

METLAKATLA GOVERNING COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2014

METLAKATLA GOVERNING COUNCIL

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MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

TO THE METLAKATLA GOVERNING COUNCIL

Report on the Financial Statements

We have audited the accompanying statement of financial position of the Metlakatla Governing Council as at March 31, 2014 and the statements of financial activities, cash flows and changes in net financial assets 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.

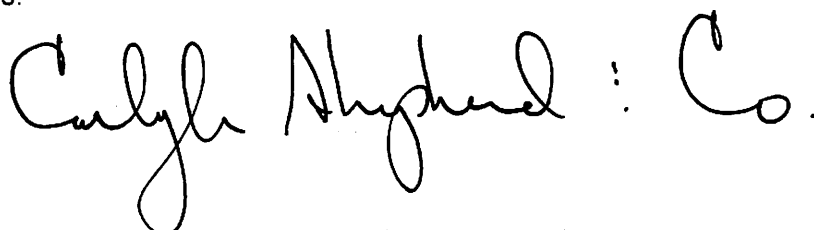
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, 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 Governing Council as at March 31, 2014 and the results of its operations, cash flows and net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert BC
August 25, 2014



METLAKATLA GOVERNING COUNCIL

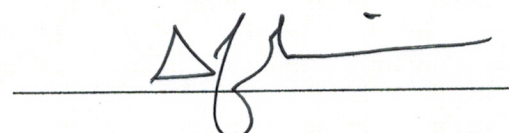
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	1,276,579	774,237
Marketable securities (note 1)	1,908,504	1,822,282
Accounts receivable	1,839,527	1,489,796
Ottawa Trust funds (note 2)	883,843	857,359
	<u>5,908,453</u>	<u>4,943,674</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals	1,149,829	1,057,895
Bank loans (note 3)	728,849	1,019,819
	<u>1,878,678</u>	<u>2,077,714</u>
NET FINANCIAL ASSETS	<u>4,029,775</u>	<u>2,865,960</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (note 4)	53,967	750,508
Property and equipment (notes 1 and 5)	11,571,712	9,119,292
	<u>11,625,679</u>	<u>9,869,800</u>
	<u>15,655,454</u>	<u>12,735,760</u>
GOVERNING COUNCIL POSITION		
Operating surplus (note 6)	3,199,899	2,759,109
Equity in property and equipment (note 7)	11,571,712	9,119,292
Ottawa Trust funds (note 2)	883,843	857,359
	<u>15,655,454</u>	<u>12,735,760</u>
CONTINGENT LIABILITIES (note 8)		

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

 Executive Director

METLAKATLA GOVERNING COUNCIL
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31

	2014	2013
	\$	\$
REVENUE		
AANDC	3,595,104	2,912,488
DFO	-	154,095
First Nations Health Authority	1,660,837	933,040
Ottawa Trust funds	26,484	21,664
Province of British Columbia	231,067	268,812
Other	<u>2,285,887</u>	<u>2,004,389</u>
	<u>7,799,379</u>	<u>6,294,488</u>
EXPENDITURE		
Administration	1,071,193	977,069
Amortization	553,336	409,164
Capital	416,838	142,658
Community Health	499,079	405,065
Economic Development	68,485	66,523
Education	646,721	565,603
Fisheries	21,000	285,456
Other	1,327,703	473,504
Social Services	<u>275,330</u>	<u>147,917</u>
	<u>4,879,685</u>	<u>3,472,959</u>
REVENUE OVER EXPENDITURE	2,919,694	2,821,529
OPENING SURPLUS	<u>12,735,760</u>	<u>9,914,231</u>
CLOSING SURPLUS	<u>15,655,454</u>	<u>12,735,760</u>

METLAKATLA GOVERNING COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	2,919,694	2,821,529
Amortization	553,336	409,164
Accounts receivable	-349,731	-1,155,148
Accounts payable and accruals	91,934	328,089
Marketable securities	-86,222	-87,532
Prepaid expenses	696,541	-68,991
Ottawa Trust funds	<u>-26,484</u>	<u>-21,664</u>
	<u>3,799,068</u>	<u>2,225,447</u>
FINANCING ACTIVITIES		
Bank loans	<u>-290,970</u>	<u>-276,321</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-3,005,756</u>	<u>-1,332,758</u>
CHANGE IN CASH	502,342	616,368
OPENING CASH BALANCE	<u>774,237</u>	<u>157,869</u>
CLOSING CASH BALANCE	<u>1,276,579</u>	<u>774,237</u>

