

**OLD MASSETT VILLAGE COUNCIL**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

**OLD MASSETT VILLAGE COUNCIL  
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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Old Massett Village Council for the year ended March 31, 2014 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is described in Note 1 to the consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material aspects.

Old Massett Village Council's management is responsible for maintaining 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 relevant, reliable and accurate and Old Massett Village Council's assets are appropriately accounted for and adequately safeguarded.

Old Massett Village Council's Chief and Council are responsible for ensuring that management fulfills its responsibilities of financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council meets periodically with management, as well as the external auditor, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by KNV Chartered Accountants LLP in accordance with Canadian generally accepting auditing standards on behalf of the members. KNV Chartered Accountants LLP has full and free access to the Chief and Council with regard to audit requirements.

On behalf of Old Massett Village Council



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## INDEPENDENT AUDITOR'S REPORT

To the Members,  
Old Massett Village Council:

We have audited the accompanying consolidated financial statements of Old Massett Village Council, which comprise the consolidated statements of financial position as at March 31, 2014 and the consolidated statements of change in net financial assets, operations and accumulated surplus (deficit) and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### *Basis for Qualified Opinion*

Old Massett Village Council derives a portion of its revenue from cash sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to cash revenues, accumulated surplus (deficit), assets and net assets.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated statements present fairly, in all material respects, the financial position of Old Massett Village Council as at March 31, 2014 and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in dark blue ink, consisting of the letters 'KN&amp;V' in a stylized, cursive font.

July 25, 2014

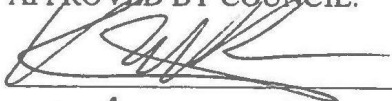
Chartered Accountants LLP

**OLD MASSETT VILLAGE COUNCIL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2014 AND 2013**

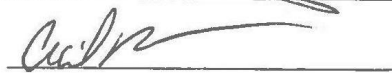
	2014	2013
		(Note 13)
<b>FINANCIAL ASSETS:</b>		
Cash and cash equivalents (Note 2)	\$ 996,496	\$ 1,511,035
Portfolio investments (Note 3)	1,445,649	1,409,422
Trust funds held by federal government (Note 4)	354,484	337,796
Accounts receivable (Note 5)	586,700	1,352,934
Investment in joint venture (Note 6)	1,606,208	-
Investment in government business organization	-	43,676
<b>Total financial assets</b>	<b>4,989,537</b>	<b>4,654,863</b>
<b>FINANCIAL LIABILITIES:</b>		
Accounts payable and accrued liabilities (Note 7)	808,121	646,827
Deferred revenue (Note 8)	79,167	126,938
Long-term debt (Note 9)	1,973,753	523,773
<b>Total financial liabilities</b>	<b>2,861,041</b>	<b>1,297,538</b>
<b>NET FINANCIAL ASSETS</b>	<b>2,128,496</b>	<b>3,357,325</b>
<b>NON-FINANCIAL ASSETS:</b>		
Tangible capital assets (Note 10)	17,497,415	17,990,231
Prepaid expenses	69,239	135,017
<b>Total non-financial assets</b>	<b>17,566,654</b>	<b>18,125,248</b>
<b>ACCUMULATED SURPLUS (Note 15)</b>	<b>\$ 19,695,150</b>	<b>\$ 21,482,573</b>

CONTINGENT LIABILITIES (Note 11)

APPROVED BY COUNCIL:



Chief Councillor



Councillor

The accompanying Notes are an integral part of this statement.

**OLD MASSETT VILLAGE COUNCIL**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Budget	2014	2013
			(Note 13)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>			
Annual surplus (deficit)	\$ (2,704,784)	\$ (1,787,423)	\$ (759,104)
Amortization of tangible capital assets	1,060,000	1,077,504	1,060,739
Acquisition of tangible capital assets	(447,694)	(588,736)	(915,403)
Gain on sale of tangible capital assets	-	(2,152)	-
Proceeds from sale of tangible capital assets	-	6,200	-
Acquisition of prepaid expenses	(135,017)	(98,948)	(130,580)
Use of prepaid expenses	\$ 126,000	164,726	126,893
Increase (decrease) in net financial assets		(1,228,829)	(617,455)
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>		<b>3,357,325</b>	<b>3,974,780</b>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>		<b>\$ 2,128,496</b>	<b>\$ 3,357,325</b>

The accompanying Notes are an integral part of this statement.

