



GITANYOW BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2018

GITANYOW BAND COUNCIL
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GITANYOW BAND COUNCIL
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2018

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 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.



Chief Councilor



Band Manager

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, 2018 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, 2018 and the results of its operations, cash flows, and changes in net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC
August 9, 2018

Carlyle Shepherd & Co.

GITANYOW BAND COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Cash	508,831	787,222
Accounts receivable (note 2)	64,960	82,271
Inventory (note 1)	44,807	36,550
Ottawa Trust funds (note 4)	215,375	208,747
	<u>833,973</u>	<u>1,114,790</u>
LIABILITIES		
Accounts payable and accruals (note 3)	132,209	521,814
Bank demand loan (note 5)	19,000	43,000
Long-term debt (note 6)	469,861	1,240,489
Replacement reserve (note 7)	123,224	308,921
	<u>744,294</u>	<u>2,114,224</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>89,679</u>	<u>-999,434</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 9)	8,837,286	9,097,334
Investment in associated entities (notes 1 and 8)	145,901	281,172
Prepaid expenses	38,867	45,298
	<u>9,022,054</u>	<u>9,423,804</u>
	<u>9,111,733</u>	<u>8,424,370</u>
BAND POSITION		
Surplus (Deficit) (note 10)	528,933	358,778
Equity in Property and Equipment (note 11)	8,367,425	7,856,845
Equity in Ottawa Trust Funds (note 4)	215,375	208,747
	<u>9,111,733</u>	<u>8,424,370</u>

APPROVED BY COUNCIL

774 _____ Chief Councilor
Shirley _____ Band Manager

GITANYOW BAND COUNCIL
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31

	Unaudited Budget	2018	2018	2017
	\$	\$	\$	\$
REVENUE				
GGC	2,691,402	2,691,402	3,122,498	
CMHC	101,810	106,172	63,129	
Gas Bar	869,747	850,211	869,747	
Ottawa Trust funds	-	6,628	5,867	
Rental	323,780	312,722	323,780	
Other	335,391	363,387	385,850	
	<u>4,322,130</u>	<u>4,330,522</u>	<u>4,770,871</u>	
EXPENDITURE				
Administration	458,100	419,953	429,481	
Amortization/disposal of assets	-	386,641	429,692	
Capital projects	400,903	247,990	630,163	
Economic development	1,002,150	1,093,215	1,279,329	
Housing	821,277	262,484	242,647	
Operations and maintenance	333,646	340,114	258,646	
Social services	889,820	892,762	902,166	
	<u>3,905,896</u>	<u>3,643,159</u>	<u>4,172,124</u>	
REVENUE OVER EXPENDITURE	416,234	687,363	598,747	
OPENING POSITION	<u>8,424,370</u>	<u>8,424,370</u>	<u>7,825,623</u>	
CLOSING POSITION	<u>8,840,604</u>	<u>9,111,733</u>	<u>8,424,370</u>	

GITANYOW BAND COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	687,363	598,747
Amortization/disposal of assets	386,641	429,692
Accounts receivable	17,311	-19,837
Inventory	-8,257	4,342
Ottawa Trust funds	-6,628	-5,867
Prepaid expenses	6,431	-45,298
Accounts payables and accruals	<u>-389,605</u>	<u>215,639</u>
	<u>693,256</u>	<u>1,177,418</u>
FINANCING ACTIVITIES		
Bank demand loan	-24,000	37,000
Long-term debt	-770,628	-160,375
Replacement reserve	<u>-185,697</u>	<u>21,409</u>
	<u>-980,325</u>	<u>-101,966</u>
INVESTING ACTIVITIES		
Investment in associated entities	135,271	-74,216
Property and equipment purchases	<u>-126,593</u>	<u>-855,608</u>
	<u>8,678</u>	<u>-929,824</u>
CHANGE IN CASH	-278,391	145,628
OPENING CASH BALANCE	<u>787,222</u>	<u>641,594</u>
CLOSING CASH BALANCE	<u>508,831</u>	<u>787,222</u>

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

	2018	2017
	\$	\$
Revenue over expenditure	687,363	598,747
Amortization/disposal of assets	386,641	429,692
Investment in associated entities	135,271	-74,216
Property and equipment purchases	-126,593	-855,608
Prepaid expenses	6,431	-45,298
	<hr/>	<hr/>
Change in the year	1,089,113	53,317
	<hr/>	<hr/>
Opening net financial assets (liabilities)	-999,434	-1,052,751
	<hr/>	<hr/>
Closing net financial assets (liabilities)	89,679	-999,434
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GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2018

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, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investments

Controlled enterprises are accounted for using the modified equity method. Portfolio investments are recorded at cost.

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

	2018	2017
GGC	\$ -	\$ 35,809
Rental	1,640,154	1,471,938
Trade and other	64,960	46,462
Allowance for doubtful accounts	<u>-1,640,154</u>	<u>-1,471,938</u>
	<u>\$ 64,960</u>	<u>\$ 82,271</u>

3. ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
Governmental payables	\$ 4,815	\$ 693
Trade and other	121,471	492,290
Wages and benefits	<u>5,923</u>	<u>28,831</u>
	<u>\$ 132,209</u>	<u>\$ 521,814</u>

GITANYOW BAND COUNCIL

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MARCH 31, 2018

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 2018	Total 2017
Opening balance	\$ 46,240	\$ 162,507	\$ 208,747	\$ 202,880
Income	-	6,628	6,628	5,867
Closing balance	<u>\$ 46,240</u>	<u>\$ 169,135</u>	<u>\$ 215,375</u>	<u>\$ 208,747</u>

5. 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.

