



Gitsegukla Indian Band
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2016



Gitsegukla Indian Band
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2016

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Gitsegukla Indian Band
MARCH 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Gitsegukla Indian Band and all the information in this annual report are the responsibility of Chief and Council and have been approved by the Chief and Council.

The financial statements have been prepared in conformity with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and where appropriate, includes certain amounts based on management's best estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Gitsegukla Indian Band's Chief and Council maintains systems of internal accounting and administrative controls, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Gitsegukla Indian Band's assets are appropriately accounted for and adequately safeguarded.

The Gitsegukla Indian Band Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council reviewed the Gitsegukla Indian Band's financial statements and recommends their approval. The management meets periodically with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issued, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council also considers the engagement of the external auditors.

The financial information have been audited by Ribeyre Chang Haylock, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the members. Ribeyre Chang Haylock has full and free access to Management.



Chief Councilor

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INDEPENDENT AUDITOR'S REPORT

To: The Members of Gitsegukla Indian Band

Gitsegukla Indian Band

Report on the Financial Statements

We have audited the accompanying financial statements of Gitsegukla Indian Band, which comprise the statement of financial position as at March 31, 2016, and the summary statements of operations, summary statement of changes in net debt, summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from 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 our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Gitsegukla Indian Band** as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

Port Coquitlam, B.C.
July 18, 2016

R. Lynn Chung-Hydehuk
Chartered Professional Accountants

Gitsegukla Indian Band
SUMMARY STATEMENT OF FINANCIAL POSITION

—As at March 31, 2016

Statement 1

	2016	2015
Financial assets		
Cash	\$ 914,424	\$ 984,314
Accounts receivable - note 3	227,061	235,467
Trust moneys - note 4	122,038	117,271
	<u>1,263,523</u>	<u>1,337,052</u>
Liabilities		
Bank indebtedness - note 5	-	64,526
Accounts payable and accrued liabilities - note 6	1,654,182	2,072,634
Deferred revenue - note 7	208,290	212,723
Long-term debt - note 8	554,350	397,418
	<u>2,416,822</u>	<u>2,747,301</u>
Net debt	<u>(1,153,299)</u>	<u>(1,410,249)</u>
Contingent liability - note 9		
Non-financial assets		
Tangible capital assets - note 10	4,863,994	5,213,881
Prepaid expenses	129,423	133,397
Total non-financial assets	<u>4,993,417</u>	<u>5,347,278</u>
Accumulated surplus	<u>\$ 3,840,118</u>	<u>\$ 3,937,029</u>

See accompanying notes




Julie Walter
Councillor

Gitsegukla Indian Band
SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2016

Statement 2

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	\$6,449,510	\$6,449,510	\$ 5,127,023
Canada Mortgage and Housing Corporation	-	133,000	-
First Nations Health Authority	1,508,449	1,508,449	1,186,836
First Nations Education Steering Committee	-	225,442	12,066
Miscellaneous income	-	502,037	364,558
Rental	-	48,206	90,483
Interest on trust moneys	-	4,767	5,084
	7,957,959	8,871,411	6,786,050
Expenses			
Band government	-	777,496	1,053,533
Community hall	-	42,773	60,758
Community infrastructure	-	216,243	333,987
Capital projects	-	3,035,576	661,138
Education and training	-	2,061,233	1,479,098
Health	-	1,499,026	1,206,600
Housing	-	67,048	56,153
Social programs	-	1,031,898	1,052,688
	-	8,731,293	5,903,955
Annual surplus		140,118	882,095
Accumulated surplus, beginning of year		3,937,029	3,177,318
Recoveries		(237,029)	(122,384)
Accumulated surplus, end of year		\$3,840,118	\$ 3,937,029

See accompanying notes

Gitsegukla Indian Band

SUMMARY STATEMENT OF NET DEBT

For the year ended March 31, 2016

Statement 3

	2015 Budget	2016	2015
Annual (deficit) surplus	\$ 140,118	\$ 140,118	\$ 882,095
Recoveries in the year	(237,029)	(237,029)	(122,384)
	(96,911)	(96,911)	759,711
 Changes in tangible capital assets			
Acquisition of tangible capital assets	(136,213)	(136,213)	(360,182)
Amortization of tangible capital assets	486,100	486,100	479,486
	349,887	349,887	119,304
 Changes in other non-financial assets			
Prepaid expenses and deposits	3,974	3,974	(8,417)
	3,974	3,974	(8,417)
Increase (decrease) in net financial assets	256,950	256,950	870,598
 Net debt at beginning of year	(1,410,249)	(1,410,249)	(2,280,847)
 Net debt at end of year	\$ (1,153,299)	\$ (1,153,299)	\$ (1,410,249)

