

**GITXAALA NATION**  
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**MARCH 31, 2015**

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**GITXAALA NATION**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE GITXAALA NATION**

#### **Report on the Financial Statements**

We have audited the accompanying statement of financial position of the Gitxaala Nation as at March 31, 2015 and the statements of financial activities, cash flows and changes in net financial liabilities for the year then ended and a summary of significant accounting policies.

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

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

#### **Auditor's Responsibility**

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

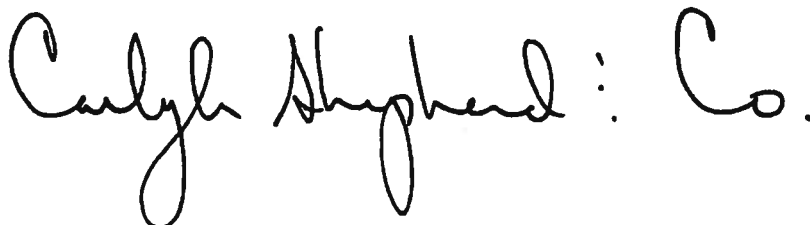
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2015 and the results of its operations, cash flows and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert, BC  
October 21, 2015



Carlyle Shepherd : Co.

**GITXAALA NATION****STATEMENT OF FINANCIAL POSITION****MARCH 31**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash	738,462	416,436
Marketable securities (note 1)	2,146,872	2,289,375
Accounts receivable (note 2)	1,373,945	1,810,895
Ottawa trust funds (note 3)	<u>773,829</u>	<u>751,100</u>
	<u>5,033,108</u>	<u>5,267,806</u>
<b>Liabilities</b>		
Accounts payable and accruals (note 4)	1,267,235	1,516,051
Replacement reserve (note 5)	176,896	154,598
Bank and other loans (note 6)	<u>4,076,254</u>	<u>4,179,546</u>
	<u>5,520,385</u>	<u>5,850,195</u>
<b>Net Financial Liabilities</b>	<u>-487,277</u>	<u>-582,389</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	100,785	80,175
Property and equipment (notes 1 and 7)	25,607,274	26,557,295
Investments (notes 1 and 8)	<u>1,097,090</u>	<u>952,983</u>
	<u>26,805,149</u>	<u>27,590,453</u>
	<u>26,317,872</u>	<u>27,008,064</u>
<b>Nation Position</b>		
Operating surplus (note 9)	320,111	330,410
Equity in Ottawa trust funds	773,829	751,100
Equity in property and equipment (note 10)	24,126,842	24,973,571
Equity in investments (note 8)	<u>1,097,090</u>	<u>952,983</u>
	<u>26,317,872</u>	<u>27,008,064</u>

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

**GITXAALA NATION**

**STATEMENT OF FINANCIAL ACTIVITIES**

**YEAR ENDED MARCH 31**

	Unaudited Budget 2015 \$	2015 \$	2014 \$
<b>REVENUES</b>			
AANDC	4,013,394	4,279,873	6,186,482
CMHC	178,185	178,185	76,861
Department of Fisheries and Oceans	175,000	172,774	439,952
First Nations Health Authority	1,092,466	1,088,423	1,062,998
Investment	181,296	275,166	181,296
LNG proponent revenue	2,500,000	2,833,209	489,635
Ottawa trust funds	25,207	22,729	25,207
Rental	165,861	180,202	175,436
Other	<u>1,982,410</u>	<u>1,978,876</u>	<u>2,046,724</u>
	<u>10,313,819</u>	<u>11,009,437</u>	<u>10,684,591</u>
<b>EXPENDITURE</b>			
Administration	5,670,859	5,899,616	5,365,545
Amortization	1,176,909	1,204,699	1,176,909
Capital Projects	256,317	313,160	359,050
Education	1,826,169	2,134,235	1,826,169
Forestry	86,003	22,607	86,003
Health	1,261,680	1,169,407	1,165,197
Social Housing	96,480	101,124	97,486
Social Services	<u>824,551</u>	<u>854,781</u>	<u>935,415</u>
	<u>11,198,968</u>	<u>11,699,629</u>	<u>11,011,774</u>
<b>REVENUE OVER EXPENDITURE</b>	-885,149	-690,192	-327,183
<b>OPENING POSITION</b>	<u>27,008,064</u>	<u>27,008,064</u>	<u>27,335,247</u>
<b>CLOSING POSITION</b>	<u>26,122,915</u>	<u>26,317,872</u>	<u>27,008,064</u>

