

**Old Massett Village Council  
Consolidated Financial Statements**  
*March 31, 2018*

# Old Massett Village Council Contents

For the year ended March 31, 2018

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## Management's Responsibility

To the Members of Old Massett Village Council:

The accompanying consolidated financial statements of Old Massett Village Council are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Old Massett Village Council's Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Village Council's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

July 27, 2018

Carrie Daniels Finance Manager

# Independent Auditors' Report

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To the Members of Old Massett Village Council:

We have audited the accompanying consolidated financial statements of Old Massett Village Council, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement 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 of Qualified Opinion*

Old Massett Village Council derives a portion of its revenues 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 Village Council and we were not able to determine whether any adjustments might be necessary to cash, revenue, accumulated surplus, assets and net assets. The consolidated financial statements include budgeted information as required by Canadian Public Sector Accounting Standards, however we were unable to obtain sufficient appropriate audit evidence to verify whether the budgeted information has been approved by Chief and Council or the community members.

#### *Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Old Massett Village Council as at March 31, 2018 and the results of its operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Surrey, British Columbia

July 27, 2018

**MNP LLP**

Chartered Professional Accountants

**Old Massett Village Council**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
Cash resources (Note 4)	3,671,213	633,651
Accounts receivable (Note 5)	1,277,689	1,316,028
Portfolio investments (Note 6)	1,962,425	1,590,430
Investment in joint venture (Note 7)	1	1
Funds held in trust (Note 8)	415,217	399,293
<b>Total of financial assets</b>	<b>7,326,545</b>	3,939,403
<b>Financial liabilities</b>		
Accounts payable and accruals (Note 9)	960,916	1,220,686
Deferred revenue (Note 10)	2,714,708	434,341
Long-term debt (Note 11)	880,361	393,597
<b>Total of financial liabilities</b>	<b>4,555,985</b>	2,048,624
<b>Net financial assets</b>	<b>2,770,560</b>	1,890,779
<b>Contingencies (Note 12)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	15,752,523	16,621,454
Prepaid expenses	135,958	107,980
<b>Total non-financial assets</b>	<b>15,888,481</b>	16,729,434
<b>Accumulated surplus (Note 13)</b>	<b>18,659,041</b>	18,620,213

Approved on behalf of the Council

  
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Councillor

  
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Councillor

**Old Massett Village Council**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2018*

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>				
Indigenous Services Canada (Note 14)		<b>9,463,808</b>	<b>6,713,942</b>	7,604,922
Gwaii Trust		227,393	160,577	115,391
Tribal Resources Investment Corporation		146,812	31,418	178,117
First Nations Health Authority (Note 14)		3,241,921	3,667,221	3,660,367
Income (loss) from investment in joint venture		-	-	(236,293)
Province of British Columbia (Note 14)		990,306	1,034,158	1,128,697
Government of Canada (Note 14)		288,140	703,390	307,959
Interest and investment income		50,000	84,990	68,140
Other income		2,169,785	1,738,204	1,218,091
		<b>16,578,165</b>	<b>14,133,900</b>	14,045,391
<b>Expenses</b>				
Administration	3	799,579	1,001,918	876,401
Capital and Maintenance Operations	4	1,506,178	1,683,320	2,343,351
Economic Development	5	1,500,907	1,582,514	1,634,471
Education	6	3,857,838	4,103,912	3,889,728
Enterprise Fund	7	-	13,198	1,199,897
Health	8	2,937,504	4,040,389	3,834,787
Housing	9	334,497	346,231	622,951
Social Assistance	10	1,349,955	1,323,590	1,328,727
		<b>12,286,458</b>	<b>14,095,072</b>	15,730,313
<b>Surplus (deficit)</b>		<b>4,291,707</b>	<b>38,828</b>	(1,684,922)
<b>Accumulated surplus, beginning of year</b>		<b>18,620,213</b>	<b>18,620,213</b>	20,305,135
<b>Accumulated surplus, end of year</b>		<b>22,911,920</b>	<b>18,659,041</b>	18,620,213

