



8:38 am, Jul 30, 2015

**Gitwagak Indian Band**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**March 31, 2015**

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**Gitwangak Indian Band**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
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For the year ended March 31, 2015

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Gitwangak Indian Band  
**MARCH 31, 2015**

**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.

  

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Co-Manager

**Chartered Accountants**

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\* Ted Ribeyre Ltd. operating as

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## **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, 2015, 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, 2015, 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 22, 2015

Chartered Accountants



# Gitwangak Indian Band

## SUMMARY STATEMENT OF FINANCIAL POSITION

As at March 31, 2015

Statement 1

	2015	2014 <i>Restated</i>
<b>Financial assets</b>		
Cash and equivalents - note 2	\$ 220,707	\$ 296,657
Restricted cash	15,823	89,754
Accounts receivable - note 3	133,842	173,278
Trust moneys - note 4	367,779	356,088
	<b>738,151</b>	<b>915,777</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	795,347	783,707
Demand loans payable - note 5	624,115	717,764
Long term debt - note 6	440,919	496,015
	<b>1,860,381</b>	<b>1,997,486</b>
<b>Net debt</b>	<b>(1,122,230)</b>	<b>(1,081,709)</b>
<b>Contingent liability - note 7</b>		
<b>Non-financial assets</b>		
Tangible capital assets - note 8	7,295,177	7,265,581
Prepaid expenses	80,761	84,533
<b>Total non-financial assets</b>	<b>7,375,938</b>	<b>7,350,114</b>
<b>Accumulated surplus - note 9</b>	<b>\$ 6,253,708</b>	<b>\$ 6,268,405</b>

See accompanying notes

  
Chief Councilor

# Gitwangak Indian Band

## SUMMARY STATEMENT OF OPERATIONS

As at March 31, 2015

Statement 2

	Budget	2015	2014
<b>Revenue</b>			
Aboriginal Affairs and Northern Development Canada	\$3,184,812	\$3,184,812	\$3,119,257
Health Canada	120,197	120,197	113,850
Canada Mortgage and Housing Corporation	59,060	59,060	109,506
First Nations Education Steering Committee	98,248	98,248	134,530
First Nations Health Authority	743,488	743,488	679,217
Miscellaneous income	-	896,756	787,250
Rental	-	137,023	216,260
Interest on trust moneys	-	11,691	12,832
	<b>4,205,805</b>	<b>5,251,275</b>	<b>5,172,702</b>
<b>Expenses</b>			
Band government		1,169,577	956,016
Community infrastructure		261,139	340,131
Education and training		2,049,818	2,123,239
Health		514,996	693,148
Housing		126,828	216,912
Social programs		905,407	907,673
		<b>5,027,765</b>	<b>5,237,119</b>
<b>Annual (deficit) surplus</b>		<b>223,510</b>	<b>(64,417)</b>
<b>Accumulated surplus, beginning of year</b>		<b>6,268,405</b>	<b>6,540,592</b>
<b>Prior period adjustment - Note 11</b>			<b>(99,192)</b>
<b>Recoveries in the year</b>		<b>(234,521)</b>	<b>(108,578)</b>
<b>Accumulated surplus, end of year</b>		<b>\$6,257,394</b>	<b>\$6,268,405</b>

See accompanying notes

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## Gitwangak Indian Band

### SUMMARY STATEMENT OF NET DEBT

For the year ended March 31, 2015

Statement 3

	2015 Budget	2015 Actual	2014
<b>Annual (deficit) surplus</b>	\$ 223,510	\$ 223,510	\$ (64,417)
<b>Prior period adjustment</b>	-	-	(99,192)
<b>Recoveries in the year</b>	(234,521)	(234,521)	(108,578)
	(11,011)	(11,011)	(272,187)
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets	312,772	(312,772)	(82,375)
Amortization of tangible capital assets	(283,176)	283,176	327,336
	29,596	(29,596)	244,961
<b>Changes in other non-financial assets</b>			
Prepaid expenses and deposits	3,772	3,772	(3,564)
<b>Increase in net financial assets</b>	22,357	(36,835)	(30,790)
<b>Net debt at beginning of year</b>	(1,081,709)	(1,081,709)	(1,050,919)
<b>Net debt at end of year</b>	\$ (1,059,352)	\$ (1,118,544)	\$ (1,081,709)

*See accompanying notes*



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## Gitwangak Indian Band

### SUMMARY STATEMENT OF CASH FLOW

For the year ended March 31, 2014

Statement 4

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Revenue received	\$ 5,040,813	\$ 5,048,247
Expenses paid	(4,697,717)	(4,840,092)
Interest paid on long term debts	(31,460)	(34,911)
<b>Cash provided by operating activities</b>	<b>311,636</b>	<b>173,244</b>
<b>INVESTING ACTIVITIES</b>		
Purchase and construction of capital assets	(312,772)	(82,375)
<b>Cash used in investing activities</b>	<b>(312,772)</b>	<b>(82,375)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(148,745)	(504,219)
<b>Cash used in financing activities</b>	<b>(148,745)</b>	<b>(504,219)</b>
Increase in cash during the year	(149,881)	(413,350)
Cash, beginning of year	386,411	799,761
<b>Cash, end of year</b>	<b>\$ 236,530</b>	<b>\$ 386,411</b>
<b>Comprised of:</b>		
Cash	\$ 220,707	\$ 296,657
Restricted cash	15,823	89,754
<b>Cash end of year</b>	<b>\$ 236,530</b>	<b>\$ 386,411</b>

