

**GITANYOW BAND COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2014**

**CARLYLE SHEPHERD & CO. **  
CHARTERED ACCOUNTANTS

**GITANYOW BAND COUNCIL**  
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**MARCH 31, 2014**

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**INDEPENDENT AUDITOR'S REPORT****TO THE GITANYOW BAND COUNCIL****Report on the Financial Statements**

We have audited the accompanying statement of financial position of the Gitanyow Band Council as at March 31, 2014 and the statements of financial activities, cash flows and changes in net financial liabilities 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.

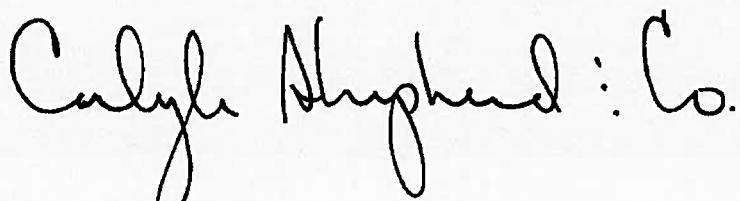
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, 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 as at March 31, 2014 and the results of its operations, cash flows, and net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC  
July 24, 2014



**GITANYOW BAND COUNCIL**

**STATEMENT OF FINANCIAL POSITION**

**MARCH 31**

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	383,810	175,524
Accounts receivable (note 2)	65,903	89,484
Inventory (note 1)	30,010	27,736
Ottawa Trust funds (note 3)	<u>190,255</u>	<u>183,069</u>
	<u>669,978</u>	<u>475,813</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	199,854	210,592
Bank demand loan (note 5)	-	10,000
Long-term debt (note 6)	1,736,847	2,007,250
Replacement reserve (note 7)	<u>470,001</u>	<u>435,899</u>
	<u>2,406,702</u>	<u>2,663,741</u>
<b>NET FINANCIAL LIABILITIES</b>	<b>-1,736,724</b>	<b>-2,187,928</b>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (note 8)	9,559,205	9,884,450
Investment in associated entities (note 4)	150,573	159,307
Prepaid expenses	-	41,087
	<u>9,709,778</u>	<u>10,084,844</u>
	<u>7,973,054</u>	<u>7,896,916</u>
<b>BAND POSITION</b>		
Surplus (Deficit) (note 10)	-39,559	-163,353
Equity in Property and Equipment (note 9)	7,822,358	7,877,200
Equity in Ottawa Trust Funds (note 3)	<u>190,255</u>	<u>183,069</u>
	<u>7,973,054</u>	<u>7,896,916</u>

APPROVED BY THE COUNCIL

Marie \_\_\_\_\_ Councilor

Tom Smith \_\_\_\_\_ Councilor

**GITANYOW BAND COUNCIL**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED MARCH 31**

	2014	2013
	\$	\$
<b>REVENUE</b>		
GGC	2,030,220	2,260,726
CMHC	92,578	127,884
Gas Bar	1,098,891	973,306
Ottawa Trust funds	7,186	6,142
Rental	333,408	293,883
Other	<u>308,503</u>	<u>464,116</u>
	<u>3,870,786</u>	<u>4,126,057</u>
<b>EXPENDITURE</b>		
Administration	413,507	460,496
Amortization	491,446	476,473
Capital projects	293,786	274,773
Economic development	1,259,654	1,160,887
Housing	228,058	325,554
Operations and maintenance	234,109	194,708
Social services	<u>874,088</u>	<u>1,026,874</u>
	<u>3,794,648</u>	<u>3,919,765</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>76,138</b>	<b>206,292</b>
<b>OPENING POSITION</b>	<b><u>7,896,916</u></b>	<b><u>7,690,624</u></b>
<b>CLOSING POSITION</b>	<b><u>7,973,054</u></b>	<b><u>7,896,916</u></b>

**GITANYOW BAND COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	2014	2013
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	76,138	206,292
Amortization	491,446	476,473
Accounts receivable	23,581	10,522
Inventory	-2,274	-15,236
Prepaid expenses	41,087	-580
Replacement reserve	34,102	34,102
Accounts payables and accruals	<u>-10,738</u>	<u>94,037</u>
	<u>653,342</u>	<u>805,610</u>
<b>FINANCING ACTIVITIES</b>		
Bank demand loan	-10,000	-45,000
Long-term debt	<u>-270,403</u>	<u>-249,431</u>
	<u>-280,403</u>	<u>-294,431</u>
<b>INVESTING ACTIVITIES</b>		
Ottawa Trust funds	-7,186	-6,142
Investment in associated entities	8,734	-159,307
Property and equipment purchases	<u>-166,201</u>	<u>-293,473</u>
	<u>-164,653</u>	<u>-458,922</u>
<b>CHANGE IN CASH</b>	<b>208,286</b>	<b>52,257</b>
<b>OPENING CASH BALANCE</b>	<b>175,524</b>	<b>123,267</b>
<b>CLOSING CASH BALANCE</b>	<b>383,810</b>	<b>175,524</b>

