

GITANYOW BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2019

GITANYOW BAND COUNCIL
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GITANYOW BAND COUNCIL
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2019

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 Council.

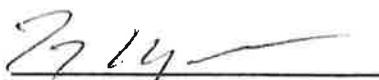
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements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

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

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. 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 CHIEF AND COUNCIL - GITANYOW BAND COUNCIL

Opinion

We have audited the financial statements of Gitanyow Band Council, which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of financial activities, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Band Council as at March 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the Band Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

Responsibilities of Management and Council 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.

In preparing the financial statements, management is responsible for assessing the Band Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless conditions exist that do not allow for the going concern basis to be used.

The Council is responsible for overseeing the Band Council's financial reporting process.

Terrace, BC
August 29, 2019

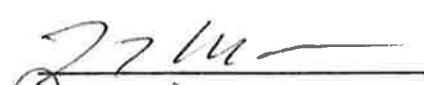
Carlyle Shepherd & Co.

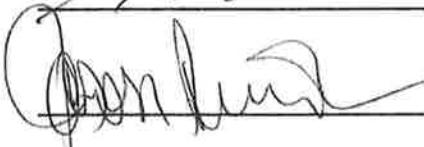
GITANYOW BAND COUNCIL
CONDOLISATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	546,949	508,831
Accounts receivable (note 2)	80,573	64,960
Inventory (note 1)	42,338	44,807
Ottawa Trust funds (note 4)	<u>222,295</u>	<u>215,375</u>
	<u>892,155</u>	<u>833,973</u>
LIABILITIES		
Accounts payable and accruals (note 3)	147,512	132,209
Bank demand loan (note 5)	-	19,000
Long-term debt (note 6)	432,197	469,861
Replacement reserve (note 7)	<u>135,224</u>	<u>123,224</u>
	<u>714,933</u>	<u>744,294</u>
NET FINANCIAL ASSETS		
	<u>177,222</u>	<u>89,679</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 9)	9,983,824	8,837,286
Investment in government business enterprises (notes 1 and 8)	301,806	145,901
Prepaid expenses	<u>2,500</u>	<u>38,867</u>
	<u>10,288,130</u>	<u>9,022,054</u>
	<u>10,465,352</u>	<u>9,111,733</u>
BAND POSITION		
Surplus (Deficit) (note 10)	691,430	528,933
Equity in Property and Equipment (note 11)	9,551,627	8,367,425
Equity in Ottawa Trust Funds (note 4)	<u>222,295</u>	<u>215,375</u>
	<u>10,465,352</u>	<u>9,111,733</u>

APPROVED BY COUNCIL

 Chief Councillor

 Band Manager

GITANYOW BAND COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2019	2019	2018
	\$	\$	\$	\$
REVENUE				
GGC	3,699,706	3,699,706	2,691,402	
CMHC	43,253	45,286	106,172	
Gas Bar	850,211	1,037,920	850,211	
Income (loss) from government business enterprises	-	155,905	-137,822	
Ottawa Trust funds	-	6,920	6,628	
Rental	260,000	240,418	312,722	
Other	241,823	293,751	363,387	
	<u>5,094,993</u>	<u>5,479,906</u>	<u>4,192,700</u>	
EXPENDITURE				
Administration	409,115	612,942	419,953	
Amortization	386,641	437,536	386,641	
Capital projects	340,991	333,762	247,990	
Economic development	946,413	1,159,750	955,393	
Housing	141,458	174,591	262,484	
Operations and maintenance	405,450	405,394	340,114	
Social services	1,022,936	1,002,312	892,762	
	<u>3,653,004</u>	<u>4,126,287</u>	<u>3,505,337</u>	
REVENUE OVER EXPENDITURE	1,441,989	1,353,619	687,363	
OPENING POSITION	<u>9,111,733</u>	<u>9,111,733</u>	<u>8,424,370</u>	
CLOSING POSITION	<u>10,553,722</u>	<u>10,465,352</u>	<u>9,111,733</u>	