See accompanying notes

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# **Gitwangak Indian Band**

## **CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTES TO STATEMENTS**

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**March 31, 2015**

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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 Health Centre Fund which reports on the activities of the Gitwagnak Health Centre.
- 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

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# Gitwangak Indian Band

## CONSOLIDATED FINANCIAL STATEMENTS

### NOTES TO STATEMENTS

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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 Health Centre
- 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%

# Gitwangak Indian Band

## CONSOLIDATED FINANCIAL STATEMENTS

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#### 2. CASH AND EQUIVALENTS

Cash is comprised of cash and equivalents of \$136,481 (2014- \$296,657)

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

	2015	2014
Accounts receivable is comprised of the following:		
Aboriginal Affairs and Northern Development Canada	\$ 33,002	\$ 38,131
First Nation Health Authority	30,000	-
Canada Mortgage and Housing Corporation	1,258	2,871
Province of British Columbia	1,065	4,282
First Nation Education Steering Committee	37,069	24,777
Other	35,135	103,217
	<b>\$ 137,528</b>	<b>\$ 173,278</b>

#### 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

	2015	2014
Demand mortgage payable secured by real property and a ministerial guarantee maturing February 1, 2019 with monthly payments of \$7,591 including interest at 3.03%.	<b>\$ 604,218</b>	\$ 681,889
Demand mortgage payable secured by real property and a ministerial guarantee. Maturing September 1, 2015 with monthly payments of \$1,126 including interest at 2.68%.	<b>19,897</b>	32,687
Demand mortgage payable	-	3,188
	<b>\$ 624,115</b>	<b>\$ 717,764</b>

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**Gitwangak Indian Band**  
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**6. LONG-TERM DEBT**

	<b>2015</b>	<b>2014</b>
Mortgage payable	\$ -	20,992
Mortgage payable maturing April 1, 2019 with monthly payments of \$1,908 including interest at 1.92%. Secured by real property and ministerial guarantee #0607-09-92894-GL.	<b>361,818</b>	377,601
Mortgage payable maturing October 15, 2015 with monthly payments of \$1,912 including interest at prime plus 2.25%. Secured by real property.	<b>79,101</b>	97,422
	<b>\$ 440,919</b>	<b>\$ 496,015</b>

Future principal payments for subsequent years are as follows:

2016	\$ 95,190
2017	16,401
2018	16,718
2019	17,042
2020	295,568
	<u>\$ 440,919</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 Government Commission to recover these funds has occurred.

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**8. TANGIBLE CAPITAL ASSETS**

	2015								2014	
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 504,535	\$ -	\$ -	\$ 504,535	\$ -		\$ -	\$ -	\$ 504,535	\$ 504,535
Furniture and equipment	367,921	10,312	-	378,233	299,999	14,615	-	314,614	63,619	67,922
School equipment	36,484	-	-	36,484	33,550	587	-	34,137	2,347	2,934
Infrastructure										
Buildings	1,998,161	59,110	-	2,057,271	946,913	42,050	68,625	988,963	1,068,308	1,051,248
CMHC social housing	1,459,356	-	760,763	698,593	818,965	38,163	752,323	104,805	593,788	640,391
Housing	6,813,020	945,163	68,625	7,689,558	4,024,611	797,034	-	4,821,645	2,867,913	2,788,409
Heritage village	1,191,872	-	-	1,191,872	-	-	-	-	1,191,872	1,191,872
Sewer	1,122,690	-	-	1,122,690	352,776	30,797	-	383,573	739,117	769,914
Lot development	103,182	-	-	103,182	27,197	3,039	-	30,236	72,946	75,985
Mobile equipment	612,600	58,950	-	671,550	440,229	40,589	-	480,818	190,732	172,371
	<b>\$ 14,209,821</b>	<b>\$ 1,073,535</b>	<b>\$ 829,388</b>	<b>\$14,453,968</b>	<b>\$ 6,944,240</b>	<b>\$ 966,874</b>	<b>\$ 820,948</b>	<b>\$ 7,158,791</b>	<b>\$ 7,295,177</b>	<b>\$ 7,265,581</b>

Included in infrastructure are assets not being amortized because they are temporarily not in use. The net book value of those assets is \$1,376,272 (2014 - \$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. 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, 2015, cash and term deposits required to fund the Post-1997 Replacement Reserve Fund were deficient by \$20,808 (2014 - \$21,581).

**10. OPERATING RESERVE**

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 surplus funds annually.

These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Operating Reserve.

As at March 31, 2015, cash and term deposits required to fund the Post-1997 Operating Reserve were deficient by \$62,209.

**11. PRIOR PERIOD ADJUSTMENT**

Management has determined that the accounts payable of Gitwangak First Nation was understated by \$99,192 in 2013. This was related to band-owned housing rental income that was increased incorrectly. As a result, the accumulated surplus as at April 1, 2013 has been decreased by \$99,192 and accounts payable balance as at March 31, 2014 has been increased by \$99,192.

**12. 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.

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**13. ECONOMIC DEPENDANCE**

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

**14. 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.