



Gitsegukla First Nation
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021

Gitsegukla First Nation
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2021

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Gitsegukla First Nation
MARCH 31, 2021

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Gitsegukla First Nation 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 First Nation'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 First Nation's assets are appropriately accounted for and adequately safeguarded.

The Gitsegukla First Nation 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 First Nation'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


Councillor

INDEPENDENT AUDITOR'S REPORT

To: The Members of Gitsegukla First Nation

Report on the Audit of the Consolidated Financial Statements

We have audited the consolidated financial statements of Gitsegukla First Nation, which comprise the consolidated statement of financial position as at March 31, 2021 and March 31, 2020, and the consolidated statements of income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Gitsegukla First Nation as at March 31, 2021 and March 31, 2020, and its consolidated financial performance and its consolidated 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of Management and Those Charged with Governance for the Consolidated 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is
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sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, super-vision and performance of the group audit. We remain solely responsible for our audit opinion.
 - We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Aaron Keetley, CPA, CMA, CA.

Port Coquitlam, B.C.
July 23, 2019

Chartered Professional Accountants

Gitsegukla First Nation

SUMMARY STATEMENT OF FINANCIAL POSITION


As at March 31, 2021

Statement 1

	2021	2020
Financial assets		
Cash	\$ 5,376,173	\$ 4,903,928
Accounts receivable - note 3	1,194,428	317,529
Investment - note 4	110	110
Trust moneys - note 5	145,586	140,582
	<u>6,716,297</u>	<u>5,362,149</u>
Liabilities		
Accounts payable and accrued liabilities - note 6	1,329,069	2,631,596
Long-term debt - note 7	321,303	333,080
Capital lease - note 8	30,235	46,529
	<u>1,680,607</u>	<u>3,011,205</u>
Net financial assets	<u>5,035,690</u>	<u>2,350,944</u>
Non-financial assets		
Tangible capital assets - note 9	18,457,834	17,957,608
Prepaid expenses	176,582	164,753
Total non-financial assets	<u>18,634,416</u>	<u>18,122,361</u>
Accumulated surplus - note 10	<u>\$ 23,670,106</u>	<u>\$ 20,473,305</u>

See accompanying notes


Chief Councillor


Councillor

Gitsegukla First Nation

SUMMARY STATEMENT OF OPERATIONS

For the year ended March 31, 2021

Statement 2

	2021 Budget	2021	2020
Revenue			
Indigenous Services Canada	\$ 5,888,786	\$ 5,888,786	\$ 9,202,869
B.C. First Nations Gaming Revenue	518,106	518,106	482,662
Canada Mortgage and Housing Corporation	-	-	11,539
First Nations Health Authority	3,166,593	3,166,593	2,836,958
First Nations Education Steering Committee	343,532	432,292	455,820
Province of B.C.	50,697	184,970	232,967
Miscellaneous income	-	232,284	388,625
Rental	-	114,636	120,848
Interest on trust moneys	-	5,004	4,928
	9,967,714	10,542,671	13,737,216
Expenses			
Administration	1,116,992	1,636,155	1,024,826
Capital asset depreciation	1,081,713	1,081,713	1,046,501
Economic development	258,154	179,782	187,917
Social development	1,406,622	1,355,179	1,196,196
Education	1,922,677	1,622,847	1,174,913
Public works	509,314	644,588	600,744
Housing	110,997	123,443	949,372
Health	1,335,779	1,650,202	2,155,631
	7,742,248	8,293,909	8,336,100
Annual surplus	2,225,466	2,248,762	5,401,116
Accumulated surplus, beginning of year		20,473,305	15,129,266
Reimbursements (recoveries)		948,039	(57,077)
Accumulated surplus, end of year		\$ 23,670,106	\$ 20,473,305