**Old Massett Village Council**  
**Consolidated Statement of Changes in Net Financial Assets**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Surplus (deficit)</b>	<b>4,291,707</b>	<b>38,828</b>	<b>(1,684,922)</b>
Acquisition of tangible capital assets	-	(100,859)	(1,341,041)
Amortization of tangible capital assets	98,060	958,134	961,721
Proceeds of disposal of tangible capital assets	-	10,000	7,092
Loss on disposal of tangible capital assets	-	1,656	3,067
Acquisition of prepaid expenses	-	(135,958)	(299,073)
Use of prepaid expenses	-	107,980	585,861
<b>Increase (decrease) in net financial assets</b>	<b>4,389,767</b>	<b>879,781</b>	<b>(1,767,295)</b>
<b>Net financial assets, beginning of year</b>	<b>1,890,779</b>	<b>1,890,779</b>	<b>3,658,074</b>
<b>Net financial assets, end of year</b>	<b>6,280,546</b>	<b>2,770,560</b>	<b>1,890,779</b>

**Old Massett Village Council**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus (deficit)	38,828	(1,684,922)
Non-cash items		
Amortization	958,134	961,721
Loss on disposal of tangible capital assets	1,656	3,067
Loss from investment in joint venture	-	236,293
Impairment of investment in joint venture	-	1,178,498
	<b>998,618</b>	694,657
Changes in working capital accounts		
Accounts receivable	38,339	(678,658)
Prepaid expenses	(27,978)	286,788
Accounts payable and accruals	(259,770)	229,293
Deferred revenue	2,280,367	126,190
	<b>3,029,576</b>	658,270
<b>Financing activities</b>		
Advances of long-term debt	631,550	-
Repayment of long-term debt	(144,786)	(213,500)
	<b>486,764</b>	(213,500)
<b>Capital activities</b>		
Acquisition of tangible capital assets	(100,859)	(1,341,041)
Proceeds of disposal of tangible capital assets	10,000	7,092
	<b>(90,859)</b>	(1,333,949)
<b>Investing activities</b>		
Increase in portfolio investments	(371,995)	(30,953)
Increase in funds held in trust	(15,924)	(14,427)
	<b>(387,919)</b>	(45,380)
<b>Increase (decrease) in cash resources</b>	<b>3,037,562</b>	(934,559)
<b>Cash resources, beginning of year</b>	<b>633,651</b>	1,568,210
<b>Cash resources, end of year</b>	<b>3,671,213</b>	633,651

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**1. Operations**

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, 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.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and are consistent with the accounting policies set out by Indigenous Services Canada. Significant aspects of the accounting policies adopted by the Village Council are as follows:

***Reporting entity***

The Village Council reporting entity includes the First Nation government and all related entities which are accountable to the Village Council and are either owned or controlled by the Village Council.

The financial statements consolidate the financial activities of all entities and departments comprising the the Village Council reporting entity, except for the Village Council business entities.

The the Village Council has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

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

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Old Massett Village Council business entities, owned or controlled by the the Village Council but not dependent on the the Village Council for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the the Village Council. Thus, the the Village Council's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include the commercial enterprises which meet the definition of a government business enterprise.

Investments in the Village Council partnerships are accounted for using the proportionate consolidation method. The the Village Council's pro-rata share of the assets, liabilities, revenue, and expenses of the the Village Council partnership have been combined on a line-by-line basis with similar items of the the Village Council.

Entities that are controlled, but not fully owned, which meet the definition of a governmental unit are included in the consolidated financial statements on a proportionate consolidation basis, 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 consolidated financial statements.

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**2. Significant accounting policies** *(Continued from previous page)*

***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 acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Cash resources***

Cash resources include cash and term deposit securities with maturities of three months or less.

***Portfolio investments***

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

***Investment in joint venture***

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

***Funds held in trust***

Funds held in trust on behalf of the Village Council members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other the Village Council tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

Contributed tangible capital assets are recorded at fair value at the date of contribution.

