

GITANYOW BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2015

CARLYLE SHEPHERD & CO.
CHARTERED ACCOUNTANTS



GITANYOW BAND COUNCIL
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MARCH 31, 2015

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CHARTERED ACCOUNTANTS

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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, 2015 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, 2015 and the results of its operations, cash flows, and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC
August 14, 2015

Carlyle Shepherd & Co.

GITANYOW BAND COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	551,288	383,810
Accounts receivable (note 2)	125,285	65,903
Inventory (note 1)	42,804	30,010
Ottawa Trust funds (note 3)	<u>196,832</u>	<u>190,255</u>
	<u>916,209</u>	<u>669,978</u>
LIABILITIES		
Accounts payable and accruals (note 4)	324,142	199,854
Bank demand loan (note 5)	16,000	-
Long-term debt (note 6)	1,557,051	1,736,847
Replacement reserve (note 7)	<u>266,103</u>	<u>470,001</u>
	<u>2,163,296</u>	<u>2,406,702</u>
NET FINANCIAL LIABILITIES	<u>-1,247,087</u>	<u>-1,736,724</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 8)	9,138,508	9,559,205
Investment in associated entities (notes 1 and 9)	<u>169,061</u>	<u>150,573</u>
	<u>9,307,569</u>	<u>9,709,778</u>
	<u>8,060,482</u>	<u>7,973,054</u>
BAND POSITION		
Surplus (Deficit) (note 10)	282,193	-39,559
Equity in Property and Equipment (note 11)	7,581,457	7,822,358
Equity in Ottawa Trust Funds (note 3)	<u>196,832</u>	<u>190,255</u>
	<u>8,060,482</u>	<u>7,973,054</u>

APPROVED BY THE COUNCIL

Nala Unini Councillor

ZZ M Councillor

GITANYOW BAND COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2015	2014
	\$	\$	\$
REVENUE			
GGC	2,051,086	2,156,785	2,030,220
CMHC	92,578	92,422	92,578
Gas Bar	1,098,891	1,076,693	1,098,891
Ottawa Trust funds	7,186	6,577	7,186
Rental	333,408	336,781	333,408
Other	<u>308,503</u>	<u>538,753</u>	<u>308,503</u>
	<u>3,891,652</u>	<u>4,208,011</u>	<u>3,870,786</u>
EXPENDITURE			
Administration	413,507	481,402	413,507
Amortization	491,446	420,697	491,446
Capital projects	293,786	533,707	293,786
Economic development	1,259,654	1,304,130	1,259,654
Housing	228,058	258,032	228,058
Operations and maintenance	234,109	235,615	234,109
Social services	<u>874,088</u>	<u>887,000</u>	<u>874,088</u>
	<u>3,794,648</u>	<u>4,120,583</u>	<u>3,794,648</u>
REVENUE OVER EXPENDITURE	97,004	87,428	76,138
OPENING POSITION	<b"><u>7,973,054</u></b">	<b"><u>7,973,054</u></b">	<b"><u>7,896,916</u></b">
CLOSING POSITION	<b"><u>8,070,058</u></b">	<b"><u>8,060,482</u></b">	<b"><u>7,973,054</u></b">

CARLYLE SHEPHERD & CO.

CHARTERED ACCOUNTANTS

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GITANYOW BAND COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	87,428	76,138
Amortization	420,697	491,446
Accounts receivable	-59,382	23,581
Inventory	-12,794	-2,274
Prepaid expenses	-	41,087
Ottawa Trust funds	-6,577	-7,186
Accounts payables and accruals	<u>124,288</u>	<u>-10,738</u>
	<u>553,660</u>	<u>612,054</u>
FINANCING ACTIVITIES		
Bank demand loan	16,000	-10,000
Long-term debt	-179,796	-270,403
Replacement reserve	<u>-203,898</u>	<u>34,102</u>
	<u>-367,694</u>	<u>-246,301</u>
INVESTING ACTIVITIES		
Investment in associated entities	-18,488	8,734
Property and equipment purchases	<u>-</u>	<u>-166,201</u>
	<u>-18,488</u>	<u>-157,467</u>
CHANGE IN CASH	167,478	208,286
OPENING CASH BALANCE	<u>383,810</u>	<u>175,524</u>
CLOSING CASH BALANCE	<u>551,288</u>	<u>383,810</u>