**OLD MASSETT VILLAGE COUNCIL**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**(DEFICIT)**  
**FOR THE YEARS ENDED MARCH 31, 2014 AND 2013**

	Budget	2014	2013 (Note 13)
<b>REVENUES:</b>			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 5,701,385	\$ 6,606,054	\$ 6,333,933
Canada Mortgage and Housing Authority (CMHC)	27,939	27,939	34,608
Government of Canada	367,892	278,154	355,396
Gwaii Trust	548,524	94,704	260,507
Health Canada/First Nations Health Authority (HC/FNHA)	2,200,823	2,137,877	2,144,280
Interest and investment income	40,000	76,849	56,396
Loss from investment in joint venture	-	(153,337)	-
Other income	1,458,678	899,864	2,382,690
Province of British Columbia	524,198	505,924	481,924
TRICORP	77,842	138,737	105,793
	<b>10,947,281</b>	<b>10,612,765</b>	<b>12,155,527</b>
<b>EXPENSES:</b>			
Administration	852,668	740,173	773,504
Capital and Maintenance Operations	656,259	692,663	619,641
Capital Fund	1,060,000	935,945	981,876
Child Development	20,272	20,842	61,756
Economic Development	1,567,981	783,554	926,220
Education	4,321,883	4,066,417	3,470,856
Enterprise Fund	441,350	668,401	1,734,818
Health	2,896,820	2,155,501	2,251,940
Housing	786,438	1,032,818	772,763
Social Assistance	1,048,394	1,303,874	1,321,257
	<b>\$13,652,065</b>	<b>12,400,188</b>	<b>12,914,631</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>		<b>(1,787,423)</b>	<b>(759,104)</b>
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), BEGINNING OF YEAR</b>		<b>21,482,573</b>	<b>22,241,677</b>
<b>ACCUMULATED OPERATING SURPLUS (DEFICIT), END OF YEAR</b>		<b>\$19,695,150</b>	<b>\$21,482,573</b>

The accompanying Notes are an integral part of this statement.

**OLD MASSETT VILLAGE COUNCIL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2014 2013**

	2014	2013
<b>CASH AND CASH EQUIVALENTS WAS PROVIDED FROM (USED IN):</b>		
Operating transactions:		
Annual surplus (deficit)	\$ (1,787,423)	\$ (759,104)
Items not affecting cash -		
Amortization of tangible capital assets	1,077,504	1,060,739
Gain on sale of tangible capital assets	(2,152)	-
	(712,071)	301,635
Net change in non-cash working capital balances:		
Decrease (increase) in accounts receivable	766,234	(334,733)
Decrease (increase) in prepaid expenses	65,778	(3,687)
Increase (decrease) in accounts payable and accrued liabilities	161,294	(68,051)
Increase in (decrease) deferred revenue	(47,771)	26,795
Net change	945,535	(379,676)
Investing transactions:		
Investment in joint venture	(1,606,208)	-
Decrease in investment in government business organization	43,676	821,977
Increase in portfolio investments	(36,227)	(23,793)
	(1,598,759)	798,184
Financing transactions:		
Proceeds from long-term debt	1,654,855	31,207
Repayment of long-term debt	(204,875)	(109,729)
	1,449,980	(78,522)
Capital transactions:		
Acquisition of tangible capital assets	(588,736)	(915,403)
Proceeds from sale of tangible capital assets	6,200	-
	(582,536)	(915,403)
Decrease in cash and cash equivalents	(497,851)	(273,782)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,848,831</b>	<b>2,122,613</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,350,980</b>	<b>\$ 1,848,831</b>
<b>CASH AND CASH EQUIVALENTS COMPRISED OF:</b>		
Cash and cash equivalents	\$ 996,496	\$ 1,511,035
Trust funds held by federal government	354,484	337,796
	\$ 1,350,980	\$ 1,848,831

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION (Note 14)

COMPARATIVE FIGURES (Note 13)

The accompanying Notes are an integral part of this statement.