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

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

***Amortization***

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Buildings	declining balance	5 %
Infrastructure	declining balance/ straight-line	4 to 5 %
Equipment	declining balance	20 %
Vehicles	straight-line	20 %
Water treatment plan	straight-line	5 %

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**2. Significant accounting policies** *(Continued from previous page)*

**Long-lived assets**

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Village Council performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

**Net financial assets**

The the Village Council's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The consolidated net financial assets of the the Village Council are determined by its consolidated financial assets less its liabilities. Consolidated net financial assets combined with non-financial assets comprise a second indicator of consolidated financial position, accumulated surplus.

**Budgets**

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

**Revenue recognition**

**Funding**

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt.

**Government transfers**

The the Village Council recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the the Village Council recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

**Externally restricted revenue**

The the Village Council recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the the Village Council records externally restricted inflows in deferred revenue.

**Funds held in trust**

The the Village Council recognizes revenue of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

**Other revenue**

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured.

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**  
*For the year ended March 31, 2018*

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**2. Significant accounting policies** *(Continued from previous page)*

***Measurement uncertainty (use of estimates)***

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

***Liability for contaminated sites***

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the the Village Council is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

At each financial reporting date, the the Village Council reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The the Village Council continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made. As at March 31, 2018, no liability for contaminated sites exists.

***Segments***

The the Village Council conducts its business through eight reportable segments: Administration, Capital and Maintenance Operations, Economic Development, Education, Enterprise Fund, Health, Housing, and Social Assistance. These operating segments are established by senior management to:

- facilitate the achievement of the the Village Council's long-term objectives to aid in resource allocation decisions, and to assess operational performance;
- help users of the consolidated financial statements identify the resources allocated to support the major activities of the Village Council;
- help users of the consolidated financial statements make more informed judgements about the Village Council and about its major activities;
- help users of the consolidated financial statements better understand the manner in which the organizations in the Village Council are organized and how the Village Council discharges its accountability obligations;
- enhance the transparency of financial reporting; and
- help users of the consolidated financial statements better understand the performance of the segments and the Village Council.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**3. Change in accounting policies**

Effective April 1, 2017, the the Village Council adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 2200 *Related Party Disclosures*
- PS 3420 *Inter-entity Transactions*
- PS 3210 *Assets*
- PS 3320 *Contingent Assets*
- PS 3380 *Contractual Rights*

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

**4. Cash resources**

The 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, 2018, the outstanding line of credit balance was \$NIL (2017 - \$NIL).

**5. Accounts receivable**

	<b>2018</b>	<b>2017</b>
Indigenous Services Canada	175,233	358,792
First Nations Health Authority	587,523	585,776
Housing	595,693	598,954
Other accounts receivable	514,933	371,460
	<hr/>	<hr/>
	1,873,382	1,914,982
Less: Allowance for doubtful accounts	595,693	598,954
	<hr/>	<hr/>
	1,277,689	1,316,028

**6. Portfolio investments**

Portfolio investments include six guaranteed investment certificates totaling \$1,939,508 (2017 - \$1,567,513) with interest rates ranging from 0.85% to 1.60% and maturity dates ranging from June 2018 to November 2020.

Included in portfolio investments are externally restricted term deposits of \$22,917 (2017 - \$22,917). The restricted term deposit is for the park use permit.

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**7. 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. During the year, there was an impairment of the joint venture in the amount of \$185,450 (2017 - \$1,178,498).

	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Impairment of investment in joint venture</i>	<i>2018 Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>				
Haida Gwaii Forest Products - 50%	1,600,000	(1,414,549)	(185,450)	1
	<i>Investment cost</i>	<i>Cumulative share of earnings (loss)</i>	<i>Impairment of investment in joint venture</i>	<i>2017 Total investment</i>
<b>First Nation Business Partnerships – Modified Equity:</b>				
Haida Gwaii Forest Products - 50%	1,600,000	(421,501)	(1,178,498)	1

The following provides the pro-rated share of the Village Council's ownership from the condensed financial information of Haida Gwaii Forest Products Joint Venture for the years ended March 31, 2018 and 2017:

<i>Haida Gwaii Forest Products Joint Venture As at March 31, 2018</i>	<i>Haida Gwaii Forest Products Joint Venture As at March 31, 2017</i>
<b>Balance Sheet</b>	
Cash	41,465
Accounts receivable	12,772
Inventory	130,615
Property and equipment	465,617
<b>Total assets</b>	<b>650,469</b>
Total liabilities	465,018
Venturers' equity	185,451
<b>Total liabilities and venturers' equity</b>	<b>650,469</b>
<b>Statement of Operations</b>	
Total revenue	383,929
<b>Total expenses</b>	<b>1,376,977</b>
	(993,048)
	(236,293)

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**8. Funds held in trust**

Funds held in trust include the Ottawa Trust accounts which arise from moneys derived from capital or revenue sources 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. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*. Capital and revenue trust moneys are transferred to the the Village Council on the authorization of the Minister of Indigenous Services Canada, with the consent of the the Village Council's Council.

	<b>2018</b>	<b>2017</b>
<b>Capital Trust</b>		
Balance, beginning of year	3,294	3,294
Balance, end of year	<b>3,294</b>	3,294
<b>Revenue Trust</b>		
Balance, beginning of year	395,999	381,572
Additions	15,924	14,427
Balance, end of year	<b>411,923</b>	395,999
	<b>415,217</b>	399,293

**9. Accounts payable and accruals**

	<b>2018</b>	<b>2017</b>
Indigenous Services Canada	266,306	163,246
First Nations Health Authority	296,685	148,109
Other accounts payable and accruals	397,925	909,331
	<b>960,916</b>	1,220,686

**10. Deferred revenue**

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Revenue recognized</i>	<i>Balance, end of year</i>
Indigenous Services Canada	434,341	2,652,614	386,122	2,700,833
Other	-	162,887	149,012	13,875
	<b>434,341</b>	<b>2,815,501</b>	<b>535,134</b>	<b>2,714,708</b>

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**11. Long-term debt**

	<b>2018</b>	<b>2017</b>
Northern Savings Credit Union - Repaid in full during the year.	-	67,705
Northern Savings Credit Union (Tlaga Gaw Tlass Housing) - Mortgage repayable in monthly instalments of \$2,058, including interest at 4.00% per annum; due for renewal on May 6, 2020; guaranteed by Indigenous Services Canada.	<b>222,461</b>	237,968
Northern Savings Credit Union (Heating System) - Mortgage repayable in monthly instalments of \$5,781, including interest at 6.00% compounded monthly; due for renewal on May 3, 2021; secured by a first interest in specific equipment with a net book value of \$1,223,803.	<b>563,542</b>	-
MacCarthy Motors (Terrace) Ltd. - Repaid in full during the year.	-	8,696
General Motors Acceptance Corporation of Canada - Loan repayable in monthly instalments of \$660, including interest at 4.98% per annum; due September 1, 2019; secured by the specific vehicle with a net book value of \$12,270 (2017 - \$20,451).	<b>18,936</b>	25,715
MacCarthy Motors (Terrace) Ltd. - Loan repayable in monthly instalments of \$541, including interest at 4.24% per annum; due August 5, 2021; secured by the specific vehicle with a net book value of \$24,797 (2017 - \$31,882).	<b>20,507</b>	26,003
General Motors Acceptance Corporation of Canada - Loan repayable in monthly instalments of \$572, including interest at 4.24% per annum; due August 9, 2021; secured by the specific vehicle with a net book value of \$21,575 (2017 - \$27,740).	<b>21,696</b>	27,510
MacCarthy Motors (Terrace) Ltd. - Loan repayable in bi-weekly instalments of \$343, including interest at 5.19% per annum; due May 17, 2022; secured by the specific vehicle with a net book value of \$37,417.	<b>33,219</b>	-
	<b>880,361</b>	393,597

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2019	78,934
2020	87,740
2021	79,659
2022	76,721
2023	65,315
<u>Thereafter</u>	<u>491,992</u>
	<b>880,361</b>

Interest expense on long-term debt amounted to \$60,863 (2017 - \$22,936).

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**12. Contingencies**

**Guarantee**

The 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, 2018 is \$357,482 (2017 - \$478,372), the loan is in good standing and repayment is being made, as such no accruals have been recorded with respect to this guarantee.

