

Richard George - Gitwangak First Nation

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Date: 7/31/2014 3:34 PM
Subject: Gitwangak First Nation
CC: "Chris Harrison" <charrison@ribeyre.ca>, <apgill@ganhada.com>, "Allan Ok...
Attachments: Gitwangak Band 2013-14 Audited Consolidated Financial Statements.pdf; Gitwangak Honoraria schedule - elected senior officials.pdf; Gitwangak Band 2013-14 Consolidated Financial Schedules.pdf; Gitwangak Honoraria schedule - unelected senior officials.pdf

Hi Richard,

Attached are 2014 audit packages for Gitwangak First Nation (First Package and Second Package). Please let me know if you have any questions.

Regards,

Mike Chang, CA

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Gitwangak Indian Band

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014



Gitwangak Indian Band
CONSOLIDATED FINANCIAL STATEMENTS
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For the year ended March 31, 2014

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Gitwangak Indian Band
MARCH 31, 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Gitwangak Indian Band and all the information in this annual report are the responsibility of co-management and have not been approved by the Chief Councilor and Council.

These consolidated financial statements have been prepared by co-management in accordance with Canadian public sector accounting standards prescribed for governments recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants and as such include amounts that are the best estimates and judgments of co-management.

Co-management is responsible for ensuring that management fulfills its responsibilities for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Gitwangak Indian Band is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The Gitwangak Indian Band meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Ribeyre & Company, Chartered Accountants, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Gitwangak Indian Band and meet when required.



Chief Councilor

AUDITOR'S REPORT

To: The Members of Gitwangak Indian Band

Gitwangak Indian Band

Report on the Financial Statements

We have audited the accompanying financial statements of **Gitwangak Indian Band**, which comprise the statement of financial position as at March 31, 2014, 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 generally accepted accounting principles, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Gitwangak Indian Band** as at March 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Coquitlam, B.C.
July 25, 2014

Riley & Company
Chartered Accountants

Gitwangak Indian Band
SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2014

Statement 1

	2014	2013
Financial assets		
Cash and equivalents - note 2	\$ 296,657	\$ 730,255
Restricted cash	89,754	69,506
Accounts receivable - note 3	173,278	269,421
Trust moneys - note 4	356,088	343,256
	915,777	1,412,438
Liabilities		
Accounts payable and accrued liabilities	684,515	745,359
Demand loans payable - note 5	35,875	827,827
Long term debt - note 6	1,177,904	890,171
	1,898,294	2,463,357
Net debt	(982,517)	(1,050,919)
Contingent liability - note 7		
Non-financial assets		
Tangible capital assets - note 8	7,265,581	7,510,542
Prepaid expenses	84,533	80,969
Total non-financial assets	7,350,114	7,591,511
Accumulated surplus - note 9	\$ 6,367,597	\$ 6,540,592

See accompanying notes

Chief Councilor

Gitwangak Indian Band
SUMMARY STATEMENT OF OPERATIONS

As at March 31, 2014

Statement 2

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	\$ 3,119,257	\$ 3,368,878
Health Canada	793,067	781,436
Canada Mortgage and Housing Corporation	109,506	108,868
First Nations Education Steering Committee	134,530	108,693
Miscellaneous income	787,250	880,919
Rental	216,260	258,107
Interest on trust moneys	<u>12,832</u>	<u>10,777</u>
	5,172,702	5,517,678
Expenses		
Band government	956,016	989,773
Community infrastructure	340,131	503,518
Education and training	2,123,239	1,910,898
Health	693,148	634,632
Housing	216,912	214,803
Social programs	<u>907,673</u>	<u>1,097,427</u>
	5,237,119	5,351,051
Annual (deficit) surplus	(64,417)	166,627
Accumulated surplus, beginning of year	6,540,592	6,521,025
Recoveries in the year	(108,578)	(147,060)
Accumulated surplus, end of year	\$ 6,367,597	\$ 6,540,592

See accompanying notes

Gitwangak Indian Band
SUMMARY STATEMENT OF NET DEBT

For the year ended March 31, 2014

Statement 3

	2014	2013
Annual (deficit) surplus	\$ (64,417)	\$ 166,627
Recoveries in the year	<u>(108,578)</u>	<u>(147,060)</u>
	<u>(172,995)</u>	<u>19,567</u>
Changes in tangible capital assets		
Acquisition of tangible capital assets	(82,375)	(160,209)
Amortization of tangible capital assets	<u>327,336</u>	<u>346,647</u>
	<u>244,961</u>	<u>186,438</u>
Changes in other non-financial assets		
Prepaid expenses and deposits	(3,564)	2,401
Increase in net financial assets	68,402	208,406
Net debt at beginning of year	<u>(1,050,919)</u>	<u>(1,259,325)</u>
Net debt at end of year	<u>\$ (982,517)</u>	<u>\$ (1,050,919)</u>