**GITXAALA NATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	-690,192	-327,183
Amortization	1,204,699	1,176,909
Accounts payable and accruals	-248,816	-150,069
Replacement reserve	22,298	-9,945
Subsidy surplus reserve	-	-24,126
Accounts receivable	436,950	-930,041
Ottawa trust funds	-22,729	-25,207
Prepaid expenses	-20,610	-24,330
	<u>681,600</u>	<u>-313,992</u>
<b>FINANCING ACTIVITIES</b>		
Bank and other loans	<u>-103,292</u>	<u>-271,223</u>
<b>INVESTING ACTIVITIES</b>		
Property and equipment additions	-254,678	-1,334,806
Investments	-144,107	-83,471
Marketable securities	<u>142,503</u>	<u>2,434,129</u>
	<u>-256,282</u>	<u>1,015,852</u>
<b>CHANGE IN CASH</b>	322,026	430,637
<b>OPENING CASH BALANCE</b>	<u>416,436</u>	<u>-14,201</u>
<b>CLOSING CASH BALANCE</b>	<u>738,462</u>	<u>416,436</u>

**GITXAALA NATION**

**STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES**

**YEAR ENDED MARCH 31**

	<b>Unaudited Budget 2015 \$</b>	<b>2015 \$</b>	<b>2014 \$</b>
Revenue over expenditure	-885,149	-690,192	-327,183
Amortization	1,176,909	1,204,699	1,176,909
Property and equipment additions	-250,000	-254,678	-1,334,806
Prepaid expenses	-25,000	-20,610	-24,330
Investments	<u>-83,000</u>	<u>-144,107</u>	<u>-83,471</u>
<b>CHANGE IN NET FINANCIAL LIABILITIES</b>	<b>-66,240</b>	<b>95,112</b>	<b>-592,881</b>
<b>OPENING NET FINANCIAL LIABILITIES</b>	<u><b>-582,389</b></u>	<u><b>-582,389</b></u>	<u><b>10,492</b></u>
<b>CLOSING NET FINANCIAL LIABILITIES</b>	<u><b>-648,629</b></u>	<u><b>-487,277</b></u>	<u><b>-582,389</b></u>

# **GITXAALA NATION**

## **NOTES**

**MARCH 31, 2015**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Fund Accounting**

These financial statements have been prepared using the fund accounting method and guidelines issued by Aboriginal Affairs and Northern Development Canada which include compliance with the CICA Public Sector Accounting Handbook.

#### **b) Property and Equipment**

Property and equipment are reported at cost.

Amortization is calculated on the declining balance method at the following annual rates:

Buildings	4%
Infrastructure	4%
Equipment	15% & 20%

Purchases of Social Housing Fund assets are reported at cost. Amortization is provided on these assets at a rate equal to the annual principal reduction of the related mortgage that approximates consumption of the asset for accounting purposes.

Purchases costing more than \$5,000 are capitalized.

#### **c) Loans**

Economic development and member loans issued and repaid under the fund accounting method are reported as expenditures and revenue respectively.

#### **d) Accrual Accounting**

Funding revenue is recognized as it becomes receivable under the terms of applicable funding agreements.

Interest and other income are recognized when earned.

Expenditures are reported in the period the goods or services are rendered or products received.

#### **e) Investments**

Band controlled enterprises and investments in limited partnerships are reported using the modified equity method. Other long-term investments are reported at cost. Losses are only recognized to the extent of the investment.



# **GITXAALA NATION**

## **NOTES**

**MARCH 31, 2015**

### **1. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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 Nation measures financial assets and liabilities at market value at the date of acquisition except for marketable securities as described in note 1.h. It is management's opinion that the Nation's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks except for marketable securities.

#### **h) Marketable Securities**

Marketable securities classified as held for trading are reported at market value.

### **2. ACCOUNTS RECEIVABLE**

	<b>2015</b>	<b>2014</b>
AANDC	\$ 47,733	\$ 221,281
Canada Revenue Agency - GST	251,320	182,766
Social housing rent	461,214	416,243
Other	<u>1,226,033</u>	<u>1,558,048</u>
	1,986,300	2,378,338
Allowance for doubtful accounts	<u>612,355</u>	<u>567,443</u>
	<u>\$ 1,373,945</u>	<u>\$ 1,810,895</u>

# GITXAALA NATION

## NOTES

MARCH 31, 2015

### 3. OTTAWA TRUST FUNDS

AANDC holds funds in trust for the Nation. These funds are designated as revenue or capital funds as is required by the Indian Act. The Nation is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Nation and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of the Minister of AANDC.

	Revenue	Capital	Total
Opening balance	\$ 746,653	\$ 4,447	\$ 751,100
Interest	<u>22,729</u>	<u>-</u>	<u>22,729</u>
Closing balance	<u>\$ 769,382</u>	<u>\$ 4,447</u>	<u>\$ 773,829</u>

### 4. ACCOUNTS PAYABLE

	2015	2014
Governmental payables	\$ 4,777	\$ 5,261
Trade and other	1,184,431	1,445,803
Wages and benefits	<u>78,027</u>	<u>64,987</u>
	<u>\$ 1,267,235</u>	<u>\$ 1,516,051</u>

### 5. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited 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, 2015, \$137,530 of the required \$176,896 is in a separate bank account.