**Contribution agreements**

The 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 the Village Council fails to comply with the terms and conditions of the agreements.

**13. Accumulated surplus**

	<b>2018</b>	<b>2017</b>
Investment in tangible capital assets	<b>15,658,165</b>	16,533,530
Externally restricted portfolio investments	22,917	22,917
Internally restricted funds	80,000	80,000
Trust funds held by federal government - capital account	3,294	3,294
Investment in joint venture	1	1
Deferred revenue	<b>2,714,708</b>	434,341
Surplus available for operations	<b>179,956</b>	1,546,130
 Accumulated surplus	 <b>18,659,041</b>	 18,620,213

**14. Government transfers**

During the year, the the Village Council recognized the following government transfers:

	<b>2018</b>	<b>2017</b>
Indigenous Services Canada	6,713,942	7,604,922
First Nations Health Authority	3,667,221	3,660,367
Province of British Columbia	1,034,158	1,128,697
Government of Canada	703,390	307,959
 12,118,711	 12,701,945	

**Old Massett Village Council**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**15. Segments**

During the year, the the Village Council had eight reportable segments listed below. These segments are differentiated by major activities.

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

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

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

**Education** - This segment is responsible for managing and delivering K 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.

**Enterprise Fund** - Comprised of business activities that are performed to pursue economic and business development.

**Health** - This segment administers the delivery of the health programs and services.

**Housing** - This segment activities reflect housing rental units and repairs.

**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 national child benefit reinvestment.

**16. Economic dependence**

The the Village Council receives a majority of its revenue from Indigenous Services Canada and First Nations Health Authority as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by Indigenous Services Canada and First Nations Health Authority under the terms and conditions of the *Indian Act*. The ability of the the Village Council to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

**17. Defined contribution pension plan**

The Village Council has a defined contribution pension plan covering all full-time and part-time employees. Contributions to the plan are based on 100% of participants' contributions up to 3-5% of the gross wages per participant. The Village Council contributions and corresponding expense totaled \$296,793 in 2018 (2017 - \$297,882). There were no changes to the pension plan during the year.

**Old Massett Village Council**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2018*

	<i>Land</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Vehicles</i>	<i>Water Treatment Plant</i>	<i>Subtotal</i>
<b>Cost</b>							
Balance, beginning of year	641,372	14,895,007	1,205,314	8,320,696	463,056	4,990,329	30,515,774
Acquisition of tangible capital assets	-	-	-	-	41,575	-	41,575
Disposal of tangible capital assets	-	-	-	-	(38,852)	-	(38,852)
Balance, end of year	641,372	14,895,007	1,205,314	8,320,696	465,779	4,990,329	30,518,497
<b>Accumulated amortization</b>							
Balance, beginning of year	-	5,760,261	1,139,657	3,872,759	376,646	2,744,997	13,894,320
Annual amortization	-	426,952	14,197	246,039	21,430	249,516	958,134
Accumulated amortization on disposals	-	-	-	-	(27,196)	-	(27,196)
Balance, end of year	-	6,187,213	1,153,854	4,118,798	370,880	2,994,513	14,825,258
<b>Net book value of tangible capital assets</b>	<b>641,372</b>	<b>8,707,794</b>	<b>51,460</b>	<b>4,201,898</b>	<b>94,899</b>	<b>1,995,816</b>	<b>15,693,239</b>
Net book value of tangible capital assets 2017	641,372	9,134,746	65,657	4,447,937	86,410	2,245,332	16,621,454

**Old Massett Village Council**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2018*

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	<i>Subtotal</i>	<i>Assets Under Construction</i>	<i>2018</i>	<i>2017</i>
<b>Cost</b>				
Balance, beginning of year	30,515,774	-	30,515,774	29,206,738
Acquisition of tangible capital assets	41,575	59,284	100,859	1,341,041
Disposal of tangible capital assets	(38,852)	-	(38,852)	(32,005)
Balance, end of year	30,518,497	59,284	30,577,781	30,515,774
<b>Accumulated amortization</b>				
Balance, beginning of year	13,894,320	-	13,894,320	12,954,445
Annual amortization	958,134	-	958,134	961,721
Accumulated amortization on disposals	(27,196)	-	(27,196)	(21,846)
Balance, end of year	14,825,258	-	14,825,258	13,894,320
<b>Net book value of tangible capital assets</b>	<b>15,693,239</b>	<b>59,284</b>	<b>15,752,523</b>	<b>16,621,454</b>
Net book value of tangible capital assets 2017	16,621,454	-	16,621,454	