6. LONG-TERM DEBT

All Nations Trust Company

\$1,691/month including interest at 1.97% per annum.	\$ 259,699
\$2,212/month including interest at 2.11% per annum.	<u>210,162</u>
	<u>\$ 469,861</u>

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

2019	\$ 37,642
2020	38,423
2021	39,218
2022	40,032
2023	<u>40,861</u>
	<u>\$ 196,176</u>

GITANYOW BAND COUNCIL

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MARCH 31, 2018

7. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$12,784 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, 2018, the required funds were in a separate bank account.

Opening balance	\$ 308,921
Current provision	12,784
Completed phase	<u>-198,481</u>
Closing balance	<u>\$ 123,224</u>

8. INVESTMENT IN ASSOCIATED ENTITIES

The reported values for the entities are as follows:

Gitanyow Indian Band Limited Partnership; 100% partnership share	\$ 100,138
Meziadin Junction Limited Partnership; 25% partnership share	<u>45,763</u>
	<u>\$ 145,901</u>

Financial information for Gitanyow Economic Development Corporation is as follows:

Assets	\$ 141,233
Liabilities	41,095
Revenue	1,297,379
Net income (loss)	-137,822

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2018

9. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	Total 2018	\$	Total 2017
Land	127,500	-	127,500	-	-	-	127,500		127,500
Buildings	7,165,172	-	7,165,172	3,683,919	141,729	3,825,648	3,339,524		3,481,253
Engineered structures	6,802,807	-	6,802,807	1,628,544	172,303	1,800,847	5,001,960		5,174,263
Equipment	1,130,586	126,593	1,257,179	816,268	72,609	888,877	368,302		314,318
	<u>15,226,065</u>	<u>126,593</u>	<u>15,352,658</u>	<u>6,128,731</u>	<u>386,641</u>	<u>6,515,372</u>	<u>8,837,286</u>		<u>9,097,334</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2018

10. SURPLUS (DEFICIT)

	2018	2017
	\$	\$
Administration	-113,029	-144,668
Capital projects	-49,464	-90,303
Economic development	523,623	618,273
Housing	133,785	-12,525
Operations and maintenance	31,521	55,806
Social services	2,497	-67,805
	<u>528,933</u>	<u>358,778</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2018	2017
	\$	\$
Opening balance	7,856,845	7,270,554
Contributions from operations	126,593	855,608
Long-term debt repayment	770,628	160,375
Amortization/disposal of assets	<u>-386,641</u>	<u>-429,692</u>
Closing balance	<u>8,367,425</u>	<u>7,856,845</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:

GITANYOW BAND COUNCIL

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12. Segment Disclosure (continued)

MARCH 31, 2018

	Total Budget 2018	Administration	\$	Capital Projects	Economic Development	Housing	Maintenance	Social Services	Amortization	\$	\$	Total 2018	\$	Total 2017	\$
Revenue															
GGC	2,691,402	367,519	349,766	115,460	612,000	313,878	932,779	-	2,691,402	3,122,498	-	-	-	-	-
CMHC	101,810	-	53,899	9,020	43,253	-	-	-	-	106,172	63,129	-	-	-	-
Gas Bar	869,747	-	-	850,211	-	-	-	-	-	850,211	869,747	-	-	-	-
Ottawa Trust funds	-	6,628	-	-	-	-	-	-	-	-	6,628	5,867	-	-	-
Rental	323,780	-	-	-	-	312,722	-	-	-	-	312,722	323,780	-	-	-
Other	335,391	80,470	5,988	44,782	199,911	1,951	30,285	-	-	-	363,387	385,850	-	-	-
	4,322,130	454,617	409,653	1,019,473	1,167,886	315,829	963,064	-	-	4,330,522	4,770,871	-	-	-	-
Expenses															
Amortization / loss on disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts	-	-	-	7,248	167,916	-	-	-	-	386,641	386,641	-	-	-	-
Benefits and programs	816,825	-	-	-	-	-	-	-	-	-	-	175,164	133,408	-	-
Contract services	547,357	25,010	220,921	4,210	-	87,587	-	-	-	-	-	837,285	816,366	-	-
Honoraria	66,800	69,600	-	-	1,583	33,767	24,544	-	-	-	-	337,738	960,720	-	-
Insurance	66,265	37,337	-	-	9,333	27,046	-	-	-	-	-	69,600	66,800	-	-
Interest	767,607	5,086	-	-	137,822	-	-	-	-	-	-	97,231	66,085	-	-
Loss on investments	-	-	27,069	725,791	29,255	81,916	5,815	-	-	-	-	41,465	47,112	-	-
Materials, supplies and other	985,398	31,166	-	-	4,500	-	-	-	-	-	-	137,822	-	-	-
Professional services	21,573	18,720	-	-	9,157	-	48,666	992	-	-	-	901,012	1,021,692	-	-
Telephone and utilities	75,227	11,438	-	-	3,178	-	29,125	3,952	-	-	-	23,220	21,573	-	-
Travel and workshops	57,355	42,118	-	-	194,893	-	68,266	44,718	-	-	-	70,253	75,227	-	-
Wages and benefits	501,489	179,478	-	-	-	-	-	-	-	-	-	78,373	60,579	-	-
	3,905,896	419,953	247,990	1,093,215	262,484	340,114	892,762	386,641	3,643,159	4,172,124	-	-	-	-	-
REVENUE OVER EXPENDITURE															
TRANSFERS	-	15,139	-	-	15,139	-	-	-	-	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	416,234	49,803	161,663	-88,881	905,402	-24,285	70,302	-386,641	687,363	598,747	-	-	-	-	-