

METLAKATLA GOVERNING COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2015

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CARLYLE SHEPHERD & CO. 
CHARTERED ACCOUNTANTS

METLAKATLA GOVERNING COUNCIL

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MARCH 31, 2015

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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, 2015 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, 2015 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert BC
June 17, 2015



METLAKATLA GOVERNING COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	7,290,622	1,276,579
Marketable securities (note 1)	2,001,295	1,908,504
Accounts receivable (note 2)	1,014,071	1,839,527
Ottawa Trust funds (note 4)	<u>907,217</u>	<u>883,843</u>
	<u>11,213,205</u>	<u>5,908,453</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals (note 3)	2,073,308	1,149,829
Bank loans (note 5)	<u>428,086</u>	<u>728,849</u>
	<u>2,501,394</u>	<u>1,878,678</u>
NET FINANCIAL ASSETS	<u>8,711,811</u>	<u>4,029,775</u>
NON-FINANCIAL ASSETS		
Inventory (note 1)	254,166	-
Prepaid expenses (note 6)	67,408	53,967
Property and equipment (notes 1 and 7)	<u>20,062,248</u>	<u>11,571,712</u>
	<u>20,383,822</u>	<u>11,625,679</u>
	<u>29,095,633</u>	<u>15,655,454</u>
GOVERNING COUNCIL POSITION		
Operating surplus (note 8)	8,126,168	3,199,899
Equity in property and equipment (note 9)	20,062,248	11,571,712
Ottawa Trust funds (note 4)	<u>907,217</u>	<u>883,843</u>
	<u>29,095,633</u>	<u>15,655,454</u>
CONTINGENT LIABILITIES (note 10)		

APPROVED ON BEHALF OF COUNCIL

John Dunn Chief Councillor

Jeff L. Executive Director

METLAKATLA GOVERNING COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget 2015	2015	2014
	\$	\$	\$
REVENUE			
AANDC	11,185,186	10,546,021	3,595,104
First Nations Health Authority	413,660	523,676	1,660,837
Ottawa Trust funds	-	23,374	26,484
Province of British Columbia	255,120	1,246,848	231,067
Other	<u>1,893,620</u>	<u>5,346,339</u>	<u>2,285,887</u>
	<u>13,747,586</u>	<u>17,686,258</u>	<u>7,799,379</u>
EXPENDITURE			
Administration	1,264,790	1,316,748	1,071,193
Amortization	667,938	667,938	553,336
Capital	1,229,802	-	416,838
Community Health	435,822	450,595	499,079
Economic Development	11,105	-	68,485
Education	610,453	521,141	646,721
Fisheries	-	-	21,000
Other	<u>1,316,919</u>	<u>1,039,321</u>	<u>1,327,703</u>
Social Services	<u>636,311</u>	<u>250,336</u>	<u>275,330</u>
	<u>6,173,140</u>	<u>4,246,079</u>	<u>4,879,685</u>
REVENUE OVER EXPENDITURE	7,574,446	13,440,179	2,919,694
OPENING SURPLUS	<u>15,655,454</u>	<u>15,655,454</u>	<u>12,735,760</u>
CLOSING SURPLUS	<u>23,229,900</u>	<u>29,095,633</u>	<u>15,655,454</u>

METLAKATLA GOVERNING COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2015	2014
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	13,440,179	2,919,694
Amortization	667,938	553,336
Accounts receivable	825,456	-349,731
Accounts payable and accruals	923,479	91,934
Inventory	-254,166	-
Marketable securities	-92,791	-86,222
Prepaid expenses	-13,441	696,541
Ottawa Trust funds	<u>-23,374</u>	<u>-26,484</u>
	<u>15,473,280</u>	<u>3,799,068</u>
FINANCING ACTIVITIES		
Bank loans	<u>-300,763</u>	<u>-290,970</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-9,158,474</u>	<u>-3,005,756</u>
CHANGE IN CASH		
	6,014,043	502,342
OPENING CASH BALANCE		
	<u>1,276,579</u>	<u>774,237</u>
CLOSING CASH BALANCE		
	<u>7,290,622</u>	<u>1,276,579</u>

