

GITANYOW BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2017

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GITANYOW BAND COUNCIL
MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2017

The financial statements of the Gitanyow Band Council and all the information in this annual report are the responsibility of management and have been approved by the Band Council and the Band Manager.

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements are presented fairly, in all material respects.

The Gitanyow Band Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate and that assets are adequately safeguarded.

The Band Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Band Council meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Band Council also considers the engagement of the external auditor.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to the Chief and Council.

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Chief Councilor

John G.
Band Manager

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



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, 2017 and the statements of financial activities, cash flows and changes in net financial assets (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, 2017 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
September 1, 2017

Carlyle Shepherd & Co.

GITANYOW BAND COUNCIL

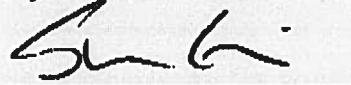
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	787,222	641,594
Accounts receivable (note 2)	82,271	62,434
Inventory (note 1)	36,550	40,892
Ottawa Trust funds (note 4)	<u>208,747</u>	<u>202,880</u>
	<u>1,114,790</u>	<u>947,800</u>
LIABILITIES		
Accounts payable and accruals (note 3)	521,814	306,178
Bank demand loan (note 6)	43,000	6,000
Long-term debt (note 5)	1,240,489	1,400,864
Replacement reserve (note 7)	<u>308,921</u>	<u>287,512</u>
	<u>2,114,224</u>	<u>2,000,551</u>
	<u>-999,434</u>	<u>-1,052,751</u>
NET FINANCIAL LIABILITIES		
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 9)	9,097,334	8,671,418
Investment in associated entities (notes 1 and 8)	281,172	206,956
Prepaid expenses	<u>45,298</u>	-
	<u>9,423,804</u>	<u>8,878,374</u>
	<u>8,424,370</u>	<u>7,825,623</u>
BAND POSITION		
Surplus (Deficit) (note 10)	358,778	352,189
Equity in Property and Equipment (note 11)	7,856,845	7,270,554
Equity in Ottawa Trust Funds (note 4)	<u>208,747</u>	<u>202,880</u>
	<u>8,424,370</u>	<u>7,825,623</u>

APPROVED BY COUNCIL


 Chief Councillor


 Band Manager

 CARLYLE SHEPHERD & CO.
 CHARTERED PROFESSIONAL ACCOUNTANTS


GITANYOW BAND COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2017	2016
		\$	\$
REVENUE			
GGC	3,122,498	3,122,498	1,708,579
CMHC	63,129	63,129	98,153
Gas Bar	850,780	869,747	850,780
Ottawa Trust funds	6,048	5,867	6,048
Rental	309,280	323,780	309,280
Other	304,739	385,850	629,321
	<u>4,656,474</u>	<u>4,770,871</u>	<u>3,602,161</u>
EXPENDITURE			
Administration	506,887	429,481	506,887
Amortization/disposal of assets	437,702	429,692	547,127
Capital projects	1,216,885	630,163	243,339
Economic development	1,137,866	1,279,329	1,111,989
Housing	253,334	242,647	272,147
Operations and maintenance	212,857	258,648	200,697
Social services	954,834	902,166	954,834
	<u>4,720,365</u>	<u>4,172,124</u>	<u>3,837,020</u>
REVENUE OVER EXPENDITURE	-63,891	598,747	-234,859
OPENING POSITION	<u>7,825,623</u>	<u>7,825,623</u>	<u>8,060,482</u>
CLOSING POSITION	<u>7,761,732</u>	<u>8,424,370</u>	<u>7,825,623</u>