**OLD MASSETT VILLAGE COUNCIL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2014**

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**PURPOSE OF OLD MASSETT VILLAGE COUNCIL**

Old Massett Village Council (the Village Council) is a First Nations village government located in Old Massett, Haida Gwaii, British Columbia. The Village Council is responsible for the well-being of its community and enacts legal policies and programs in the areas of Capital, Child Development, Economic Development, Education, Membership, Health, and Social Assistance. The Village Council is also mandated to take actions to protect the well-being of members and the community, and to establish cultural programs and undertake initiatives in economic development.

**1. SIGNIFICANT ACCOUNTING POLICIES**

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

(b) Reporting Entity

Included in the reporting entity are the Village Council and all related entities that are controlled by the Village Council.

(c) Principles of Consolidation

All fully controlled entities are consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Entities that are controlled, but not fully owned, which meet the definition of a government unit are included in the consolidated financial statements on a proportionate consolidation, whereby a government's pro rata share of each of the assets, liabilities, revenues and expenses that are subject to shared control, is combined on a line-by-line basis with similar items in the government's financial statements.

Organizations consolidated in Old Massett Village Council's consolidated financial statements include:

1. Kluu Laanas Community Development Corporation (inactive);
2. Haida Ecological and Land Trust Society (inactive);
3. Old Massett Economic Development Corporation; and
4. Old Massett Economic Development Limited Partnership.

(d) Cash and Cash Equivalents

Cash and cash equivalents represent operating cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts with an initial maturity of less than three months and which are subject to an insignificant risk of changes in value.

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investment in Joint Venture

The investment in joint venture is included in the consolidated financial statements on a modified equity basis.

(f) Tangible Capital Assets

Material tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Maintenance and repair costs are recognized as an expense when incurred. Betterments that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Village Council's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded at fair value when received and shown as revenue in the capital fund, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Revenue received for operations and used to purchase tangible capital assets are recorded in the individual funds with an offsetting transfer to the capital asset fund for the amount of the tangible capital asset. Revenue received directly for tangible capital assets are recorded in the capital asset fund where the amortization is expensed. Any gains or losses on the disposal of the capital assets are recorded in the capital asset fund.

All intangibles and items inherited by right of the Village Council, such as reserve lands, forests, water, and mineral resources, are not recognized in the Village Council's consolidated financial statements.

The Village Council's assets under construction consist of the material and labour costs for projects under construction that were not completed at March 31, 2014.

Historic works of art and treasures are not recorded as assets in these consolidated financial statements.

(g) Budgets

Budget information has been included when the information is available. These budgets have been prepared by department managers and approved by Chief and Council.

(h) Revenue Recognition

Funding received under funding arrangements which relates to a subsequent period is reflected as deferred revenue in the year of receipt and classified as such on the consolidated statement of financial position.

Investment income reported on investments not subject to significant influence is recorded as revenue in the period earned.

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Revenue Recognition (Continued)

Rental and other revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government transfers, which include legislative grants, are recognized in the consolidated financial statements in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

#### (i) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. Non-financial assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

#### (j) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of the property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### (k) Expenses

Expenses are recognized in the fiscal year that the events giving rise to the expense occur and resources are consumed. Interest expense is accrued as the obligation is incurred.

#### (l) Segment Disclosure

A segment is defined as a distinguishable activity or group of activities of the Village Council for which it is appropriate to separately report financial information to achieve the objectives of the Village Council. The objectives of disclosing information about segments are to:

- i. help users of the consolidated financial statements identify the resources allocated to support the major activities of the Village Council;
- ii. help users of the consolidated financial statements make more informed judgments about the Village Council and about its major activities;
- iii. help users of the consolidated financial statements better understand the manner in which the organizations of the Village Council are organized and how the Village Council discharges its accountability obligations;
- iv. enhance the transparency of financial reporting; and
- v. help users of the consolidated financial statements better understand the performance of the segments of the Village Council.

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

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### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (l) Segment Disclosure (Continued)

The Village Council identifies its segments based on specific projects and funding arrangements which have been disclosed in the consolidated financial statements. Management does not believe that any additional disclosures would be helpful to the users due to the nature of their funding agreements and the fact that the nature of their operations are not diverse enough to warrant such additional disclosures.

