Trust funds (note 3)	32,824	31,243
	<u>4,749,359</u>	<u>4,694,863</u>

APPROVED BY THE COUNCIL

 Chief Councillor

 Band Manager

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

	Unaudited Budget 2017 \$	2017 \$	2016 \$
REVENUE			
GGC	2,059,702	2,334,874	1,597,422
Gitksan Health Society	90,413	100,499	100,147
CMHC	18,677	77,347	18,677
Rental	123,406	118,157	123,406
Ottawa Trust funds	1,500	1,582	4,499
Other	<u>314,657</u>	<u>340,855</u>	<u>635,654</u>
	<u>2,608,355</u>	<u>2,973,314</u>	<u>2,479,805</u>
EXPENDITURE			
Amortization	153,075	212,805	153,075
Band Support	365,325	403,697	358,386
Brighter Futures	93,657	78,084	93,657
Capital Housing/Projects	751,158	770,234	243,866
Community Infrastructure	153,101	208,552	153,101
Economic Development	263,959	328,276	191,709
Education	234,532	246,949	234,532
Rental Housing	161,810	161,897	162,211
Social Services	<u>476,941</u>	<u>508,324</u>	<u>476,941</u>
	<u>2,653,558</u>	<u>2,918,818</u>	<u>2,067,478</u>
REVENUE OVER EXPENDITURE	-45,203	54,496	412,327
OPENING POSITION	<u>4,694,863</u>	<u>4,694,863</u>	<u>4,282,536</u>
CLOSING POSITION	<u>4,649,660</u>	<u>4,749,359</u>	<u>4,694,863</u>

GLEN VOWELL BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	54,496	412,327
Amortization	212,805	153,075
Accounts receivable	-73,761	64,919
Inventory	707	-3,379
Ottawa Trust funds	-1,582	330,787
Prepaid expenditures	-12,497	3,836
Accounts payable and accruals	-334,192	296,110
Deferred revenue	<u>-94,903</u>	<u>48,653</u>
	<u>-248,927</u>	<u>1,306,328</u>
FINANCING ACTIVITIES		
Long-term debt	-44,859	-44,458
Replacement reserve	<u>5,527</u>	<u>2,384</u>
	<u>-39,332</u>	<u>-42,074</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-246,257</u>	<u>-1,577,952</u>
CHANGE IN CASH	-534,516	-313,698
OPENING CASH BALANCE	<u>800,968</u>	<u>1,114,666</u>
CLOSING CASH BALANCE	<u>266,452</u>	<u>800,968</u>

GLEN VOWELL BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
Revenue over expenditure	54,496	412,327
Amortization	212,805	153,075
Property and equipment additions	-246,257	-1,577,952
Prepaid expenditures	<u>-12,497</u>	<u>3,836</u>
Change in the year	8,547	-1,008,714
Opening net financial assets	<u>119,228</u>	<u>1,127,942</u>
Closing net financial assets	<u>127,775</u>	<u>119,228</u>

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2017

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, 2017

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

	2017	2016
Canada Revenue Agency	\$ 11,813	\$ 7,617
CMHC	60,227	1,556
Rent	448,641	358,181
Trade and other	118,929	108,035
Allowance for doubtful accounts	<u>-448,641</u>	<u>-358,181</u>
	<u>\$ 190,969</u>	<u>\$ 117,208</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	2017	2016
Opening balance	\$ 22,942	\$ 8,301	\$ 31,243	\$ 362,030
Withdrawal	-	-	-	-335,286
Interest	-	1,581	1,581	4,499
	<u>\$ 22,942</u>	<u>\$ 9,882</u>	<u>\$ 32,824</u>	<u>\$ 31,243</u>

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2017

4. ACCOUNTS PAYABLES AND ACCRUALS

	2017	2016
Gitksan Government Commission	\$ 5,281	\$ 50,000
Trade payables and accruals	69,741	369,186
Wages and benefits	<u>30,466</u>	<u>20,494</u>
	<u>\$ 105,488</u>	<u>\$ 439,680</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, \$9,651 of the required \$80,411 are in a separate bank account.

Opening balance	\$ 74,884
Current provision	6,000
Expense	<u>-473</u>
Closing balance	<u>\$ 80,411</u>

6. LONG-TERM DEBT

All Nations Trust Company mortgage, \$2,124/month including interest at 1.62% per annum; secured by six housing units. \$ 25,276

Royal Bank of Canada term loan, \$1,666/month plus interest at prime plus 2.3%; secured by a general security agreement. 156,684
\$ 181,960

Principal repayment during the next five years is as follows:

2018	\$ 45,268
2019	19,992
2020	19,992
2021	19,992
2022	<u>19,992</u>
	<u>\$ 125,236</u>

