



GITANYOW BAND COUNCIL
FINANCIAL STATEMENTS
MARCH 31, 2018

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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

 Chief Councilor

 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 | <u>6,431</u> | <u>-45,298</u> |
| Change in the year | 1,089,113 | 53,317 |
| Opening net financial assets (liabilities) | <u>-999,434</u> | <u>-1,052,751</u> |
| Closing net financial assets (liabilities) | <u>89,679</u> | <u>-999,434</u> |

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

NOTES

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 | <u>-</u> | <u>6,628</u> | <u>6,628</u> | <u>5,867</u> |
| 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

NOTES

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 |
| | 15,226,065 | 126,593 | 15,352,658 | 6,128,731 | 386,641 | 6,515,372 | 8,837,286 | 9,097,334 |

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 | <u>2,497</u> | <u>-67,805</u> |
| | <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

NOTES

MARCH 31, 2018

12. Segment Disclosure (continued)

| | Total Budget 2018 \$ | Administration \$ | Capital Projects \$ | Economic Development \$ | Housing \$ | Operation 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 | - | - | - | - | - | - | - | 386,641 | 386,641 | 429,692 |
| Bad debts | - | - | - | 7,248 | 167,916 | - | - | - | 175,164 | 133,408 |
| Benefits and programs | 816,825 | - | - | - | - | - | 837,285 | - | 837,285 | 816,366 |
| Contract services | 547,357 | 25,010 | 220,921 | 4,210 | - | 87,597 | - | - | 337,738 | 960,720 |
| Honoraria | 66,800 | 69,600 | - | - | - | - | - | - | 69,600 | 66,800 |
| Insurance | 66,265 | 37,337 | - | 1,583 | 33,767 | 24,544 | - | - | 97,231 | 66,085 |
| Interest | 767,607 | 5,086 | - | 9,333 | 27,046 | - | - | - | 41,465 | 47,112 |
| Loss on investments | - | - | - | 137,822 | - | - | - | - | 137,822 | - |
| Materials, supplies and other | 985,398 | 31,166 | 27,069 | 725,791 | 29,255 | 81,916 | 5,815 | - | 901,012 | 1,021,692 |
| Professional services | 21,573 | 18,720 | - | - | 4,500 | - | - | - | 23,220 | 21,573 |
| Telephone and utilities | 75,227 | 11,438 | - | 9,157 | - | 48,666 | 992 | - | 70,253 | 75,227 |
| Travel and workshops | 57,355 | 42,118 | - | 3,178 | - | 29,125 | 3,952 | - | 78,373 | 60,579 |
| Wages and benefits | 501,489 | 179,478 | - | 194,893 | - | 68,266 | 44,718 | - | 487,355 | 472,870 |
| | 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 | 416,234 | 34,664 | 161,663 | -73,742 | 905,402 | -24,285 | 70,302 | -386,641 | 687,363 | 598,747 |
| 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 |