**Old Massett Village Council**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	2017
<b>Consolidated expenses by object</b>			
Amortization	<b>98,060</b>	<b>958,134</b>	961,721
Bad debts (recovery)	-	(2,859)	92,529
Bank charges and interest	1,675	3,263	2,010
Contract services and professional fees	<b>1,902,155</b>	<b>1,639,019</b>	2,430,869
Delivery	170,968	152,422	159,375
Donations	3,000	5,262	5,293
Employee benefits	530,310	535,847	525,349
Equipment purchases	100,915	88,017	287,547
Honouraria	116,876	132,909	130,250
Impairment of investment in joint venture	-	-	1,178,498
Insurance	121,743	152,193	117,751
Interest on long-term debt	52,390	60,863	39,768
Materials	961,582	962,506	870,586
Public relations	110,145	146,256	74,187
Rent	96,954	94,546	94,516
Repairs and maintenance	330,807	362,119	424,021
Salaries	<b>3,102,559</b>	<b>3,416,145</b>	3,203,061
Social assistance	853,675	896,617	871,391
Telephone and utilities	385,744	374,927	370,433
Travel	<b>1,150,431</b>	<b>1,914,246</b>	1,722,150
Tuition	<b>2,196,469</b>	<b>2,200,788</b>	2,165,381
Write up of investment	-	1,852	3,627
	<b>12,286,458</b>	<b>14,095,072</b>	15,730,313

**Old Massett Village Council**  
**Administration**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	684,092	684,092	623,751
Gwaii Trust	10,000	15,000	10,000
Province of British Columbia	-	419,518	94,808
Interest and investment income	50,000	84,990	68,140
Other income	495,154	263,238	60,429
	<b>1,239,246</b>	<b>1,466,838</b>	<b>857,128</b>
<b>Expenses</b>			
Amortization	-	69,782	50,117
Bad debts (recoveries)	-	(3,261)	(3,261)
Bank charges and interest	1,250	934	1,161
Contract services and professional fees	75,500	73,003	39,385
Delivery	2,500	1,372	2,464
Donations	3,000	3,762	2,941
Employee benefits	65,434	62,681	70,671
Equipment purchases	5,000	-	3,606
Honouraria	116,876	132,909	130,250
Insurance	3,000	10,741	5,141
Materials	64,000	89,751	56,542
Public relations	11,000	5,270	6,269
Rent	15,000	17,101	16,431
Repairs and maintenance	3,600	36,611	2,810
Salaries	349,295	332,264	365,933
Telephone and utilities	63,000	80,969	54,289
Travel	21,124	88,029	71,652
	<b>799,579</b>	<b>1,001,918</b>	<b>876,401</b>
<b>Surplus (deficit)</b>	<b>439,667</b>	<b>464,920</b>	<b>(19,273)</b>

**Old Massett Village Council**  
**Capital and Maintenance Operations**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	3,822,322	840,648	1,853,375
Gwaii Trust	-	10,000	5,000
Province of British Columbia	-	-	47,000
Government of Canada	-	434,275	-
Other income	60,012	80,493	179,887
	<b>3,882,334</b>	<b>1,365,416</b>	<b>2,085,262</b>
<b>Expenses</b>			
Amortization	-	542,762	551,622
Bank charges and interest	77	20	20
Contract services and professional fees	695,685	469,142	1,130,226
Delivery	141,800	133,133	137,110
Employee benefits	26,903	19,198	18,524
Equipment purchases	4,500	16,508	30,609
Insurance	26,999	31,572	24,730
Interest on long-term debt	-	29,739	618
Materials	127,905	48,542	63,948
Public relations	20,150	12,890	11,755
Rent	1,609	7,811	3,267
Repairs and maintenance	83,370	66,209	55,804
Salaries	193,946	171,767	152,603
Telephone and utilities	156,144	119,960	147,076
Travel	27,090	14,067	15,439
	<b>1,506,178</b>	<b>1,683,320</b>	<b>2,343,351</b>
<b>Surplus (deficit) before transfers</b>	<b>2,376,156</b>	<b>(317,904)</b>	<b>(258,089)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>19,403</b>	<b>21,025</b>
<b>Surplus (deficit)</b>	<b>2,376,156</b>	<b>(298,501)</b>	<b>(237,064)</b>