See accompanying notes

Gitsegukla First Nation

SUMMARY STATEMENT OF FINANCIAL ASSETS

For the year ended March 31, 2021

Statement 3

	2021 Budget	2021	2020
Annual surplus	\$ 2,225,466	\$ 2,248,762	\$ 5,401,116
Reimbursements (recoveries) in the year	948,039	948,039	(57,077)
	3,173,505	3,196,801	5,344,039
Changes in tangible capital assets			
Acquisition of tangible capital assets	(1,581,940)	(1,581,940)	(4,556,979)
Amortization of tangible capital assets	1,081,714	1,081,714	1,046,501
	(500,226)	(500,226)	(3,510,478)
Changes in other non-financial assets			
Prepaid expenses and deposits	(11,829)	(11,829)	(9,084)
Increase in net financial assets		2,684,746	1,824,477
Net financial assets at beginning of year		2,350,944	526,467
Net financial assets at end of year		\$ 5,035,690	\$ 2,350,944

See accompanying notes

Gitsegukla First Nation

STATEMENT OF CASH FLOW

For the year ended March 31, 2021

Statement 4

	2021	2020
OPERATING ACTIVITIES		
Revenue received	\$ 10,608,807	\$ 12,172,636
Expenses paid	(8,511,910)	(6,664,159)
Interest paid on capital leases	(2,511)	(3,521)
Interest paid on long-term debt	(12,130)	(19,695)
Cash provided by operating activities	2,082,256	5,485,261
INVESTING ACTIVITIES		
Investment in BCFN GRS GP Inc.	-	(110)
Purchase and construction of capital assets	(1,581,940)	(4,556,979)
Cash used in investing activities	(1,581,940)	(4,557,089)
FINANCING ACTIVITIES		
Repayment of long-term debt	(28,071)	(79,418)
Cash used in financing activities	(28,071)	(79,418)
Increase in cash during the year	472,245	848,754
Cash, beginning of year	4,903,928	4,055,174
Cash, end of year	\$ 5,376,173	\$ 4,903,928

See accompanying notes

Gitsegukla First Nation

CONSOLIDATED FINANCIAL STATEMENTS

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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 PSAB Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Fund accounting

The Gitsegukla First Nation 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 First Nation maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration including the Education and Health programs and
- The Trust Fund which reports on trust funds owned by the First Nation and held by a third party.

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 Statement of Financial Position.

Revenue that is part of a multi-year funding arrangement is deferred until it is earned or repayable. The only funder with a multi-year arrangement in 2021 is the First Nations Health Authority though Indigenous Services Canada may permit the deferral of certain revenues under specific circumstances.

Gitsegukla First Nation

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1. Continued...

d) Reporting entity and principles of financial reporting

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

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 First Nation
- 1111940 Limited Partnership
- 1111940 British Columbia Ltd.

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 consumed in the normal course of operations. The indicator of net debt is determined by deducting the financial assets of the Gitsegukla First Nation 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 First Nation 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 the 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%
Mobile equipment	30%
Building, housing and infrastructure	4%

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2. ECONOMIC DEPENDENCE

The Gitsegukla First Nation receives major portions of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations Health Authority.

3. ACCOUNTS RECEIVABLE

	2021	2020
Accounts receivable is comprised of the following:		
Indigenous Services Canada	\$ 400,812	\$ 93,235
First Nations Health Authority	647,244	65,231
First Nations Education Steering Committee	110,153	98,496
Province of British Columbia	874	30,000
TriCorp	12,975	14,448
Other	184,727	185,022
	1,356,785	486,432
Less allowance for doubtful accounts	(162,357)	(168,903)
	\$ 1,194,428	\$ 317,529

4. INVESTMENT

	2021	2020
BCFN GRS GP Inc.		
<1% interest	\$ 110	\$ 110

5. 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.