LAX KW'ALAAMS GOVERNING COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31

	2014	2013
	\$	\$
Revenue over expenditure	2,919,694	2,821,529
Amortization	553,336	409,164
Prepaid expenses	696,541	-68,991
Property and equipment additions	<u>-3,005,756</u>	<u>-1,332,758</u>
 Change in net financial assets	 1,163,815	 1,828,944
 Opening net financial assets	 <u>2,865,960</u>	 <u>1,037,016</u>
 Closing net financial assets	 <u>4,029,775</u>	 <u>2,865,960</u>

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2014

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 Canadian public sector accounting standards.

b) Property and Equipment

Property and equipment are reported at cost and are amortization using the declining balance method at the following annual rates:

Buildings	4%
Infrastructure	4%
Equipment	20%

Purchases costing more than \$5 000 are capitalized.

c) Recognition of Revenue and Expenditures

Revenue is recognized as it becomes receivable under the terms of the contractual funding arrangements.

Other revenue is reported in the period which the goods are sold or services rendered.

Expenditures are reported in the period which the goods are received or services delivered.

d) Use Of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES continued

e) Financial Instruments

Financial assets and financial liabilities are reported at market value at the date of acquisition except for marketable securities which are reported at market value at year-end. It is management's opinion that the Governing Council's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks except for marketable securities.

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$1,751,973).

g) Budget Information

Budget information is not reported.

2. OTTAWA TRUST FUNDS

Aboriginal Affairs and Northern Development Canada (AANDC) holds funds in trust for the Governing Council. These funds are designated as revenue or capital funds as is required by the Indian Act. The Governing Council is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Governing Council 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	\$ 702,703	\$ 154,656	\$ 857,359
Interest	<u>26,484</u>	<u>-</u>	<u>26,484</u>
Closing balance	<u>\$ 729,187</u>	<u>\$ 154,656</u>	<u>\$ 883,843</u>

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2014

3. BANK LOANS

	2014	2013
Royal Bank of Canada demand loans; secured by a general security agreement		
\$10,683/month including interest at prime plus 1.8% per annum.	\$ 139,726	\$ 258,088
\$3,642/month including interest at 4.59% per annum.	245,285	279,493
\$12,760/month including interest at 3.49% per annum.	<u>373,838</u>	<u>482,238</u>
	<u>\$ 728,849</u>	<u>\$ 1,019,819</u>

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

2015	\$ 300,611
2016	198,581
2017	88,129
2018	37,878
2019	<u>39,654</u>
	<u>\$ 664,853</u>

4. PREPAID EXPENSES

	2014	2013
Legal retainer	\$ 16,842	\$ 16,842
Post-secondary living allowances	7,191	13,453
Social assistance allowances	1,325	1,273
Council advances	20,000	-
Specific claims payments	-	645,000
Insurance	8,609	-
Deposit on boat construction	<u>-</u>	<u>73,940</u>
	<u>\$ 53,967</u>	<u>\$ 750,508</u>

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2014

5. PROPERTY AND EQUIPMENT

	Property and Equipment			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Current Provision	Closing Balance	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure	6,832,473	772,474	7,604,947	2,371,658	179,727	2,551,385	5,053,562	4,460,815
Buildings	5,404,082	1,861,560	7,265,642	985,995	251,186	1,237,181	6,028,461	4,418,087
Vehicles	301,761	328,572	630,333	233,043	79,458	312,501	317,832	68,718
Equipment	<u>735,107</u>	<u>43,150</u>	<u>778,257</u>	<u>563,435</u>	<u>42,965</u>	<u>606,400</u>	<u>171,857</u>	<u>171,672</u>
	<u>13,273,423</u>	<u>3,005,756</u>	<u>16,279,179</u>	<u>4,154,131</u>	<u>553,336</u>	<u>4,707,467</u>	<u>11,571,712</u>	<u>9,119,292</u>

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2014

6. OPERATING SURPLUS

	2014	2013
Administration	\$ 235,411	\$ 214,287
Capital	235,157	14,921
Community Health	-44,820	81,395
Economic Development	549,699	349,969
Education	-	191,742
Social Services	133,014	233,023
Other	2,091,438	1,673,772
	<u>\$ 3,199,899</u>	<u>\$ 2,759,109</u>

7. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 9,119,292
Contribution from operations	3,005,756
Amortization	<u>-553,336</u>
Closing balance	<u>\$ 11,571,712</u>

8. CONTINGENT LIABILITIES

The Band, through the L.C.H. Committee, received funding to pursue a treaty settlement. Upon settlement, \$6,060,715 is payable.