See accompanying notes

Gitwangak Indian Band
SUMMARY STATEMENT OF CASH FLOW

For the year ended March 31, 2014

Statement 4

	2014	2013
OPERATING ACTIVITIES		
Revenue received	\$ 5,147,435	\$ 5,496,353
Expenses paid	(4,939,280)	(4,898,255)
Interest paid on long term debts	(34,911)	(39,669)
Cash provided by operating activities	173,244	558,429
INVESTING ACTIVITIES		
Purchase and construction of capital assets	(82,375)	(160,209)
Cash used in investing activities	(82,375)	(160,209)
FINANCING ACTIVITIES		
Repayment of long term debt	(504,219)	(90,720)
Cash used in financing activities	(504,219)	(90,720)
Increase in cash during the year	(413,350)	307,500
Cash, beginning of year	799,761	492,261
Cash, end of year	\$ 386,411	\$ 799,761
Comprised of:		
Cash	\$ 296,657	\$ 730,255
Restricted cash	89,754	69,506
Cash end of year	\$ 386,411	\$ 799,761

See accompanying notes

Gitwangak Indian Band

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March 31, 2014

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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 recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

a) Fund accounting

The Gitwangak 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 Gitwangak Indian Band maintains the following funds:

- The Operating Fund which reports the general activities of the Indian Band administration,
- The Trust Fund which reports on trust funds owned by the Indian Band and held by a third party,
- The Social Housing Fund which reports on the activities relating to the Canada Mortgage and Housing Corporation Section 95 housing program.
- The Education Fund which reports on the activities of the Gitwangak Education Society.

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.

d) Cash and cash equivalents

Cash and cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition

Gitwangak Indian Band

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1. Continued...

e) Reporting entity and principles of financial reporting

The Gitwangak Indian Band reporting entity includes the Gitwangak 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

- Gitwangak Indian Band Operating Fund,
- Gitwangak Indian Band Trust Fund,
- Gitwangak Indian Band Social Housing Fund,
- Gitwangak Education Society

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.

f) 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 Gitwangak Indian Band from its liabilities. Financial assets are primarily measured at historical cost.

g) Non-financial assets

Fixed assets and other non-financial assets are accounted for as assets by the Gitwangak 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 Gitwangak Indian Band unless they are sold.

h) 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.

i) 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 declining balance method at the following rates:

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

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2. CASH AND EQUIVALENTS

Cash is comprised of cash and equivalents of \$296,657 (2013- \$730,255)

The band has a line of credit, with an authorized limit of \$100,000. The line bears interest at prime plus 3.75%, secured by a charge over the band's assets. As of March 31, 2014, the line was not used.

3. ACCOUNTS RECEIVABLE

	2014	2013
Accounts receivable is comprised of the following:		
Aboriginal Affairs and Northern Development Canada	\$ 38,131	\$ 131,622
Health Canada	-	71,529
Canada Mortgage and Housing Corporation	5,371	4,294
Province of British Columbia	4,282	2,773
First Nation Education Steering Committee	-	24,777
Other	125,494	34,426
	\$ 173,278	\$ 269,421

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. DEMAND LOANS PAYABLE

	2014	2013
Demand mortgage payable	\$ -	\$ 19,003
Demand mortgage payable	-	741,676
Demand mortgage payable secured by real property and ministerial guarantee #0607-09-92812-GL. Maturing September 1, 2015 with monthly payments of \$1,126 including interest at 2.68%.	32,687	45,133
Demand mortgage payable secured by real property and ministerial guarantee #8889-09-90589-GL. Maturing May 1, 2014 with monthly payments of \$1,596 including interest at 2.41%.	3,188	22,015
	\$ 35,875	\$ 827,827