**GITANYOW BAND COUNCIL**

**STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES**

**YEAR ENDED MARCH 31**

	<b>2014</b>	<b>2013</b>
	\$	\$
Revenue over expenditure	76,138	206,292
Amortization	491,446	476,473
Investment in associated entities	8,734	-159,307
Prepaid expenses	41,087	-580
Property and equipment purchases	<u>-166,201</u>	<u>-293,473</u>
Change in the year	451,204	229,405
Opening net financial liabilities	<u>-2,187,928</u>	<u>-2,417,333</u>
Closing net financial liabilities	<u>-1,736,724</u>	<u>-2,187,928</u>

## GITANYOW BAND COUNCIL

### NOTES

MARCH 31, 2014

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Aboriginal Affairs and Northern Development Canada 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 funds reports the trust funds owned by the Band and held by the federal government.

##### b) 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% ,5% & 10%
Engineered structures	3%
Equipment	10% & 20%

For Social Housing, amortization on property and equipment is based on the annual principal reduction of the related mortgage.

##### c) 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. Investment revenue is recognized when earned.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

# GITANYOW BAND COUNCIL

## NOTES

MARCH 31, 2014

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Inventory

Inventory is reported at cost.

#### e) Investment

Controlled enterprises are accounted for using the modified equity method. Portfolio investments are recorded at cost less any permanent reduction in carrying value.

#### f) 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.

#### g) Financial Instruments

The Band measures financial assets and financial 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.

#### h) Budget Information

Budget information is not available.

### 2. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of a \$1,084,078 allowance for doubtful accounts (2013 \$1,002,030).

### 3. OTTAWA TRUST FUNDS

Aboriginal Affairs and Northern Development Canada 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 Aboriginal Affairs and Northern Development Canada.

	Capital	Revenue	Total 2014	Total 2013
Opening balance	\$ 46,240	\$ 136,829	\$ 183,069	\$ 176,927
Income	-	7,186	7,186	6,142
Closing balance	<u>\$ 46,240</u>	<u>\$ 144,015</u>	<u>\$ 190,255</u>	<u>\$ 183,069</u>

**CARLYLE SHEPHERD & CO.**

CHARTERED ACCOUNTANTS



## GITANYOW BAND COUNCIL

### NOTES

MARCH 31, 2014

#### 4. INVESTMENT IN ASSOCIATED ENTITIES

Financial information for Gitanyow Economic Development Corporation at March 31, 2014 and Meziadin Junction Limited Partnership at January 31, 2014 is as follows:

	Gitanyow Economic Development Corporation	Meziadin Junction Limited Partnership
Assets	\$ 199,730	\$ 3,482,469
Liabilities	202,701	762,113
Revenue	852,752	7,000,844
Net income (loss)	-327	2,533,046

The reported values for the entities are as follows:

Gitanyow Economic Development Corporation; wholly owned subsidiary	\$ 104,810
Meziadin Junction Limited Partnership; 25% partnership share	<u>45,763</u>
	<u><u>\$ 150,573</u></u>

#### 5. BANK DEMAND LOAN

Royal Bank of Canada revolving loan, interest at prime plus 2% per annum; secured by a general security agreement.

#### 6. LONG-TERM DEBT

Royal Bank of Canada

\$2,852/month including interest at 3.88% per annum; secured by mortgage over building.	\$ 268,311
\$1,567/month including interest at 3.73% per annum; secured by mortgage over building.	117,060
\$1,502/month including interest at 2.83% per annum; secured by mortgage over building.	125,402
\$2,331/month including interest at 3.34% per annum; secured by mortgage over building.	399,316

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2014

**6. LONG-TERM DEBT continued**

All Nations Trust Company

\$5,234/month including interest at 1.7% per annum; secured by mortgage over building.	193,516
\$5,497/month including interest at 2.66% per annum; secured by mortgage over building.	17,770
\$1,639/month including interest at 1.53% per annum; secured by mortgage over building.	320,476
\$2,212/month including interest at 2.11% per annum; secured by mortgage over building.	<u>294,996</u>
	<u>\$ 1,736,847</u>

Scheduled principal repayment during the next five years is as follows:

2015	\$ 181,579
2016	167,942
2017	172,191
2018	123,916
2019	<u>116,864</u>
	<u>\$ 762,492</u>

**7. REPLACEMENT RESERVE**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$34,102 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. As at March 31, 2014, \$120,953 of the required \$470,001 is in a separate bank account.