#### (m) Use of Estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

#### (n) Amortization

Tangible capital assets controlled by the Village Council are amortized over their estimated useful lives as follows:

Buildings	5%	Declining balance
Infrastructure	4% - 5%	Declining balance/Straight-line
Equipment	20%	Declining balance
Vehicles	20%	Straight-line
Water treatment plant	5%	Straight-line

In the year of acquisition, the above rates are reduced by one half.

Amortization on Social Housing assets acquired under housing programs sponsored by CMHC are recorded at a rate equivalent to the annual principal reduction in related long-term debt, which is estimated to be their useful life.

Assets under construction are not amortized until the asset becomes available for use.

Totem poles that are part of buildings are not amortized as they are works of art and therefore not depreciable.

#### (o) Portfolio Investments

Portfolio investments for which significant influence does not exist are recorded at fair market value.

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 2. CASH AND CASH EQUIVALENTS

(a) Included in cash and cash equivalents are externally restricted funds as follows:

	2014	2013
Deferred revenue (Note 8)	\$ 79,167	\$ 126,938
Funded reserves	218,277	215,588
	<u>\$ 297,444</u>	<u>\$ 342,526</u>

(b) Revolving Line of Credit

The Village Council has available a \$500,000 revolving line of credit with interest charged at the Northern Savings Credit Union prime rate plus 1% per annum. At March 31, 2014, the outstanding line of credit balance was \$NIL (2013 - \$NIL), and is secured by certain term deposit as described in (Note 3).

### 3. PORTFOLIO INVESTMENTS

The Village Council's portfolio investments are analyzed as follows:

	2014	2013
Unrestricted term deposits	\$ 1,262,590	\$ 1,226,363
Restricted term deposit - Administration - Old Massett Village Council Fund (Note 9)	183,059	183,059
	<u>\$ 1,445,649</u>	<u>\$ 1,409,422</u>

### 4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

AANDC holds certain funds in trust for the Village Council. These funds are designated as revenue or capital funds as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. Subject to approval by the Minister of Aboriginal Affairs and Northern Development, the Village Council is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of the Village Council and members. The use of capital funds requires the consent of the Minister of Aboriginal Affairs and Northern Development and such expenses generally must be for projects of a capital nature.

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 4. TRUST FUNDS HELD BY FEDERAL GOVERNMENT (Continued)

At year-end, the trust funds held by federal government consisted of the following:

	2013			2014	
	Total	Additions	Withdrawals	Total	
Revenue	\$ 334,502	\$ 16,688	\$ -	\$ 351,190	
Capital	3,294	-	-	3,294	
	<u>\$ 337,796</u>	<u>\$ 16,688</u>	<u>\$ -</u>	<u>\$ 354,484</u>	

### 5. ACCOUNTS RECEIVABLE

The Village Council's accounts receivable are analyzed as follows:

	2014	2013
		(Note 13)
AANDC	\$ 189,761	\$ 693,064
Housing	833,771	778,855
CMHC	2,328	2,328
Other	394,612	657,542
	<u>1,420,472</u>	<u>2,131,789</u>
Allowance for doubtful accounts	<u>(833,772)</u>	<u>(778,855)</u>
	<u>\$ 586,700</u>	<u>\$ 1,352,934</u>

At March 31, 2014, management determined that the collection of \$58,178 (2013 - \$62,934) in housing rent receivable is unlikely and has been included in allowance for doubtful accounts.

### 6. INVESTMENT IN JOINT VENTURE

The Village Council, through Old Massett Economic Development Limited Partnership, owns 50% of Haida Gwaii Forest Products Joint Venture. The joint venture's main activity is processing and sale of wood products.