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

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	1,353,619	687,363
Amortization	437,536	386,641
Accounts receivable	-15,613	17,311
Inventory	2,469	-8,257
Ottawa Trust funds	-6,920	-6,628
Prepaid expenses	36,367	6,431
Accounts payables and accruals	15,303	-389,605
Investment in government business enterprises	<u>-155,905</u>	<u>135,271</u>
	<u>1,666,856</u>	<u>828,527</u>
FINANCING ACTIVITIES		
Bank demand loan	-19,000	-24,000
Long-term debt	-37,664	-770,628
Replacement reserve	<u>12,000</u>	<u>-185,697</u>
	<u>-44,664</u>	<u>-980,325</u>
INVESTING ACTIVITIES		
Property and equipment purchases	<u>-1,584,074</u>	<u>-126,593</u>
CHANGE IN CASH		
	38,118	-278,391
OPENING CASH BALANCE		
	<u>508,831</u>	<u>787,222</u>
CLOSING CASH BALANCE		
	<u>546,949</u>	<u>508,831</u>

GITANYOW BAND COUNCIL

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2019	2018
	\$	\$
Revenue over expenditure	1,353,619	687,363
Amortization	437,536	386,641
Investment in government business enterprises	-155,905	135,271
Property and equipment purchases	-1,584,074	-126,593
Prepaid expenses	<u>36,367</u>	<u>6,431</u>
Change in the year	87,543	1,089,113
Opening net financial assets (liabilities)	<u>89,679</u>	<u>-999,434</u>
Closing net financial assets	<u>177,222</u>	<u>89,679</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2019

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous Services 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, 2019

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Investment in Government Business Enterprises

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 marketable securities 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

	2019	2018
CMHC	\$ 5,234	\$ 3,639
Rental	1,713,509	1,640,154
Trade and other	75,339	61,321
Allowance for doubtful accounts	<u>-1,713,509</u>	<u>-1,640,154</u>
	<u><u>\$ 80,573</u></u>	<u><u>\$ 64,960</u></u>

3. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
Governmental payables	\$ 7,144	\$ 4,815
Trade and other	123,749	121,471
Wages and benefits	<u>16,619</u>	<u>5,923</u>
	<u><u>\$ 147,512</u></u>	<u><u>\$ 132,209</u></u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2019

4. OTTAWA TRUST FUNDS

Indigenous Services Canada (ISC) 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 ISC.

	Capital	Revenue	Total 2019	Total 2018
Opening balance	\$ 46,240	\$ 169,135	\$ 215,375	\$ 208,747
Income	—	6,920	6,920	6,628
Closing balance	<u>\$ 46,240</u>	<u>\$ 176,055</u>	<u>\$ 222,295</u>	<u>\$ 215,375</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.	\$ 244,365
\$2,221/month including interest at 2.22% per annum.	<u>187,832</u>
	<u>\$ 432,197</u>

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

2020	\$ 38,339
2021	39,158
2022	39,996
2023	40,852
2024	<u>41,726</u>
	<u>\$ 200,071</u>

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2019

7. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$12,000 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, 2019, the required funds were in a separate bank account.

Opening balance	\$ 123,224
Current provision	<u>12,000</u>
Closing balance	<u>\$ 135,224</u>

8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The reported values for the entities are as follows:

Gitanyow Indian Band Limited Partnership; 100% partnership share	\$ 256,043
Meziadin Junction Limited Partnership; 25% partnership share	<u>45,763</u>
	<u>\$ 301,806</u>

Financial information for Gitanyow Indian Band Limited Partnership is as follows:

Assets	\$ 293,614
Liabilities	37,571
Revenue	1,684,656
Net income	155,905

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2019

9. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	Total 2019	Total 2018	\$
Land	\$ 127,500	-	\$ 127,500	-	-	-	127,500	127,500	
Buildings	7,165,172	725,837	7,891,009	3,825,648	169,310	3,994,958	3,896,051	3,339,524	
Engineered structures	6,802,807	835,359	7,638,166	1,800,847	204,005	2,004,852	5,633,314	5,001,960	
Equipment	<u>1,166,889</u>	<u>22,878</u>	<u>1,189,767</u>	<u>798,587</u>	<u>64,221</u>	<u>862,808</u>	<u>326,959</u>	<u>368,302</u>	
	<u>15,262,368</u>	<u>1,584,074</u>	<u>16,846,442</u>	<u>6,425,082</u>	<u>437,536</u>	<u>6,862,618</u>	<u>9,983,824</u>	<u>8,837,286</u>	