**Old Massett Village Council**  
**Economic Development**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	190,842	190,842	192,128
Gwaii Trust	65,000	67,110	-
Tribal Resources Investment Corporation	123,812	3,528	157,013
Province of British Columbia	198,560	200,007	307,216
Government of Canada	288,140	269,115	282,959
Other income	866,017	384,194	406,544
	<b>1,732,371</b>	<b>1,114,796</b>	<b>1,345,860</b>
<b>Expenses</b>			
Amortization	68,000	72,664	83,347
Bank charges and interest	3	1,738	813
Contract services and professional fees	304,310	372,573	356,466
Delivery	6,114	10,276	8,136
Employee benefits	65,996	65,107	61,259
Equipment purchases	18,710	13,460	145,461
Insurance	15,894	26,312	14,127
Interest on long-term debt	34,030	14,486	21,038
Materials	250,726	262,381	244,165
Public relations	6,783	9,944	4,001
Rent	18,833	27,907	9,288
Repairs and maintenance	126,344	101,293	135,934
Salaries	526,157	533,539	462,870
Telephone and utilities	19,920	26,953	22,219
Travel	39,087	43,881	65,347
	<b>1,500,907</b>	<b>1,582,514</b>	<b>1,634,471</b>
<b>Surplus (deficit) before transfers</b>	<b>231,464</b>	<b>(467,718)</b>	<b>(288,611)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>(19,403)</b>	<b>(21,025)</b>
<b>Surplus (deficit)</b>	<b>231,464</b>	<b>(487,121)</b>	<b>(309,636)</b>

**Old Massett Village Council**  
**Education**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	3,430,980	3,342,693	3,480,177
Gwaii Trust	4,000	3,222	-
Tribal Resources Investment Corporation	23,000	27,890	21,104
Province of British Columbia	498,000	84,617	469,784
Other income	261,901	533,032	57,558
	<b>4,217,881</b>	<b>3,991,454</b>	<b>4,028,623</b>
<b>Expenses</b>			
Amortization	15,160	74,941	78,827
Bank charges and interest	160	13	114
Contract services and professional fees	165,279	142,355	64,876
Delivery	1,400	2,174	3,319
Donations	-	1,500	1,246
Employee benefits	186,439	181,330	179,156
Equipment purchases	22,703	2,033	4,655
Insurance	9,000	17,150	16,725
Interest on long-term debt	360	-	259
Materials	175,584	184,581	151,574
Public relations	2,000	3,547	4,705
Rent	10,050	20,575	28,244
Repairs and maintenance	35,350	77,282	49,905
Salaries	915,329	1,058,847	995,122
Telephone and utilities	55,800	57,251	60,073
Travel	66,755	79,545	85,547
Tuition	2,196,469	2,200,788	2,165,381
	<b>3,857,838</b>	<b>4,103,912</b>	<b>3,889,728</b>
<b>Surplus (deficit)</b>	<b>360,043</b>	<b>(112,458)</b>	<b>138,895</b>