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2017

7. PROPERTY AND EQUIPMENT

	Cost		Accumulated Amortization			Net Book Value		
	Opening Balance \$	Additions \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Closing Balance \$	2017 \$	2016 \$
Land	75,600	-	75,600	-	-	-	75,600	75,600
Buildings	3,732,775	107,130	3,839,905	1,332,497	111,060	1,443,557	2,396,348	2,400,278
Engineered structures	3,903,871	139,127	4,042,998	1,922,248	84,830	2,007,078	2,035,920	1,981,623
Equipment	635,276	-	635,276	550,702	16,915	567,617	67,659	84,574
	8,347,522	246,257	8,593,779	3,805,447	212,805	4,018,252	4,575,527	4,542,075

GLEN VOWELL BAND COUNCIL

NOTES

MARCH 31, 2017

8. SURPLUS (DEFICIT)

	2017	2016
Band Support	\$ -135,136	\$ -104,103
Brighter Futures	2,771	-
Capital Housing/Projects	-248,916	-123,952
Community Infrastructure	26,050	6,464
Economic Development	89,706	114,833
Education	55,948	89,352
Rental Housing	302,496	127,256
Social Services	73,365	61,838
	<u>\$ 166,284</u>	<u>\$ 171,688</u>

9. EQUITY IN PROPERTY AND EQUIPMENT

	2017	2016
Opening balance	\$ 4,491,932	\$ 3,042,589
Contributions from operations	246,257	1,577,952
Long-term debt repayment	24,867	24,466
Amortization	<u>-212,805</u>	<u>-153,075</u>
Closing balance	<u>\$ 4,550,251</u>	<u>\$ 4,491,932</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, 2017

10. SEGMENT DISCLOSURE (continued)

	Budget Total 2017 \$	Band Support \$	Brighter Futures \$	Capital Housing/ Projects \$	Community Infrastructure \$	Economic Development \$	Education \$	Rental Housing \$	Social Services \$	Amortization \$	Total 2017 \$	Total 2016 \$
Revenue												
GGC	2,059,702	228,970	-	813,783	179,248	105,827	213,545	-	518,329	-	2,059,702	1,597,422
Gitskan Health Society	90,413	-	70,464	-	30,035	-	-	-	-	-	100,499	100,147
CMHC	18,877	-	-	-	-	-	-	77,347	-	-	77,347	18,877
Rental	123,408	-	-	-	-	-	-	118,157	-	-	118,157	123,408
Ottawa Trust funds	1,500	1,582	-	-	-	-	-	-	-	-	1,582	4,499
Other	314,657	74,093	10,391	77,744	13,855	188,422	-	-	1,522	-	368,027	635,654
	<u>2,608,355</u>	<u>304,645</u>	<u>80,855</u>	<u>891,527</u>	<u>223,138</u>	<u>294,249</u>	<u>213,545</u>	<u>195,504</u>	<u>519,851</u>	<u>-</u>	<u>2,723,314</u>	<u>2,479,805</u>
Expenses												
Amortization	153,075	-	-	-	-	-	-	-	-	212,805	212,805	153,075
Bad debts	91,158	-	-	-	-	-	-	90,460	-	-	90,460	91,158
Bank charges and interest	7,231	8,802	-	-	-	-	-	-	-	-	8,802	7,231
Benefits and programs	594,589	-	-	-	-	19,062	199,890	-	415,102	-	634,054	594,589
Contract services	668,103	34,566	-	647,470	25,390	74,500	-	-	-	-	781,926	85,811
GGC recovery	-	-	-	-	-	-	-	-	21,807	-	21,807	2,750
Honoraria	61,900	42,550	-	-	-	-	-	-	-	-	42,550	61,900
Insurance	32,395	18,738	-	-	1,501	-	-	12,570	-	-	32,809	32,395
Materials, supplies and other	308,452	41,289	32,861	49,523	29,897	118,627	12,697	5,626	8,895	-	298,395	312,207
Professional services	28,108	14,000	-	-	18,173	-	-	1,000	-	-	15,000	28,108
Repairs and maintenance	61,274	3,396	-	52,572	-	-	-	46,241	-	-	120,382	61,274
Replacement reserve	6,000	-	-	-	-	-	-	6,000	-	-	6,000	6,000
Telephone and utilities	53,008	20,001	-	-	49,577	-	-	-	-	-	69,578	53,008
Travel and workshops	89,300	64,747	181	-	17,654	-	6,529	-	-	-	89,111	79,007
Wages and benefits	498,965	155,628	45,042	20,669	66,360	116,087	27,833	-	62,520	-	494,139	498,965
	<u>2,653,558</u>	<u>403,697</u>	<u>78,084</u>	<u>770,234</u>	<u>208,552</u>	<u>328,276</u>	<u>246,949</u>	<u>161,897</u>	<u>508,324</u>	<u>-</u>	<u>2,918,818</u>	<u>2,087,478</u>
REVENUE OVER EXPENDITURE	-45,203	-99,052	2,771	121,293	14,586	-34,027	-33,404	33,607	11,527	-212,805	-195,504	412,327
TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	<u>-45,203</u>	<u>-99,052</u>	<u>2,771</u>	<u>121,293</u>	<u>14,586</u>	<u>-34,027</u>	<u>-33,404</u>	<u>33,607</u>	<u>11,527</u>	<u>-212,805</u>	<u>-195,504</u>	<u>412,327</u>