GITANYOW BAND COUNCIL

NOTES

MARCH 31, 2019

10. SURPLUS (DEFICIT)

	2019	2018
	\$	\$
Administration	-128,516	-113,029
Capital projects	-36,098	-49,464
Economic development	669,527	523,623
Housing	90,279	133,785
Operations and maintenance	11,719	31,521
Social services	<u>84,519</u>	<u>2,497</u>
	<u>691,430</u>	<u>528,933</u>

11. EQUITY IN PROPERTY AND EQUIPMENT

	2019	2018
	\$	\$
Opening balance	8,367,425	7,856,845
Contributions from operations	1,584,074	126,593
Long-term debt repayment	37,664	770,628
Amortization	<u>-437,536</u>	<u>-386,641</u>
Closing balance	<u>9,551,627</u>	<u>8,367,425</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

12. Segment Disclosure (continued)

MARCH 31, 2019

	Total Budget 2019 \$	Administration \$	Capital Projects \$	Economic Development \$	Housing \$	Maintenance \$	Social Services \$	Amortization \$	Total 2019 \$	Total 2018 \$
Revenue										
GGC	3,699,706	378,645	1,749,230	146,553	45,286	405,964	1,019,314	-	3,699,706	2,691,402
CMHC	43,253	-	-	1,037,920	-	-	-	-	45,286	106,772
Gas Bar	850,211	-	-	-	-	-	-	-	1,037,920	850,211
Income (loss) on government business enterprises	-	-	-	155,905	-	-	-	-	155,905	-137,822
Ottawa Trust funds	260,000	-	6,920	-	-	-	-	-	6,920	6,628
Rental	111,607	111,607	91,761	21,763	240,418	1,094	2,506	65,020	240,418	312,722
Other	241,823	-	-	-	-	-	-	-	293,751	363,387
	5,094,993	497,172	1,840,991	1,362,141	286,798	408,470	1,084,334	-	5,479,906	4,192,700
Expenses										
Amortization	386,641	-	-	-	76,419	-	-	-	437,536	437,536
Bad debts	-	-	-	-	-	-	-	-	-	386,641
Benefits and programs	952,980	-	-	-	-	-	920,447	-	76,419	175,164
GGC recovery	-	-	-	-	-	6,824	-	-	920,447	837,285
Contract services	342,613	29,552	220,822	30,953	-	78,795	-	-	360,122	-
Honoraria	69,600	86,400	-	-	-	-	-	-	86,400	69,600
Insurance	107,172	37,239	-	-	3,891	32,401	31,498	-	105,029	97,231
Interest	61,602	4,548	-	10,425	9,647	-	-	-	24,620	41,465
Materials, supplies and other	1,113,585	151,028	112,940	908,654	53,624	153,538	10,803	-	1,390,587	901,012
Professional services	23,220	26,365	-	-	2,500	-	-	-	28,865	23,220
Telephone and utilities	71,587	11,002	-	9,601	-	47,404	1,012	-	69,019	70,253
Travel and workshops	70,445	44,115	-	30,897	-	21,645	10,810	-	107,467	78,373
Wages and benefits	453,559	222,693	-	165,329	-	72,514	52,416	-	512,952	487,355
	3,653,004	612,942	333,762	1,159,750	174,591	405,394	1,002,312	437,536	4,126,287	3,505,337
REVENUE OVER EXPENDITURE	1,441,989	-115,770	1,507,229	202,391	112,207	3,076	82,022	-437,536	1,353,619	687,363
TRANSFERS	-	95,667	67,333	-56,487	-106,513	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	1,441,989	-20,103	1,574,562	145,904	5,694	3,076	82,022	-437,536	1,353,619	687,363