6. ACCOUNTS PAYABLE

	2021	2020
Indigenous Services Canada	\$ 261,193	\$ 1,233,599
Recipient audit accrual	29,500	29,500
Prior years' reimbursement (recovery)	68,078	(11,472)
Current year potential recovery	1,477	78,073
Other payables	968,821	1,301,896
	\$ 1,329,069	\$ 2,631,596

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7. LONG-TERM DEBT

	2021	2020
Demand loan payable secured by real property and a ministerial guarantee. With monthly payments of \$927 including interest at 2.87% per annum	\$ 56,132	\$ 65,483
Demand loan payable secured by real property, a ministerial guarantee and assignment of fire insurance with monthly payments of \$2,686 including interest at 3.53% per annum.	54,440	84,177
Term loan payable secured by real property. Maturing on August 18, 2021 with monthly payments of \$2,183 per month including interest at 3.08% per annum.	105,952	127,788
Interest-free government loan due and payable on the earlier of March 31, 2024 or the date on which the land claim is settled. If the land claim is not settled by the loan due date, the due date of the loan will extend to earlier of March 31, 2029 or the date on which the land claim is settled.	56,577	-
Term loan payable secured by real property. Maturing on November 1, 2021 with monthly payments of \$865 per month including interest at 6.29% per annum.	48,202	55,632
	\$ 321,303	\$ 333,080

Future principal payments for subsequent years are as follows:

2022	\$ 264,726
2023	-
2024	56,577
2025	-
2026	-
	<u>\$ 321,303</u>

8. CAPITAL LEASE

Vehicle lease, bearing interest at 6.41% per annum, repayable in monthly payments of \$1,567.12 ending on November 29, 2021 and secured by the vehicle with a carrying value of \$0. Future minimum lease payments for the next 5 years are as follows: 2022 - \$12,537; 2023 to 2026 - nil.

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9. TANGIBLE CAPITAL ASSETS

	2021									2020
	Beginning Cost	Additions	Disposal	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 300,000	\$ -	\$ -	\$ 300,000	\$ -	\$ -	\$ -	\$ -	\$ 300,000	\$ 300,000
Furniture and equipment	1,143,164	71,669	-	1,214,833	1,106,745	(34,521)	-	1,072,224	142,609	36,419
Mobile equipment	828,175	-	-	828,175	668,494	63,782	-	732,276	95,899	159,681
Infrastructure										
Buildings	19,255,786	1,226,232	-	20,482,018	7,803,298	624,405	-	8,427,703	12,054,315	11,452,488
Roads	107,358	-	-	107,358	53,547	3,609	-	57,156	50,202	53,811
Municipal infrastructure	9,623,700	219,908	-	9,843,608	3,672,512	360,021	-	4,032,533	5,811,075	5,951,188
Fencing	7,178	-	-	7,178	3,157	287	-	3,444	3,734	4,021
	\$ 31,265,361	\$ 1,517,809	\$ -	\$ 32,783,170	\$ 13,307,753	\$ 1,017,583		\$ 14,325,336	\$ 18,457,834	\$ 17,957,608

Gitsegukla First Nation

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10. ACCUMULATED SURPLUS

	2021	2020
Restricted surplus - trust monies	\$ 145,586	\$ 140,582
Equity in tangible capital assets	18,162,900	17,578,025
Unrestricted surplus	5,400,543	2,754,698
	\$ 23,709,029	\$ 20,473,305

11. BUDGET INFORMATION

The budget information disclosed has been approved by Chief & Council and the Recipient Appointed Advisors. 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 First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2021.

Credit risk

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

Liquidity risk

Gitsegukla First Nation 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 First Nation 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, 2021.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	Over 5 years
Accounts payable and accrued expenses	\$ 1,329,069	\$ 1,329,069	\$ 1,329,069	\$ -	\$ -
Capital lease	30,235	31,342	31,342	-	-
Long-term debt	321,303	321,303	264,726	56,577	-
	\$ 1,680,607	\$ 1,681,714	\$ 1,625,137	\$ 56,577	\$ -

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13. SUBSEQUENT EVENTS

The COVID-19 pandemic has developed with a significant number of cases. Measures taken by various governments to contain the virus have affected economic activity. The First Nation has taken a number of measures to monitor and mitigate the effects of COVID-19 such as safety and health measures (such as social distancing and increased cleaning measures).

At this stage, the operation and results have been slightly negatively impacted. As the First Nation's activities were limited due to the pandemic, some projects have been delayed or postponed; resulting in reduction in funding from its primary funder. There is currently no expectation of a large negative impact on operation activities or results. The First Nation will continue to follow the various government policies and advice.