GITANYOW BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	598,747	-234,859
Amortization/disposal of assets	429,692	547,127
Accounts receivable	-19,837	62,851
Inventory	4,342	1,912
Ottawa Trust funds	-5,867	-6,048
Prepaid expenses	-45,298	*
Accounts payables and accruals	<u>215,639</u>	<u>-17,967</u>
	<u>1,177,418</u>	<u>353,016</u>
FINANCING ACTIVITIES		
Bank demand loan	37,000	-10,000
Long-term debt	-160,375	-156,187
Replacement reserve	<u>21,409</u>	<u>21,409</u>
	<u>-101,966</u>	<u>-144,778</u>
INVESTING ACTIVITIES		
Investment in associated entities	-74,216	-37,895
Property and equipment purchases	<u>-855,608</u>	<u>-80,037</u>
	<u>-929,824</u>	<u>-117,932</u>
CHANGE IN CASH		
	145,628	90,306
OPENING CASH BALANCE		
	<u>641,594</u>	<u>551,288</u>
CLOSING CASH BALANCE		
	<u>787,222</u>	<u>641,594</u>

GITANYOW BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
Revenue over expenditure	598,747	-234,859
Amortization/disposal of assets	429,692	547,127
Investment in associated entities	-74,216	-37,895
Property and equipment purchases	-855,608	-80,037
Prepaid expenses	<u>-45,298</u>	<u>-</u>
Change in the year	53,317	194,336
Opening net financial liabilities	<u>-1,052,751</u>	<u>-1,247,087</u>
Closing net financial assets liabilities	<u>-999,434</u>	<u>-1,052,751</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous and Northern Affairs Canada (INAC) 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, 2017

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investments

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

	2017	2016
GGC	\$ 35,809	\$ -
Rental	1,471,938	1,338,530
Trade and other	46,462	62,434
Allowance for doubtful accounts	<u>-1,471,938</u>	<u>-1,338,530</u>
	<u>\$ 82,271</u>	<u>\$ 62,434</u>

3. ACCOUNTS PAYABLE AND ACCRUALS

	2017	2016
GGC	\$ -	\$ 24,765
Governmental payables	693	1,862
Trade and other	492,290	258,326
Wages and benefits	<u>28,831</u>	<u>21,222</u>
	<u>\$ 521,814</u>	<u>\$ 306,175</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2017

4. OTTAWA TRUST FUNDS

INAC 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 INAC.

	Capital	Revenue	Total 2017	Total 2016
Opening balance	\$ 46,240	\$ 156,840	\$ 202,880	\$ 196,832
Income	-	5,867	5,867	6,048
Closing balance	<u>\$ 46,240</u>	<u>\$ 162,507</u>	<u>\$ 208,747</u>	<u>\$ 202,880</u>

5. LONG-TERM DEBT

Royal Bank of Canada

\$1,710/month including interest at 2.94% per annum.	\$ 218,619
\$1,524/month including interest at 2.48% per annum.	70,862
\$1,456/month including interest at 2.09% per annum.	80,131
\$2,331/month including interest at 3.34% per annum.	353,226

All Nations Trust Company

\$5,234/month including interest at 1.7% per annum.	10,459
\$1,639/month including interest at 1.53% per annum.	275,149
\$2,212/month including interest at 2.11% per annum.	<u>232,043</u>
	<u>\$ 1,240,489</u>

Long-term debt is secured by mortgages over buildings. Scheduled principal repayment during the next five years is as follows:

2018	\$ 111,262
2019	103,248
2020	105,755
2021	108,325
2022	<u>110,962</u>
	<u>\$ 539,562</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2017

6. BANK DEMAND LOAN

Royal Bank of Canada revolving loans, interest at prime plus 2.25% and 2% per annum; secured by a general security agreement.

7. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$21,409 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, 2017, \$267,451 of the required \$308,921 was in a separate bank account.

Opening balance	\$ 287,512
Current provision	<u>21,409</u>
Closing balance	<u>\$ 308,921</u>

8. INVESTMENT IN ASSOCIATED ENTITIES

The reported values for the entities are as follows:

Gitanyow Economic Development Corporation; wholly owned subsidiary	\$ 235,409
Meziadin Junction Limited Partnership; 25% partnership share	<u>45,763</u>
	<u>\$ 281,172</u>

Financial information for Gitanyow Economic Development Corporation is as follows:

Assets	\$ 303,928
Liabilities	68,519
Revenue	1,251,032
Net Income (loss)	52,462

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2017

9. PROPERTY AND EQUIPMENT

PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Annual Amortization	Closing Balance	Total 2017	Total 2016
\$ 127,500			\$ 127,500					\$ 127,500	\$ 127,500
Buildings	7,050,048	169,718	54,595	7,165,172	3,544,010	54,595	194,504	3,683,918	3,481,253
Engineered structures	6,125,817	676,990	-	6,802,807	1,450,308	-	178,238	1,828,544	5,174,263
Equipment	<u>1,121,686</u>	<u>8,800</u>	-	<u>1,130,586</u>	<u>759,318</u>	-	<u>58,950</u>	<u>816,288</u>	<u>4,675,511</u>
	<u>14,425,052</u>	<u>855,608</u>	<u>54,595</u>	<u>15,226,085</u>	<u>5,753,834</u>	<u>54,595</u>	<u>429,682</u>	<u>6,128,731</u>	<u>9,097,334</u>
									<u>8,671,418</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2017

10. SURPLUS (DEFICIT)

	2017	2016
	\$	\$
Administration	-144,668	-97,017
Capital projects	-90,303	-49,555
Economic development	618,273	639,087
Housing	-12,525	-75,311
Operations and maintenance	55,806	36,150
Social services	<u>-87,805</u>	<u>-101,165</u>
	<u>358,778</u>	<u>352,189</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2017	2016
	\$	\$
Opening balance	7,270,554	7,581,457
Contributions from operations	855,608	80,037
Long-term debt repayment	160,375	156,187
Amortization / disposal of assets	<u>-429,692</u>	<u>-547,127</u>
Closing balance	<u>7,856,845</u>	<u>7,270,554</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:

GATANTOW BAND COUNCIL

12. Segment Disclosure (continued)

NOTES

MARCH 31, 2017

	Budget 2017	Capital Projects	Economic Development	Housing	Operation	Social Services	Amortization	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
GBC	3,122,498	283,867	1,356,539	285,539	252,153	924,400	-	3,122,498	1,708,570
CalHC	83,129	-	-	63,129	-	-	-	63,129	88,153
Gas Bar	850,780	-	-	869,747	-	-	-	869,747	850,780
Ottawa Trust funds	6,048	5,857	-	-	-	-	-	5,857	6,048
Rental	309,280	-	-	-	303,780	-	-	323,780	309,280
Other	304,739	87,953	79,584	102,129	78,889	26,149	11,126	-	385,850
	4,658,474	387,687	1,436,123	1,267,415	465,808	278,302	935,528	-	4,770,871
Expenses									
Authorization / loss on disposal of assets	437,702	-	-	-	-	-	-	429,692	429,692
Bad debts	123,465	-	-	-	133,408	-	-	-	133,408
Benefits and programs	858,566	-	-	-	-	816,368	-	-	123,465
Contract services	1,495,893	44,488	561,258	312,124	-	42,848	-	-	816,368
Honoraria	97,298	68,800	-	-	-	-	-	900,720	866,598
Insurance	85,446	21,147	-	1,583	33,767	9,588	-	-	422,347
Interest	37,294	4,110	-	9,554	33,448	-	-	-	68,800
Materials, supplies and other	926,171	38,229	68,904	785,382	37,524	68,050	15,823	-	97,298
Professional services	29,580	17,073	-	-	4,500	-	-	-	65,085
Telephone and utilities	72,803	12,497	-	12,178	-	49,746	808	-	85,446
Travel and workshops	81,504	32,431	-	6,919	-	14,777	6,452	-	47,112
Wages and benefits	474,633	194,705	-	141,811	-	73,637	62,917	-	38,137
	4,720,365	429,481	630,163	1,279,328	292,847	258,646	902,166	429,692	4,172,124
REVENUE OVER EXPENDITURE	-63,891	-41,784	805,950	-11,914	223,161	19,656	33,360	-429,692	598,747
TRANSFERS									-234,659
ANNUAL SURPLUS (DEFICIT)	-63,891	-41,784	805,950	-11,914	223,161	19,656	33,360	-429,692	598,747
									-234,659