Opening balance	\$ 154,598
Current provision	26,569
Expenditures	<u>-4,271</u>
Closing balance	<u>\$ 176,896</u>

# GITXAALA NATION

## NOTES

MARCH 31, 2015

### 6. BANK AND OTHER LOANS

Royal Bank of Canada demand loans

\$8,525/month including interest at prime plus 4.1% per annum;  
secured by a charge on specified property. \$ 682,598

\$381/month including interest at 4.99% per annum, secured by  
a charge on specified equipment. 10,060

\$749/month including interest at 5.99% per annum, secured by  
a charge on specified equipment. 29,520

\$1,074/month including interest at 5.99% per annum, secured  
by a charge on specified equipment. 49,895

Toyota Credit Canada Limited, \$750/month including interest at  
3.90% per annum; secured by a specific vehicle. 15,190

All Nations Trust Company; secured by mortgages against the  
social housing units.

\$3,590/month including interest at 1.08% per annum. 147,905

\$3,848/month including interest at 2.78% per annum. 215,395

\$2,240/month including interest at 1.92% per annum. 329,869

British Columbia Treaty Commission advances to be repaid upon  
completion of treaty negotiations or upon withdrawal from the  
process. The Nation is not participating in active negotiations.  
Interest is not charged on the advance. 2,595,822

\$ 4,076,254

Scheduled principal repayment during the next five years is as follows:

2016	\$ 209,190
2017	213,699
2018	210,680
2019	191,322
2020	<u>162,445</u>
	<u>\$ 987,336</u>

## GITXAALA NATION

## NOTES

MARCH 31, 2015

## 7. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Annual Amortization \$	Closing Balance \$	2014 \$
Land	589,000	-	-	589,000	-	-	-	589,000
Buildings	13,651,891	-	-	13,651,891	6,238,540	338,456	6,576,996	7,074,895
Infrastructure	24,179,980	-	-	24,179,980	6,168,896	720,443	6,889,339	17,290,641
Equipment	1,241,439	169,078	39,600	1,370,917	890,122	104,079	954,601	416,316
Vessels	607,250	85,600	10,000	682,850	414,707	41,721	446,428	236,422
	<u>40,269,560</u>	<u>254,678</u>	<u>49,600</u>	<u>40,474,638</u>	<u>13,712,265</u>	<u>1,204,699</u>	<u>14,867,364</u>	<u>25,607,274</u>
								<u>26,557,295</u>

# GITXAALA NATION

## NOTES

MARCH 31, 2015

### 8. INVESTMENTS

Controlled enterprises are accounted for using the modified equity method. Losses in each controlled enterprise are recorded only to the extent of the Nation's investment.

	Opening balance	Income	Closing balance
<b>Partnerships</b>			
Tyee Building Supplies	\$ 770,440	\$ 50,994	\$ 821,434
North Coast Skeena CFE	182,541	93,113	275,654
<b>Non-controlled enterprises</b>			
North-Co-Corp Ferry Services Ltd. shares – 33.33% interest	<u>2</u>	<u>-</u>	<u>2</u>
	<u>\$ 952,983</u>	<u>\$ 144,107</u>	<u>\$ 1,097,090</u>

Kitkatla Development Corporation carrying value is nil at year-end. Full financial disclosure has not been provided for Coast Industrial Construction Partnership, the primary asset of the corporation.

The Nation also owns the shares of three corporations that are inactive.

### 9. OPERATING SURPLUS (DEFICIT)

	2015	2014
	\$	\$
Administration	-2,077,796	-1,676,994
Capital Projects	213,289	144,764
Education	2,954,430	2,865,132
Forestry	1,235,415	1,126,963
Health	486,301	346,509
Social Housing	98,969	90,408
Social Services	-127,054	-102,929
Treaty	<u>-2,463,443</u>	<u>-2,463,443</u>
	<u>320,111</u>	<u>330,410</u>

## **GITXAALA NATION**

### **NOTES**

**MARCH 31, 2015**

#### **10. EQUITY IN PROPERTY AND EQUIPMENT**

Opening balance	\$ 24,973,571
Contribution from operations	167,213
Principal repayment	190,757
Amortization	<u>-1,204,699</u>
Closing balance	<u>\$ 24,126,842</u>

#### **11. CONTINGENT LIABILITIES**

Guarantor on The Toronto-Dominion Bank loan for North-Co-Corp Ferry Services Ltd. to \$25,000.