Opening balance	\$ 435,899
Current provision	<u>34,102</u>
Closing balance	<u>\$ 470,001</u>

**GITANYOW BAND COUNCIL**

**NOTES**

**MARCH 31, 2014**

**Note 8**

<b>PROPERTY AND EQUIPMENT</b>			<b>ACCUMULATED AMORTIZATION</b>			<b>NET BOOK VALUE</b>		
<b>Opening Balance</b>	<b>Additions</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Annual Amortization</b>	<b>Closing Balance</b>	<b>Total 2014</b>	<b>Total 2013</b>	<b>\$</b>
Land	255,000	-	255,000	-	-	255,000	255,000	
Buildings	6,991,976	58,073	7,050,049	2,912,015	246,417	3,158,432	3,891,617	4,079,961
Engineered structures	6,123,817	-	6,123,817	950,297	172,345	1,122,642	5,001,175	5,173,520
Equipment	<u>1,123,830</u>	<u>108,128</u>	<u>1,231,958</u>	<u>747,861</u>	<u>72,684</u>	<u>820,545</u>	<u>411,413</u>	<u>375,969</u>
	<u>14,494,623</u>	<u>166,201</u>	<u>14,660,824</u>	<u>4,610,173</u>	<u>491,446</u>	<u>5,101,619</u>	<u>9,559,205</u>	<u>9,884,450</u>

**CARLYLE SHEPHERD & CO.**

CHARTERED ACCOUNTANTS



**GITANYOW BAND COUNCIL**

**NOTES**

**MARCH 31, 2014**

**9. EQUITY IN PROPERTY AND EQUIPMENT**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Opening balance	7,877,200	7,810,769
Contributions from operations	166,201	293,473
Long-term debt repayment	270,403	249,431
Amortization	<u>-491,446</u>	<u>-476,473</u>
Closing balance	<u>7,822,358</u>	<u>7,877,200</u>

**10. SURPLUS (DEFICIT)**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Administration	65,112	114,451
Capital projects	-74,782	-10,463
Economic development	480,498	203,244
Housing	-481,768	-452,239
Operations and maintenance	31,078	20,609
Social services	<u>-59,697</u>	<u>-38,955</u>
	<u>-39,559</u>	<u>-163,353</u>

**11. 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:

GITANYOW BAND COUNCIL

SEGMENT DISCLOSURE

MARCH 31, 2014

Note 11

	Administration	Capital Projects	Economic Development	Housing	Maintenance	Operation Services	Social Services	Amortization	Total 2014	Total 2013
<b>Revenue</b>										
GGC	269,037	283,653	405,117	92,578	226,286	846,127	-	-	2,030,220	2,260,726
CMHC	-	-	-	1,098,891	-	-	-	-	92,578	127,884
Gas Bar	-	-	-	-	-	-	-	-	1,098,891	973,306
Ottawa Trust funds	7,186	-	-	-	-	-	-	-	7,186	6,142
Rental	-	-	-	333,408	-	-	-	-	333,408	293,883
Other	95,131	3,887	183,786	188	18,292	7,219	-	-	308,503	464,116
	<u>371,354</u>	<u>287,540</u>	<u>1,687,794</u>	<u>426,174</u>	<u>244,578</u>	<u>853,346</u>			<u>3,870,786</u>	<u>4,126,057</u>
<b>Expenses</b>										
Amortization	-	-	-	-	-	-	491,446	491,446	476,473	
Bad debts	-	-	-	82,048	-	-	-	82,048	85,232	
Benefits and programs	-	-	-	-	782,596	-	-	782,596	945,131	
CMHC recovery	-	-	-	-	-	-	-	-	65,812	
Contract services	35,430	141,191	120,295	-	-	15,240	-	-	312,156	326,932
Honoraria	83,024	-	-	-	-	-	-	-	83,024	76,339
Insurance	23,784	-	2,624	41,133	16,860	-	-	84,401	77,691	
Materials, supplies and other	16,475	152,595	997,721	100,377	44,689	14,796	-	-	1,326,653	1,157,775
Professional services	18,968	-	-	4,500	-	-	-	-	23,463	14,607
Telephone and utilities	17,277	-	15,634	-	39,946	1,078	-	-	73,935	82,015
Travel and workshops	18,482	-	5,366	-	28,354	9,692	-	-	61,894	96,803
Wages and benefits	200,067	-	118,014	-	89,020	65,926	-	-	473,027	514,955
	<u>413,507</u>	<u>293,786</u>	<u>1,259,654</u>	<u>228,058</u>	<u>234,109</u>	<u>874,088</u>			<u>491,446</u>	<u>3,794,648</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>-42,153</b>	<b>-6,246</b>	<b>428,140</b>	<b>198,116</b>	<b>10,469</b>	<b>-20,742</b>	<b>-</b>	<b>-</b>	<b>76,138</b>	<b>206,292</b>
<b>TRANSFERS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>-42,153</b>	<b>-6,246</b>	<b>428,140</b>	<b>198,116</b>	<b>10,469</b>	<b>-20,742</b>	<b>-</b>	<b>-</b>	<b>76,138</b>	<b>206,292</b>

CARLYLE SHEPHERD & CO.

CHARTERED ACCOUNTANTS