Guarantor of loans and lines of credit totaling \$1,244,899 for Metlakatla Ferry Service Ltd., Grassy Bay Services Ltd., Metlakatla Development Corporation and North-Co-Corp Ferry Services Ltd.

The Band is involved in certain legal actions, the outcome of which are uncertain at this time. Accordingly, no provision has been made in the accounts for these actions

9. 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 period are as follows:

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2014

NOTE 9. SEGMENT DISCLOSURE (continued)

	Administration	Capital	Community Health	Economic Development	Education	Fisheries	Other	Social Services	Amortization	Total 2014	Total 2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE											
Government of Canada	1,222,803	2,635,821	396,322	56,840	362,158	-	358,655	223,343	-	5,255,942	3,999,623
Province of BC	-	-	19,692	211,375	-	-	-	-	-	231,067	268,812
Other	57,280	-	-	-	24,000	2,807	2,206,283	22,000	-	2,312,370	2,026,053
	<u>1,280,083</u>	<u>2,635,821</u>	<u>416,014</u>	<u>268,215</u>	<u>386,158</u>	<u>2,807</u>	<u>2,564,938</u>	<u>245,343</u>	<u>-</u>	<u>7,799,379</u>	<u>6,294,488</u>
EXPENDITURE											
Allowances	-	24,930	13,804	-	123,020	-	56,250	28,968	-	246,972	256,810
Advances to corporations	40,000	-	-	-	-	-	-	-	-	40,000	190,000
Amortization	-	-	-	-	-	-	-	-	553,336	553,336	409,164
Council remuneration and travel	-	-	-	-	-	-	234,000	-	-	234,000	248,824
Contract services	20,816	391,908	7,940	56,840	333,454	21,000	135,676	-	-	967,634	593,805
Equipment rentals and repairs	143,366	-	-	-	-	-	200	-	-	143,566	165,144
Insurance	20,233	-	-	-	-	-	-	-	-	20,233	31,536
Materials and supplies	47,272	-	89,143	11,645	7,925	-	181,621	99,956	-	437,562	357,646
Office and other	45,867	-	2,313	-	14,377	-	-	-	-	62,557	45,901
Professional services	188,329	-	-	-	-	-	-	36,999	-	225,328	83,460
Specific claim settlement	-	-	-	-	-	-	645,000	-	-	645,000	-
Telephone and utilities	97,353	-	10,545	-	-	-	32,368	-	-	140,266	96,586
Travel and workshops	86,505	-	59,771	-	18,144	-	22,442	15,637	-	202,499	126,827
Wages and benefits	381,452	-	315,563	-	149,801	-	20,146	93,770	-	960,732	867,256
	<u>1,071,193</u>	<u>416,838</u>	<u>499,079</u>	<u>68,485</u>	<u>646,721</u>	<u>21,000</u>	<u>1,327,703</u>	<u>275,330</u>	<u>553,336</u>	<u>4,879,685</u>	<u>3,472,959</u>
REVENUE OVER EXPENDITURE	<u>208,890</u>	<u>2,218,983</u>	<u>-83,065</u>	<u>199,730</u>	<u>-260,563</u>	<u>-18,193</u>	<u>1,237,235</u>	<u>-29,987</u>	<u>-553,336</u>	<u>2,919,694</u>	<u>2,821,529</u>
TRANSFERS	<u>-</u>	<u>588,839</u>	<u>-</u>	<u>-</u>	<u>68,821</u>	<u>18,193</u>	<u>-605,831</u>	<u>-70,022</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>208,890</u>	<u>2,807,822</u>	<u>-83,065</u>	<u>199,730</u>	<u>-191,742</u>	<u>-</u>	<u>631,404</u>	<u>-100,009</u>	<u>-553,336</u>	<u>2,919,694</u>	<u>2,821,529</u>