GITANYOW BAND COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES
YEAR ENDED MARCH 31

	2015	2014
	\$	\$
Revenue over expenditure	87,428	76,138
Amortization	420,697	491,446
Investment in associated entities	-18,488	8,734
Prepaid expenses	-	41,087
Property and equipment purchases	<u>-</u>	<u>-166,201</u>
Change in the year	489,637	451,204
Opening net financial liabilities	<u>-1,736,724</u>	<u>-2,187,928</u>
Closing net financial liabilities	<u>-1,247,087</u>	<u>-1,736,724</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2015

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) Inventory

Inventory is reported at cost.

c) Property and Equipment

Property and equipment are reported at cost and are amortized using the declining balance method, except 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.

d) 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, 2015

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investment

Controlled enterprises are accounted for using the modified equity method. Portfolio investments are recorded at market value at the year-end date.

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 liabilities at market value at the date of acquisition, except for portfolio investments which are recorded at market value at the year-end date. It is management's opinion that the Band's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

2. ACCOUNTS RECEIVABLE

	2015	2014
Gitksan Government Commission	\$ 28,698	\$ -
Rent receivable	1,215,065	1,084,078
Trade and other	99,587	65,903
Allowance for doubtful accounts	<u>-1,218,065</u>	<u>-1,084,078</u>
	<u>\$ 125,285</u>	<u>\$ 65,903</u>

GITANYOW BAND COUNCIL

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MARCH 31, 2015

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 requires the consent of the Minister of Aboriginal Affairs and Northern Development Canada.

	Capital	Revenue	Total 2015	Total 2014
Opening balance	\$ 46,240	\$ 144,015	\$ 190,255	\$ 183,069
Income	-	6,577	6,577	7,186
Closing balance	<u>\$ 46,240</u>	<u>\$ 150,592</u>	<u>\$ 196,832</u>	<u>\$ 190,255</u>

4. ACCOUNTS PAYABLE AND ACCRUALS

	2015	2014
Gitksan Government Commission	\$ -	\$ 16,848
Governmental payables	2,028	2,887
Trade and other	303,602	166,932
Wages and benefits	<u>18,512</u>	<u>13,187</u>
	<u><u>\$ 324,142</u></u>	<u><u>\$ 199,854</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

\$1,710/month including interest at 2.94% per annum; secured by mortgage over building.	\$ 245,953
\$1,567/month including interest at 3.73% per annum; secured by mortgage over building.	102,364
\$1,502/month including interest at 2.83% per annum; secured by mortgage over building.	110,734
\$2,331/month including interest at 3.34% per annum; secured by mortgage over building.	384,426

GITANYOW BAND COUNCIL

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MARCH 31, 2015

6. LONG-TERM DEBT (continued)

All Nations Trust Company

\$5,234/month including interest at 1.7% per annum; secured by mortgage over building.	133,528
\$1,639/month including interest at 1.53% per annum; secured by mortgage over building.	305,596
\$2,212/month including interest at 2.11% per annum; secured by mortgage over building.	<u>274,450</u>
	<u>\$1,557,051</u>

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

2016	\$ 156,212
2017	159,872
2018	110,966
2019	103,274
2020	<u>106,124</u>
	<u>\$ 636,448</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 \$29,871 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, 2015, \$121,044 of the required \$266,103 was in a separate bank account.

Opening balance	\$ 470,001
Current provision	29,871
Complete phase	<u>-233,769</u>
Closing balance	<u>\$ 266,103</u>

GITANYOW BAND COUNCIL**NOTES****MARCH 31, 2015****8. PROPERTY AND EQUIPMENT**

	PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Annual Disposals	Amortization	Closing Balance	Total 2015	Total 2014	\$
Land	255,000	-	-	255,000	-	-	-	-	255,000	255,000	
Buildings	7,050,049	-	-	7,050,049	3,158,432	-	193,570	3,352,002	3,698,047	3,891,617	
Engineered structures	6,125,817	-	-	6,125,817	1,122,642	-	166,606	1,289,248	4,836,569	5,003,175	
Equipment	1,229,958	-	123,769	1,106,189	820,545	123,769	60,521	757,297	348,892	409,413	
	14,660,824	-	123,769	14,537,056	5,101,619	123,769	420,697	5,398,547	9,138,508	9,559,205	

GITANYOW BAND COUNCIL

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MARCH 31, 2015

9. INVESTMENT IN ASSOCIATED ENTITIES

Financial information for Gitanyow Economic Development Corporation at March 31, 2015 and Meziadin Junction Limited Partnership at January 31, 2015 is not available.