The following provides the condensed financial information of Haida Gwaii Forest Products Joint Venture for the year ended March 31, 2014 and has been pro-rated for the Village Council's share of ownership:

#### BALANCE SHEET

Total assets	\$ 2,021,804
Liabilities and venturers' equity:	
Total liabilities	415,596
Venturers' equity	1,606,208
Total liabilities and venturers' equity	<u>\$ 2,021,804</u>

**OLD MASSETT VILLAGE COUNCIL****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****6. INVESTMENT IN JOINT VENTURE (Continued)****STATEMENT OF OPERATIONS**

Revenues	\$ 913,037
Expenses	(1,066,374)
Net loss	\$ (153,337)

**CASH FLOWS**

Cash used in operating activities	\$ (252,544)
Cash used investing activities	(164,326)
Cash provided in financing activities	491,517
Net cash flows	\$ 74,647

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The Village Council's accounts payable and accrued liabilities are analyzed as follows:

	2014	2013
AANDC	\$ 6,487	\$ 23,651
HC/FNHA	92,101	29,155
Other accrued liabilities	375,020	258,675
Trade payables	334,513	335,346
	\$ 808,121	\$ 646,827

**8. DEFERRED REVENUE**

The Village Council's deferred revenue is analyzed as follows:

	2013 Deferred Revenue	Current Year Funding Received	Current Year Revenue Recognized	2014 Deferred Revenue
				(Note 13)
AANDC	\$ 46,937	\$ 256,586	\$ (255,513)	\$ 48,010
Other	80,001	32,890	(81,734)	31,157
	\$ 126,938	\$ 289,476	\$ (337,247)	\$ 79,167

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 9. LONG-TERM DEBT

The Village Council's long-term debt is analyzed as follows:

	2014	2013
All Nations Trust (9 Units) (Full Subsidy Program) - Mortgage repayable in monthly instalments of \$2,109, including interest at 2.57% per annum; due for renewal and matures on September 1, 2014; guaranteed by AANDC.	\$ 12,560	\$ 37,209
Northern Savings Credit Union (6 units) - Loan was repaid in full during the year.	-	65,717
Northern Savings Credit Union - Mortgage repayable interest only for the first 6 months followed by monthly blended instalments of \$19,100, including fixed interest at 6.84% compounded semi-annually; due for renewal on April 9, 2018; secured by an environmental indemnity agreement	1,548,590	-
Northern Savings Credit Union (Tlaga Gaw Tlass Housing) - Mortgage repayable in monthly instalments of \$2,075, including interest at 4.15% per annum; due May 6, 2015; guaranteed by AANDC.	280,531	293,620
Northern Savings Credit Union (Family Centre) - Mortgage repayable in monthly instalments of \$1,960, including interest at 5.35% per annum; due November 23, 2014; secured by credit union term deposit in the amount of \$183,059.	58,240	78,101
McCarthy Motors (Terrace) Ltd. - Loan repayable in monthly instalments of \$648, including interest at 8.99% per annum; due May 3, 2018; secured by the specific vehicle.	28,189	-
General Motors Acceptance Corporation of Canada - Loan was repaid in full during the year.	-	6,746
General Motors Acceptance Corporation of Canada - Loan repayable in monthly instalments of \$672, including interest at 8.99% per annum; due July 16, 2015; secured by the specific vehicle.	9,858	16,721
General Motors Acceptance Corporation of Canada - Loan repayable in monthly instalments of \$600, including interest at 5.74% per annum; due March 25, 2017; secured by the specific vehicle.	19,785	25,659
Blue Carbon Solutions Inc. - Loan repayable interest free and unsecured; due May 24, 2014 or until such time as revenues are generated sufficient to repay this amount.	16,000	-
	1,973,753	523,773
Less - current portion	(247,243)	(423,302)
	\$ 1,726,510	\$ 100,471



# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 9. LONG-TERM DEBT (Continued)

The total interest paid by the Village Council on long-term debt for the year was \$121,354 (2013 - \$25,189).