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6. LONG-TERM DEBT

	2014	2013
Loan payable to the Government of Canada	\$ -	\$ 333,113
Mortgage payable	- -	7,516
Mortgage payable maturing February 1, 2019 with monthly payments of \$7,592 including interest at 3.03%. Secured by real property and ministerial guarantee #9596-09-91388-GL.	681,889	-
Mortgage payable maturing March 1, 2015 with monthly payments of \$1,769 including interest at 2.11%. Secured by real property and ministerial guarantee #8990-09-90675-GL.	20,992	42,065
Mortgage payable maturing March 1, 2019 with monthly payments of \$1,908 including interest at 1.92%. Secured by real property and ministerial guarantee #0607-09-92894-GL.	377,601	392,707
Mortgage payable maturing March 1, 2019 with monthly payments of \$1,912 including interest at 5.25%. Secured by real property.	97,422	114,770
	\$ 1,177,904	\$ 890,171

Future principal payments for subsequent years are as follows:

2015	\$ 132,570
2016	109,178
2017	112,784
2018	116,519
2019	<u>706,853</u>
	<u>\$ 1,177,904</u>

7. CONTINGENT LIABILITY

An amount of \$187,494 was received from Aboriginal Affairs and Northern Development Canada in relation to expenses previously incurred by the Gitksan Government Commission to execute CPMS 8672 on behalf of the Gitwangak First Nation. This amount was a reimbursement of notional capital spent by the Commission and has been retained by the Gitwangak Nation to implement future capital projects. No attempt by the Gitksan Goverment Commission to recover these funds has occurred.

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8. TANGIBLE CAPITAL ASSETS

	2014						2013					
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending	Accumulated Depreciation	Depreciation	Disposals	Net Book Value
Land	\$ 504,535	\$ -	\$ -	\$ 504,535	\$ -	\$ 16,404	\$ -	\$ 299,999	\$ 504,535	\$ 504,535	\$ 504,535	
Furniture and equipment	363,286	4,635	-	367,921	283,595	16,404	-	67,922	79,691	79,691	79,691	
School equipment	36,484	-	-	36,484	32,816	734	-	33,550	2,934	2,934	3,668	
Infrastructure												-
Buildings	1,998,161	-	-	1,998,161	903,111	43,802	-	946,913	1,051,248	1,051,248	1,095,050	
CMHC social housing	3,334,206	(1,874,850)	-	1,459,356	2,604,484	(1,785,519)	-	818,965	640,391	640,391	729,722	
Housing	4,938,170	1,874,850	-	6,813,020	2,041,709	1,982,902	-	4,024,611	2,788,409	2,788,409	2,896,461	
Heritage village	1,191,872	-	-	1,191,872	-	-	-	-	1,191,872	1,191,872	1,191,872	
Sewer	1,122,690	-	-	1,122,690	320,696	32,080	-	-	352,776	769,914	769,914	801,994
Lot development	103,182	-	-	103,182	24,031	3,166	-	27,197	27,197	27,197	79,151	
Mobile equipment	534,860	77,740	-	612,600	406,462	33,767	-	440,229	172,371	172,371	128,398	
	\$ 14,127,446	\$ 82,375	\$ -	\$ 14,209,821	\$ 6,616,904	\$ 327,336	\$ -	\$ 6,944,240	\$ 7,265,581	\$ 7,510,542		

Included in infrastructure are assets not being amortized because they are temporarily not in use. The net book value of those assets is \$1,191,872 (2013 - \$1,191,872).

As mortgages related to CMHC projects are paid off, the related assets are released to Band housing.

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9. ACCUMULATED SURPLUS

	2014	2013
Accumulated Surplus is comprised of the following:		
Restricted surpluses		
Trust fund	\$ 356,088	\$ 343,256
CMHC replacement reserve	135,902	915,216
Equity in tangible capital assets	5,417,431	5,107,015
Unrestricted surplus	<u>437,054</u>	<u>175,105</u>
	\$ 6,346,475	\$ 6,540,592

10. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Gitwangak Indian Band Social Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

These funds are to be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at March 31, 2014, cash and term deposits required to fund the Pre-1997 Program Replacement Reserve Fund were deficient by \$24,567 (2013 - \$159,835).

As at March 31, 2014, cash and term deposits required to fund the Post-1997 Replacement Reserve Fund were deficient by \$21,581 (2013 - \$19,507).

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11. INVESTMENT IN C-GED LTD.

The First Nation was the sole owner of C-GED Ltd., a company which was involved in logging activities. This company was petitioned into bankruptcy in 2012 and as such no net assets or liabilities exist.

12. ECONOMIC DEPENDANCE

The Gitwangak Indian Band receives major portions of its revenue pursuant to funding arrangements with Aboriginal Affairs and Northern Development Canada.

13. BUDGET INFORMATION

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