See accompanying notes

Gitsegukla Indian Band
SCHEDULE OF CASH FLOW

For the year ended March 31, 2016

Statement 4

	2016	2015
OPERATING ACTIVITIES		
Revenue received	\$ 8,633,588	\$ 6,541,389
Expenses paid	(8,643,092)	(5,297,133)
Interest paid on long-term debt	(16,579)	(11,892)
Cash provided by (used in) operating activities	(26,083)	1,232,364
INVESTING ACTIVITIES		
Purchase and construction of capital assets	(136,213)	(360,182)
Cash used in investing activities	(136,213)	(360,182)
FINANCING ACTIVITIES		
Advancement (repayment) of long-term debt - net	156,932	(64,741)
Cash provided by financing activities	156,932	(64,741)
(Decrease) increase in cash during the year	(5,364)	807,441
Cash, beginning of year	919,788	112,347
Cash, end of year	\$ 914,424	\$ 919,788
Comprised of:		
Cash	\$ 914,424	\$ 984,314
Bank indebtedness	-	(64,526)
Cash end of year	\$ 914,424	\$ 919,788

See accompanying notes

Gitsegukla Indian Band

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1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Fund accounting

The Gitsegukla Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Gitsegukla Indian Band maintains the following funds:

- The Operating Fund which reports the general activities of the Indian Band administration,
- The Health Fund which reports the general activities of the Gitsegukula Health Centre,
- The Trust Fund which reports on trust funds owned by the Indian Band and held by a third party,
- The Education Fund which reports on the activities of the Gitsegukla Community Education Development Authority Association.

b) Use of estimates

The preparation of schedules in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the schedules and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

c) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Schedule of Financial Position.

Gitsegukla Indian Band

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1. Continued...

d) Reporting entity and principles of financial reporting

The Gitsegukla Indian Band reporting entity includes the Gitsegukla Indian Band and all related entities which are accountable to the First Nation and are either owned or controlled by the Indian Band.

These financial statements consolidate the assets, liabilities and results of operation for the following entities which use accounting principles which lend themselves to consolidation:

- Gitsegukla Indian Band Operating Fund,
- Gitsegukla Indian Band Health Fund,
- Gitsegukla Indian Band Trust Fund,
- Gitsegukla Indian Band Social Housing Fund,
- Gitsegukla Community Education Development Authority Association
- Gitsegukla Economic Development Corporation
- Gitsegukla Hemp Corporation

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

e) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not consumption in the normal course of operations. The indicator of net debt is determined by deducting the financial assets of the Gitsegukla Indian Band from its liabilities. Financial assets are primarily measured at historical cost.

f) Non-financial assets

Fixed assets and other non-financial assets are accounted for as assets by the Gitsegukla Indian Band because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Gitsegukla Indian Band unless they are sold.

g) Fixed assets

Fixed assets are valued at either cost or estimated cost and recorded in the Operating Fund.

The acquisition costs of fixed assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Operating Fund with a corresponding increase in Operating Fund - unrestricted equity.

h) Depreciation

Fixed assets are recorded and depreciated with a corresponding reduction in Equity in Fixed Assets. Fixed assets are depreciated over their expected useful life using the straight line method or the declining balance method at the following rates:

Furniture, office equipment, school equipment, other equipment	20% - 30%
Building, housing and infrastructure	4%

Gitsegukla Indian Band

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2. ECONOMIC DEPENDANCE

The Gitsegukla Indian Band receives major portions of its revenue pursuant to funding arrangements with Indigenous and Northern Affairs Canada.

3. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable is comprised of the following:		
Indigenous and Northern Affairs Canada	\$ 108,118	\$ 205,026
First Nations Health Authority	31,244	4,665
First Nations Management Board	25,000	-
First Nations Education Steering Committee	36,191	-
Other	158,519	162,003
Due from band members	36,892	32,676
	395,964	404,370
Less allowance for doubtful accounts	(168,903)	(168,903)
	\$ 227,061	\$ 235,467

4. TRUST MONEYS

The Ottawa Trust accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

5. BANK INDEBTEDNESS

	2016	2015
Gitsegukla Health - Cheques issued in excess of deposit	\$ -	\$ 64,526

6. ACCOUNTS PAYABLE

	2016	2015
Indigenous and Northern Affairs Canada		
Prior years' recovery	\$ 1,298,932	\$ 1,087,966
Current year potential recovery	25,381	-
Other payables	329,869	984,668
	\$ 1,654,182	\$ 2,072,634

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7. DEFERRED REVENUE

	2016	2015
CN Grant	\$ 10,000	\$ 10,000
First Nations Health Authority	127,612	127,612
Indigenous Youth Wellness	11,200	11,200
Provincial Health Services Authority	47,164	47,164
Prepaid rent received	1,000	-
Youth activities grants	16,747	16,747
	\$ 213,723	\$ 212,723

8. LONG-TERM DEBT

	2016	2015
Demand Loan payable secured by real property and a ministerial guarantee. With monthly payments of \$925 including interest at 2.86% per annum	\$ 101,251	\$ 109,311
Demand loan payable secured by real property, a ministerial guarantee and assignment of fire insurance with monthly payments of \$2,293 including interest at 3.17% per annum.	181,601	202,991
Term loan payable secured by real property. Renewing on August 18, 2018 with monthly payments of \$2,255 per month including interest at the Royal Bank of Canada's prime rate plus 3.75% per annum.	191,611	-
Term loan payable secured by real property. Renewing on November 1, 2021 with monthly payments of \$865 per month including interest at 6.29% per annum.	79,887	85,116
	\$ 554,350	\$ 397,418

Future principal payments for subsequent years are as follows:

2017	\$ 303,611
2018	21,982
2019	166,332
2020	6,466
2021	<u>55,959</u>
	<u>\$ 554,350</u>

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9. CONTINGENT LIABILITY

During the 2014 year, Indigenous and Northern Affairs Canada conducted a recipient audit and has advised Gitsegukla Indian Band that there should be a recovery as a result of the audit findings. Gitsegukla Indian Band has a process in place to work with Indigenous and Northern Affairs Canada towards a recovery plan that will not put the delivery of local government programs at risk. The recoverable amount was originally assessed at \$4,563,238; however the management believes the final balance owing will be approximately \$34,000.

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10. TANGIBLE CAPITAL ASSETS

	2016						2015		
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Ending Accumulated Depreciation	Net Book Value	Net Book Value	
Land	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ 300,000	
Furniture and equipment	810,670	31,384	-	842,054	749,976	19,271	769,247	72,807	60,694
Hall equipment	26,671	-	-	26,671	26,670	1	26,671	-	1
Hemp farm equipment	50,000	-	-	50,000	50,000	-	50,000	-	-
Mobile equipment	437,304	36,375	-	473,679	363,971	30,446	394,417	79,262	73,333
Infrastructure						-			
Buildings	6,080,463	-	-	6,080,463	4,626,360	212,946	4,839,306	1,241,157	1,454,103
Education buildings	144,032	-	-	144,032	59,607	3,377	62,984	81,048	84,425
Roads	17,131	-	-	17,131	17,131	-	17,131	-	-
Municipal infrastructure	4,508,721	53,158	-	4,561,879	2,768,874	147,693	2,916,567	1,645,312	1,739,847
Fencing	7,178	-	-	7,178	1,722	287	2,009	5,169	5,456
Health capital assets	2,118,450	15,296	-	2,133,746	622,428	72,079	694,507	1,439,239	1,496,022
	\$ 14,500,620	\$ 136,213	\$ -	\$ 14,636,833	\$ 9,286,739	\$ 486,100	\$ 9,772,839	\$ 4,863,994	\$ 5,213,881

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11. BUDGET INFORMATION

The budget information disclosed has been approved by the band council and third party management. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

12. FINANCIAL INSTRUMENTS

Risk management policy

Gitsegukla Indian Band is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2016.

Credit risk

The carrying value of the Indian Band's main financial assets represents the maximum credit risk to which the band is exposed.

Liquidity risk

Gitsegukla Indian Band considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

Gitsegukla Indian Band is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the band to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2016.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	Over 5 years
Accounts payable and accrued expenses	\$ 1,654,182	\$ 1,654,182	\$ 1,654,182	\$ -	\$ -
Long-term debt	554,350	554,350	303,611	194,780	55,959
	\$ 2,208,532	\$ 2,208,532	\$ 1,957,793	\$ 194,780	\$ 55,959