METLAKATLA GOVERNING COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31

	Unaudited Budget	2015	2015	2014
		\$	\$	\$
Revenue over expenditure	7,574,446	13,440,179	2,919,694	
Amortization	667,938	667,938	553,336	
Inventory	-	-254,166	-	
Prepaid expenses	-	-13,441	696,541	
Property and equipment additions	<u>-8,553,382</u>	<u>-9,158,474</u>	<u>-3,005,756</u>	
Change in net financial assets	-310,998	4,682,036	1,163,815	
Opening net financial assets	<u>4,029,775</u>	<u>4,029,775</u>	<u>2,865,960</u>	
Closing net financial assets	<u>3,718,777</u>	<u>8,711,811</u>	<u>4,029,775</u>	

METLAKATLA GOVERNING COUNCIL

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 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.

e) Financial Instruments

Financial assets and 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.

METLAKATLA GOVERNING COUNCIL

NOTES

MARCH 31, 2015

1. SIGNIFICANT ACCOUNTING POLICIES continued

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$1,773,251).

g) Inventory

Inventory is reported at the lesser of cost and net realizable value.

2. ACCOUNTS RECEIVABLE

	2015	2014
AANDC	\$ 4,246	\$ 191,794
Government of Canada	70,406	53,304
Housing	53,065	39,168
Metlakatla Development Corporation	633,945	1,347,629
Ministry of Forests	174,396	103,750
Trade and Other	<u>131,078</u>	<u>143,050</u>
	1,067,136	1,878,695
Allowance for doubtful accounts	<u>-53,065</u>	<u>-39,168</u>
	<u>\$ 1,014,071</u>	<u>\$ 1,839,527</u>

3. ACCOUNTS PAYABLE

	2015	2014
AANDC	\$ 4,145	\$ 82,715
Deferred revenue	38,158	-
Trade and other	1,971,097	1,049,543
Wages and benefits	<u>59,908</u>	<u>17,571</u>
	<u>\$ 2,073,308</u>	<u>\$ 1,149,829</u>

METLAKATLA GOVERNING COUNCIL

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MARCH 31, 2015

4. 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	\$ 729,187	\$ 154,656	\$ 883,843
Interest	<u>23,374</u>	<u>-</u>	<u>23,374</u>
Closing balance	<u>\$ 752,561</u>	<u>\$ 154,656</u>	<u>\$ 907,217</u>

5. BANK LOANS

The bank loans were fully repaid subsequent to the year-end.

6. PREPAID EXPENSES

	2015	2014
Legal retainer	\$ 15,815	\$ 16,842
Post-secondary living allowances	4,225	7,191
Social assistance allowances	692	1,325
Council advances	20,000	20,000
Insurance	-	8,609
Specific claims research	15,000	-
BC Hydro	<u>11,676</u>	<u>-</u>
	<u>\$ 67,408</u>	<u>\$ 53,967</u>

METLAKATLA GOVERNING COUNCIL

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MARCH 31, 2015

7. PROPERTY AND EQUIPMENT

	Property and Equipment			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Closing Balance	Opening Balance	Current Provision	Closing Balance	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure	7,604,947	8,532,149	16,137,096	2,551,385	265,567	2,816,952	13,320,144	5,053,562
Buildings	7,265,642	387,316	7,652,958	1,237,181	256,631	1,493,812	6,159,146	6,028,461
Vehicles	630,333	216,103	846,436	235,501	122,187	357,688	488,748	317,832
Equipment	728,257	22,906	751,163	633,400	23,553	656,953	94,210	171,857
	<u>16,229,179</u>	<u>9,158,474</u>	<u>25,387,653</u>	<u>4,657,467</u>	<u>667,938</u>	<u>5,325,405</u>	<u>20,062,248</u>	<u>11,571,712</u>