The reported values for the entities are as follows:

Gitanyow Economic Development Corporation:

wholly owned subsidiary	\$ 123,298
Meziadin Junction Limited Partnership; 25% partnership share	<u>45,763</u>
	<u><u>\$ 169,061</u></u>

10. SURPLUS (DEFICIT)

	2015	2014
	\$	\$
Administration	-12,826	65,112
Capital projects	-85,266	-74,782
Economic development	660,977	480,498
Housing	-256,624	-481,768
Operations and maintenance	33,679	31,078
Social services	<u>-57,747</u>	<u>-59,697</u>
	<u><u>282,193</u></u>	<u><u>-39,559</u></u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2015	2014
	\$	\$
Opening balance	7,822,358	7,877,200
Contributions from operations	-	166,201
Long-term debt repayment	179,796	270,403
Amortization	<u>-420,697</u>	<u>-491,446</u>
Closing balance	<u><u>7,581,457</u></u>	<u><u>7,822,358</u></u>

12. 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:

GRANYOW BAND COUNCIL

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12. Segment Disclosure (continued)

MARCH 31, 2015

	Total Budget 2015	Administration	Capital Projects	Economic Development	Housing	Maintenance	Operation	Social Services	Amortization	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue											
GGC	2,051,086	273,880	520,223	254,787	-	221,687	886,208	-	-	2,156,785	2,030,220
CMHC	92,578	-	-	-	92,422	-	-	-	-	92,422	92,578
Gas Bar	1,098,891	-	-	1,076,683	-	-	-	-	-	1,076,693	1,098,891
Ottawa Trust funds	7,186	6,577	-	-	-	-	-	-	-	6,577	7,186
Rental	333,408	-	-	-	336,781	-	-	-	-	336,781	333,408
Other	308,503	129,584	3,000	153,129	233,769	16,529	2,742	-	-	538,753	308,503
	3,891,652	410,041	523,223	1,484,609	662,972	238,216	888,950	-	-	4,208,011	3,870,786
Expenses											
Amortization	491,446	-	-	-	-	-	-	-	-	420,697	420,697
Bad debts	82,048	-	-	-	130,960	-	-	-	-	130,960	82,048
Benefits and programs	782,596	-	-	-	-	-	-	799,408	-	799,408	782,596
Contract services	312,156	34,949	532,097	112,557	-	15,890	-	-	-	695,493	312,156
Honoria	83,024	81,066	-	-	-	-	-	-	-	81,086	83,024
Insurance	84,401	15,581	-	1,328	41,133	17,493	-	-	-	75,535	84,401
Materials, supplies and other	1,326,653	69,120	1,610	988,635	81,439	49,891	14,381	-	-	1,205,076	1,326,653
Professional services	23,468	20,205	-	-	4,500	-	-	-	-	24,705	23,468
Telephones and utilities	73,935	12,343	-	13,645	-	44,363	1,070	-	-	71,421	73,935
Travel and workshops	61,894	54,018	-	10,784	-	26,670	4,685	-	-	96,137	61,894
Wages and benefits	473,027	194,120	-	177,201	-	81,308	67,456	-	-	520,085	473,027
	3,794,646	481,402	533,707	1,304,130	258,032	235,615	887,000	-	-	420,697	4,120,583
REVENUE OVER EXPENDITURE											
	97,004	-71,361	-10,484	180,479	404,940	2,601	1,950	-420,697	87,428	76,138	
TRANSFERS											
	97,004	-71,361	-10,484	180,479	404,940	2,601	1,950	-420,697	87,428	76,138	
ANNUAL SURPLUS (DEFICIT)											
	97,004	-71,361	-10,484	180,479	404,940	2,601	1,950	-420,697	87,428	76,138	

CARLYLE SHEPHERD & CO.

CHARTERED ACCOUNTANTS