Approximate principal payments due in the next five years and thereafter are as follows:

2015	\$ 247,243
2016	418,586
2017	159,645
2018	163,434
2019	168,313
Thereafter	816,532
	<u>\$ 1,973,753</u>

### 10. TANGIBLE CAPITAL ASSETS

The Village Council's tangible capital assets are analyzed as follows:

	2013 Cost	2013 Accumulated Amortization	2013 Net Book Value	2014 Additions (Disposals)	2014 Amortization	2014 Net Book Value
			(Note 13)			
Land	\$ 641,372	\$ -	\$ 641,372	\$ -	\$ -	\$ 641,372
Buildings	12,928,068	4,435,326	8,492,742	30,200	502,404	8,020,538
Equipment	1,196,630	980,815	215,815	9,802	66,712	158,905
Infrastructure	7,045,900	3,054,079	3,991,821	-	210,764	3,781,057
Vehicles	447,295	298,377	148,918	28,901	48,109	129,710
Water treatment plant	4,990,329	1,746,613	3,243,716	-	249,516	2,994,200
Assets under construction	1,255,847	-	1,255,847	515,786	-	1,771,633
	<u>\$ 28,505,441</u>	<u>\$ 10,515,210</u>	<u>\$ 17,990,231</u>	<u>\$ 584,689</u>	<u>\$ 1,077,505</u>	<u>\$ 17,497,415</u>
				2014 Cost	2014 Accumulated Amortization	2014 Net Book value
Land				\$ 641,372	\$ -	\$ 641,372
Buildings				12,958,266	4,937,730	8,020,536
Equipment				1,206,432	1,047,527	158,905
Infrastructure				7,045,900	3,264,841	3,781,059
Vehicles				439,767	310,057	129,710
Water treatment plant				4,990,329	1,996,129	2,994,200
Assets under construction				1,771,633	-	1,771,633
				<u>\$ 29,053,699</u>	<u>\$ 11,556,284</u>	<u>\$ 17,497,415</u>

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 11. CONTINGENT LIABILITIES

(a) Member housing loans

The Village Council is contingently liable for member housing loans provided to individual members for loans made by various financial institutions for purposes of acquiring on reserve housing. In the event that members default on their obligations under these loans, the Village Council would be required to pay the outstanding loan balance to the lenders. In the event that the Village Council is unable to pay on any defaulted member loans, these loans are guaranteed by AANDC. The Village Council's guarantee is itself secured by the related real properties.

As at March 31, 2014, the loans are analyzed as follows:

0304-09-92575 - GL Northern Savings Credit Union	\$	280,942
9900-09-92010 - GL Canada Mortgage Housing Corporation		12,588
	\$	293,530

(b) Guarantor

The Village Council is a guarantor on a loan to Haida Gwaii Forest Product Joint Venture with an authorized borrowing limit of \$635,000. The balance outstanding as at March 31, 2014 is \$127,159.

(c) Contribution agreements

The Village Council has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Village Council fails to comply with the terms and conditions of the agreements.

### 12. ECONOMIC DEPENDENCE

Funding from the Aboriginal Affairs and Northern Development Canada accounts for 62% of revenue in the current year (2013 - 52%); the Village Council's ability to continue viable operations is dependent upon maintaining its right to receive this funding.

### 13. COMPARATIVE FIGURES

Certain balances of the preceding year have been reclassified to conform with current year's financial statement presentation.

### 14. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2014	2013
Cash paid for interest	\$ 121,354	\$ 25,189
Cash received for interest	\$ 76,849	\$ 56,396

**OLD MASSETT VILLAGE COUNCIL****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)****15. ACCUMULATED SURPLUS (DEFICIT)**

The Village Council's accumulated surplus is analyzed as follows:

	2014	2013
		(Note 13)
Investment in tangible capital assets	\$ 17,497,415	\$ 17,990,231
Externally restricted cash and cash equivalents	297,444	342,526
Externally restricted portfolio investments	183,059	183,059
Internally restricted funds	80,000	40,000
Trust funds held by federal government	3,294	3,294
Investment in joint venture	1,606,208	-
Investment in government business organization	-	43,676
	19,667,420	18,602,786
Unexpended funding (deficit) available for operations	27,730	2,879,787
	\$ 19,695,150	\$ 21,482,573

**OLD MASSETT VILLAGE COUNCIL****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)**

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**16. SEGMENT DISCLOSURE**

The Village Council describes its operating segments as follows:

(a) Administration

This segment provides band support and administrative services for the operations of the Village Council, including various financial functions such as payroll, accounts receivable and accounts payable.

(b) Capital Operations

This segment implements capital projects undertaken by the Village Council and maintains community infrastructure. Community infrastructure includes buildings, roads and bridges, fire protection, water and electrical systems and wastewater treatment.