METLAKATLA GOVERNING COUNCIL

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MARCH 31, 2015

8. OPERATING SURPLUS

	2015	2014
Administration	\$ -17,520	\$ 235,411
Capital	1,066,233	235,157
Community Health	28,539	-44,820
Economic Development	-	549,699
Education	65,000	-
Social Services	70,000	133,014
Other	<u>6,913,916</u>	<u>2,091,438</u>
	<u><u>\$ 8,126,168</u></u>	<u><u>\$ 3,199,899</u></u>

9. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 11,571,712
Contribution from operations	9,158,474
Amortization	<u>-667,938</u>
Closing balance	<u>\$ 20,062,248</u>

10. CONTINGENT LIABILITIES

The Band, through the L.C.H. Committee, received funding to pursue a treaty settlement. Upon settlement, \$6,505,539 is payable.

Guarantor of loans and lines of credit totaling \$5,667,000 for Metlakatla Ferry Service Ltd., Grassy Bay Services Ltd., Metlakatla Development Corporation and North-Co-Corp Ferry Services Ltd.

11. 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

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NOTE 11. SEGMENT DISCLOSURE (continued)

	Unaudited Budget								Total 2015	Total 2015	Total 2014
	Total 2015	Administration	Capital	Community Health	Economic Development	Education	Other	Social Services	Amortization		
REVENUE											
Government of Canada	11,598,846	682,343	8,445,530	447,642	-	579,142	727,721	187,319	-	11,069,697	5,255,942
Province of BC	255,120	-	-	25,090	-	-	1,221,758	-	-	1,246,848	231,067
Other	1,893,620	-	87,500	6,400	30,377	7,000	5,238,436	-	-	5,369,713	2,312,370
	<u>13,747,586</u>	<u>682,343</u>	<u>8,533,030</u>	<u>479,132</u>	<u>30,377</u>	<u>586,142</u>	<u>7,187,915</u>	<u>187,319</u>	<u>-</u>	<u>17,686,258</u>	<u>7,799,379</u>
EXPENDITURE											
Allowances (recoveries)	179,700	-	-	-13,804	-	77,314	10,398	10,197	-	84,105	246,972
Advances to corporations	-	40,000	-	-	-	-	-	-	-	40,000	40,000
Amortization	667,938	-	-	-	-	-	-	-	667,938	667,938	553,336
Council remuneration and travel	382,517	351,058	-	-	-	-	-	-	-	351,058	234,000
Contract services	278,000	36,273	-	22,334	-	247,708	25,163	-	-	331,478	967,634
Equipment rentals and repairs	362,500	-	-	-	-	-	169,024	-	-	169,024	143,566
Insurance	32,000	-	-	-	-	-	42,319	-	-	42,319	20,233
Materials and supplies	683,906	136,829	-	46,586	-	16,347	129,283	48,501	-	377,546	437,562
Office and other	117,395	113,718	-	12,744	-	419	5,768	981	-	133,630	62,557
Professional services	1,735,662	120,484	-	6,944	-	-	199,133	26,500	-	353,061	225,328
Specific claim settlement	-	-	-	-	-	-	-	-	-	-	645,000
Telephone and utilities	156,676	27,302	-	11,115	-	5,872	42,365	1,164	-	87,818	140,266
Travel and workshops	271,732	113,816	-	14,585	-	8,339	73,245	11,352	-	221,337	202,499
Wages and benefits	1,305,114	377,268	-	350,091	-	165,142	342,623	151,641	-	1,386,765	960,732
	<u>6,173,140</u>	<u>1,316,748</u>	<u>-</u>	<u>450,595</u>	<u>-</u>	<u>521,141</u>	<u>1,039,321</u>	<u>250,336</u>	<u>667,938</u>	<u>4,246,079</u>	<u>4,879,685</u>
REVENUE OVER EXPENDITURE	7,574,446	-634,405	8,533,030	28,537	30,377	65,001	6,148,594	-63,017	-667,938	13,440,179	2,919,694
TRANSFERS	-	391,176	1,189,687	44,822	-549,699	-	-1,075,986	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	7,574,446	-243,229	9,722,717	73,359	-519,322	65,001	5,072,608	-63,017	-667,938	13,440,179	2,919,694