Guarantor on Royal Bank of Canada loan for Tyee Building Supplies LP to \$2,502,000.

Guarantor on Royal Bank of Canada loan for Tyee Building Supplies (2009) Ltd. in the amount of \$2,847,450.

Guarantor on Royal Bank of Canada loan for Coast Industrial Construction LP to a maximum of \$6,100,000.

Guarantor on various Coast Industrial Construction LP capital leases to \$716,871.

Guarantor on road truck loans for four members to \$200,000.

Guarantor on Rona Inc. account for Tyee Building Supplies LP to an unlimited amount.

#### **12. COMPARATIVES**

Certain comparatives have been changed to conform with current year presentation.

#### **13. 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:

## GITXAALA NATION

## NOTES

MARCH 31, 2015

## 13. SEGMENT DISCLOSURE (continued)

	Budget Total 2015	Administration	Capital Projects	Education	Forestry	Health	Social Housing	Social Services	Amortization	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>											
AANDC	4,013,394	1,136,770	266,479	2,045,988	-	-	-	830,656	-	4,279,873	6,186,482
CMHC	178,185	-	101,270	-	-	-	76,915	-	-	178,185	76,861
Department of Fisheries and Oceans	175,000	172,774	-	-	-	-	-	-	-	172,774	439,952
First Nations Health Authority	1,092,466	-	-	-	-	1,088,423	-	-	-	1,088,423	1,062,998
Investment	181,296	144,107	-	-	131,059	-	-	-	-	275,166	97,825
LNG proponent revenue	2,500,000	2,833,209	-	-	-	-	-	-	-	2,833,209	489,635
Ottawa trust funds	25,207	22,729	-	-	-	-	-	-	-	22,729	25,207
Rental	165,861	48,458	-	-	-	-	131,744	-	-	180,202	175,436
Other	1,982,410	1,403,584	86,760	255,970	-	232,562	-	-	-	1,978,876	2,130,195
	<u>10,313,819</u>	<u>5,781,631</u>	<u>454,509</u>	<u>2,301,938</u>	<u>131,059</u>	<u>1,320,985</u>	<u>208,659</u>	<u>830,656</u>	<u>-</u>	<u>11,009,437</u>	<u>10,684,591</u>
<b>EXPENDITURE</b>											
Allowances	1,054,500	-	-	481,889	-	-	-	736,976	-	1,218,865	1,084,842
AANDC recovery	-	-	-	-	-	-	-	-	-	-	36,132
Administration	537,841	138,367	6,784	322,946	-	198,488	-	22,167	-	688,762	546,212
Amortization	1,176,909	-	-	-	-	-	-	-	1,204,699	1,204,699	1,176,909
Bad debts	40,453	28,414	-	-	-	-	-	-	-	28,414	40,453
Bank charge and interest	51,957	46,824	-	-	22,081	674	18,578	-	-	88,157	80,486
Chief and Council	325,564	306,502	-	-	-	-	-	-	-	306,502	325,564
Contract services	2,936,407	1,280,142	99,562	1,226,766	526	123,888	310	11,032	-	2,742,226	3,444,649
FNHA recovery	-	-	-	-	-	13,324	-	-	-	13,324	1,817
Insurance	123,051	95,248	-	-	-	-	-	-	-	-	-
Materials and supplies	900,942	844,827	-	827	-	121,438	26,556	-	-	121,804	123,051
Office	-	37,870	205,811	-	-	-	41,158	7,171	-	1,221,232	984,236
Professional services	1,638,017	1,434,741	-	-	-	-	5,000	-	-	37,870	63,582
Telephone and utilities	195,614	170,814	-	-	-	23,520	321	1,079	-	1,439,741	1,410,690
Travel and workshops	699,990	450,083	-	15,000	-	293,307	-	3,196	-	195,734	195,716
Wages and benefits	1,519,923	984,514	102,263	86,807	-	394,768	9,201	73,160	-	761,586	592,577
	<u>11,188,968</u>	<u>5,798,346</u>	<u>414,430</u>	<u>2,134,235</u>	<u>22,607</u>	<u>1,169,407</u>	<u>101,124</u>	<u>854,761</u>	<u>1,204,699</u>	<u>11,699,629</u>	<u>11,011,774</u>
<b>REVENUE OVER EXPENDITURE</b>	-885,149	-36,715	40,079	167,703	108,452	151,578	107,535	-24,125	-1,204,699	-690,192	-327,183
<b>TRANSFERS</b>	-	28,789	24,292	-45,224	-	-7,867	-	-	-	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	-885,149	-7,916	64,371	122,479	108,452	143,711	107,535	-24,125	-1,204,699	-690,192	-327,183