(c) Capital Fund

This segment is comprised of capital assets and related amortization as well as revenue of capitalized assets and assets under construction.

(d) Child Development

This segment is comprised of programs that promote early childhood development, Haida language and culture to children and young families.

(e) Enterprise Fund

This segment is comprised of business activities that are performed in the pursuit of economic and business development.

(f) Economic Development

This segment implements community economic development planning and capacity building initiatives are pursued to benefit the Village Council's community by enhancing employment, income generation activities, use of land and resources, economic infrastructure and business opportunities.

(g) Education

This segment is responsible for managing and delivering K4 to grade 12 education programs and services both on and off reserve. This includes Haida language and culture, employment counselling services and the management of post-secondary student funding and support programs.

(h) Housing

This segment activities reflect CMHC housing rental units and repairs.

(i) Social Assistance

This segment administers benefits and services to individuals and families living on reserve who are in need of support. Department services include income assistance, assisted living, family violence prevention and awareness, and the national child benefit reinvestment.

## **OLD MASSETT VILLAGE COUNCIL**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)**

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#### **16. SEGMENT DISCLOSURE (Continued)**

(j) Trust Fund

This segment reflects funds held in trust by AANDC on behalf of the Old Massett Village Council community.

(k) Health

This segment administers the delivery of the health programs and services.

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 16. SEGMENT DISCLOSURE (Continued)

	Administration	Capital Operations	Capital Fund	Child Development	Enterprise Fund	Economic Development
<b>REVENUES:</b>						
AANDC	\$ 622,999	\$ 579,797	\$ -	\$ -	\$ -	\$ 179,053
CMHC	-	-	-	-	-	-
Government of Canada	-	-	50,000	-	-	161,935
Gwaii Trust	10,000	34,443	-	-	-	3,954
HC/FNHA	-	-	-	-	-	-
Interest and investment income	57,473	-	-	-	-	-
Loss from investment	-	-	-	-	(153,337)	-
Other income	380,901	60,622	25,948	2,692	-	275,115
Province of British Columbia	-	-	-	-	-	134,047
TRICORP	-	-	-	23,383	-	65,354
	1,071,373	674,862	75,948	26,075	(153,337)	819,458
<b>EXPENDITURES:</b>						
Administration	-	-	-	-	-	5,050
Advertising	-	-	-	-	243	-
Allowance	-	-	-	-	-	-
Amortization	-	-	935,945	-	38,105	-
Bad debt (recovery)	(3,261)	-	-	-	-	-
Bank charges	317	37	-	-	17,762	92
Contract services and professional fees	32,142	29,367	-	-	234,932	131,136
Delivery	1,183	9,200	-	-	-	788
Donations	3,900	-	-	-	-	-
Dumping	-	161,880	-	-	-	-
Enhanced teacher's salary	-	-	-	-	-	-
Equipment costs	1,449	5,226	-	-	24,633	4,081
Honoraria	108,200	-	-	-	-	-
Insurance	4,800	23,686	-	-	-	9,588
Interest on long-term debt	-	-	-	-	96,229	-
Minority interest loss	-	-	-	-	252,000	-
Tuition	-	-	-	-	-	-
Public relations	7,936	662	-	-	-	7,924
Rent	20,092	3,726	-	-	1,226	11,800
Repairs and maintenance	10,412	65,812	-	-	-	74,570
Social services payments	-	-	-	-	-	-
Supplies	64,444	87,477	-	-	(319)	84,662
Telephone and utilities	57,051	147,878	-	-	3,092	18,546
Travel and training	30,056	2,364	-	-	7,085	60,027
Vehicle	-	-	-	-	-	4,254
Wages and benefits	403,132	171,375	-	20,842	(6,587)	465,284
	741,853	708,690	935,945	20,842	668,401	877,802
<b>SURPLUS (DEFICIT) BEFORE TRANSFERS</b>	329,520	(33,828)	(859,997)	5,233	(821,738)	(58,344)
<b>TRANSFER FROM (TO) OPERATING FUNDS</b>	(136,918)	61,410	-	-	-	-
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	5,889,828	(38,052)	17,532,007	(27,672)	(2,229,306)	(193,823)
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	\$ 6,082,430	\$ (10,470)	\$ 16,672,010	\$ (22,439)	\$ (3,051,044)	\$ (252,167)