**Old Massett Village Council**  
**Enterprise Fund**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018</b> <i>Budget</i>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Income (loss) from investment in joint venture	-	-	(236,293)
Other income	-	<b>89</b>	15,998
	<b>-</b>	<b>89</b>	<b>(220,295)</b>
<b>Expenses</b>			
Amortization	-	<b>1,777</b>	3,875
Bad debts	-	<b>402</b>	-
Bank charges and interest	-	<b>146</b>	62
Contract services and professional fees	-	<b>6,804</b>	12,459
Impairment of investment in joint venture	-	-	1,178,498
Materials	-	<b>468</b>	1,080
Salaries	-	-	296
Telephone and utilities	-	<b>1,749</b>	-
Write up of investment	-	<b>1,852</b>	3,627
	<b>-</b>	<b>13,198</b>	1,199,897
<b>Deficit</b>	<b>-</b>	<b>(13,109)</b>	<b>(1,420,192)</b>

**Old Massett Village Council**  
**Health**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Gwaii Trust	86,593	20,966	95,391
First Nations Health Authority	3,241,921	3,667,221	3,660,368
Province of British Columbia	226,470	262,740	143,607
Other income	157,765	278,798	188,500
	<b>3,712,749</b>	<b>4,229,725</b>	4,087,866
<b>Expenses</b>			
Amortization	-	63,853	54,612
Bank charges and interest (recovery)	39	355	(220)
Contract services and professional fees	435,261	422,232	507,736
Delivery	3,125	3,234	6,930
Donations	-	-	1,106
Employee benefits	149,124	177,141	165,691
Equipment purchases	36,300	56,016	60,680
Insurance	42,000	37,786	30,874
Interest on long-term debt	8,000	7,416	7,750
Materials	174,597	234,458	252,102
Public relations	61,736	106,385	24,161
Rent	39,776	17,476	35,110
Repairs and maintenance	38,695	48,505	144,682
Salaries	900,445	1,120,895	1,010,661
Telephone and utilities	55,980	59,042	53,293
Travel	992,426	1,685,595	1,479,619
	<b>2,937,504</b>	<b>4,040,389</b>	3,834,787
<b>Surplus</b>	<b>775,245</b>	<b>189,336</b>	253,079

**Old Massett Village Council**  
**Housing**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	136,947	106,517	247,980
Other income	228,888	171,966	273,747
	<b>365,835</b>	<b>278,483</b>	521,727
<b>Expenses</b>			
Amortization	14,900	132,355	139,321
Bad debts	-	-	95,790
Bank charges and interest	60	6	2
Contract services and professional fees	204,870	130,305	304,419
Delivery	400	21	20
Employee benefits	1,434	193	538
Equipment purchases	6,600	-	-
Insurance	20,850	26,020	23,962
Interest on long-term debt	10,000	9,222	10,103
Materials	26,340	6,707	3,157
Public relations	250	-	-
Rent	568	2,738	565
Repairs and maintenance	29,650	23,372	27,792
Telephone and utilities	17,700	15,292	17,282
Travel	875	-	-
	<b>334,497</b>	<b>346,231</b>	622,951
<b>Surplus (deficit)</b>	<b>31,338</b>	<b>(67,748)</b>	<b>(101,224)</b>

**Old Massett Village Council**  
**Social Assistance**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	1,198,625	1,222,313	1,207,511
Gwaii Trust	61,800	44,278	5,000
Province of British Columbia	67,276	67,276	66,282
Government of Canada	-	-	25,000
Other income	100,048	26,394	35,428
	<b>1,427,749</b>	<b>1,360,261</b>	<b>1,339,221</b>
<b>Expenses</b>			
Bank charges and interest	84	51	56
Contract services and professional fees	21,250	22,606	15,303
Delivery	15,629	2,212	1,396
Employee benefits	34,980	30,196	29,510
Equipment purchases	7,101	-	42,536
Insurance	4,000	2,612	2,192
Materials	142,430	135,617	98,019
Public relations	8,226	8,220	23,297
Rent	11,118	938	1,611
Repairs and maintenance	13,800	8,848	7,094
Salaries	217,387	198,834	215,576
Social assistance	853,675	896,617	871,391
Telephone and utilities	17,200	13,711	16,201
Travel	3,075	3,128	4,545
	<b>1,349,955</b>	<b>1,323,590</b>	<b>1,328,727</b>
<b>Surplus</b>	<b>77,794</b>	<b>36,671</b>	<b>10,494</b>