# OLD MASSETT VILLAGE COUNCIL

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2014 (Continued)

### 16. SEGMENT DISCLOSURE (Continued)

	Education	Health	Housing	Social Assistance	Trust Fund	2014	2013
							(Note 13)
<b>REVENUES:</b>							
AANDC	\$ 3,390,032	\$ -	\$ 689,177	\$ 1,144,996	\$ -	\$ 6,606,054	\$ 6,333,933
CMHC	-	-	27,939	-	-	27,939	34,608
Government of Canada	66,219	-	-	-	-	278,154	355,396
Gwaii Trust	3,750	15,597	-	26,960	-	94,704	260,507
HC/FNHA	-	2,137,877	-	-	-	2,137,877	2,144,280
Interest and investment income	-	-	2,689	-	16,687	76,849	56,396
Loss from investment	-	-	-	-	-	(153,337)	-
Other income	151,409	255,331	593,748	22,447	-	1,768,213	2,382,687
Province of British Columbia	309,655	30	-	62,192	-	505,924	481,924
TRICORP	50,000	-	-	-	-	138,737	105,793
	3,971,065	2,408,835	1,313,553	1,256,595	16,687	11,481,114	12,155,524
<b>EXPENDITURES:</b>							
Administration	-	124,610	55,695	6,219	-	191,574	54,232
Advertising	-	-	-	-	-	243	11,118
Allowance	625,021	-	-	-	-	625,021	381,768
Amortization	-	-	103,454	-	-	1,077,504	1,060,739
Bad debt (recovery)	-	-	58,178	-	-	54,917	59,673
Bank charges	55	41	24	29	-	18,357	5,258
Contract services and professional fees	182,806	189,191	862,077	4,383	-	1,666,034	1,021,278
Delivery	1,133	6,002	13,219	15,075	-	46,600	77,697
Donations	-	(100)	-	21,538	-	25,338	25,178
Dumping	-	-	-	-	-	161,880	130,854
Enhanced teacher's salary	-	-	-	-	-	-	1,722
Equipment costs	22,168	476	16,177	3,215	-	77,425	337,310
Honoraria	-	-	-	-	-	108,200	100,841
Insurance	11,749	26,204	22,500	3,953	-	102,480	101,890
Interest on long-term debt	3,659	-	14,646	-	-	114,534	17,662
Minority interest loss	-	-	-	-	-	252,000	815,926
Tuition	2,040,342	-	-	-	-	2,040,342	1,684,968
Public relations	139	95,705	-	3,084	-	115,450	152,735
Rent	28,837	27,021	-	14,752	-	107,454	83,050
Repairs and maintenance	47,223	43,644	27,515	31,328	-	300,504	265,159
Social services payments	-	-	-	827,168	-	827,168	799,190
Supplies	180,526	99,453	126,785	138,769	-	781,797	917,467
Telephone and utilities	63,633	39,181	15,499	15,322	-	360,202	362,911
Travel and training	77,659	834,721	786	96	-	1,012,794	1,109,458
Vehicle	-	-	-	-	-	4,254	237
Wages and benefits	956,704	870,965	27,560	287,190	-	3,196,465	3,336,307
	4,241,654	2,357,114	1,344,115	1,372,121	-	13,268,537	12,914,628
<b>SURPLUS (DEFICIT) BEFORE TRANSFERS</b>	(270,589)	51,721	(30,562)	(115,526)	16,687	(1,787,423)	(759,104)
<b>TRANSFER FROM (TO) OPERATING FUNDS</b>	(17,907)	(84,094)	(3,622)	181,131	-	-	-
<b>ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR</b>	293,637	315,416	(314,657)	(82,601)	337,796	21,482,573	22,241,677
<b>ACCUMULATED SURPLUS (DEFICIT), END OF YEAR</b>	\$ 5,141	\$ 283,043	\$ (348,841)	\$ (16,996)	\$ 354,483	\$ 19,695,150	\$ 21,482,573