

To: John Aleck

Gitga'at First Nation
Consolidated Financial Statements
March 31, 2016

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Gitga'at First Nation

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Management's Responsibility

To the Members of Gitga'at First Nation

The accompanying consolidated financial statements of Gitga'at First Nation 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.

The Gitga'at First Nation 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 Nation's external auditors.

MNP LLP is appointed by Chief and Council on behalf of the Members 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.

August 11, 2016

 CEO

Independent Auditors' Report

To the Members of Gitga'at First Nation:

We have audited the accompanying consolidated financial statements of Gitga'at First Nation, which comprise the consolidated statement of financial position as at March 31, 2016 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Gitga'at First Nation as at March 31, 2016, 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.

Kelowna, British Columbia

August 11, 2016

MNP LLP

Chartered Professional Accountants

Gitga'at First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015
Financial assets		
Cash (Note 3)	1,711,225	1,612,701
Accounts receivable (Note 4)	1,398,006	1,712,972
Inventory for resale	100,747	103,105
Portfolio investments (Note 5)	2,170,720	2,098,754
Funds held in Ottawa trust (Note 6)	162,317	656,456
Total of financial assets	5,543,015	6,183,988
Financial liabilities		
Accounts payable and accruals (Note 7)	1,420,685	1,413,462
Deferred revenue (Note 8)	904,198	1,659,800
Tenant deposits	21,750	10,950
Long-term debt (Note 9)	135,330	196,030
Capital lease obligations (Note 10)	39,727	74,899
Total of financial liabilities	2,521,690	3,355,141
Net financial assets	3,021,325	2,828,847
Contingent liabilities (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	21,585,342	19,730,808
Fishing licences	607,340	607,340
Prepaid expenses	53,924	47,532
Total non-financial assets	22,246,606	20,385,680
Accumulated surplus (Note 13)	25,267,931	23,214,527

Approved on behalf of the Chief and Council



Councillor



Councillor

Gitga'at First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2016

	<i>Schedules</i>	2016 Budget	2016	2015
Revenue				
Indigenous and Northern Affairs Canada		2,921,448	5,005,338	5,250,696
First Nations Health Authority		-	874,442	766,722
Province of British Columbia		-	772,169	318,280
Government of Canada		-	287,602	220,250
Canada Mortgage and Housing Corporation		-	81,288	-
Administration fees		630,000	31,842	-
Fuel revenue		-	484,168	457,971
Interest and investment income		20	42,848	62,044
Management fees		-	-	15,285
Other partnership income (loss)		-	43,388	(55,228)
Other revenue		19,700	3,807,311	3,844,241
Own source revenue		37,000	110,993	156,260
Rental income		-	52,021	142,429
Tribal Resources Investment Corporation		-	40,000	97,932
Opening deferred revenue		33,686	-	-
		3,641,854	11,633,410	11,276,882
Program expenses				
Administration	3	969,653	1,035,473	1,030,628
Community Health	4	-	928,161	741,655
Community Social Services & Special Projects	5	-	1,226,300	1,957,800
Development Corporation & Other	6	-	307,305	160,353
Economic Development & Gitga'at Clean Energy	7	-	7,097	207,949
Education	8	1,242,897	1,508,336	1,442,423
Fisheries, Guardian Watchman & Lands and Marine	9	-	1,682,400	1,715,775
Own Source Revenue & Forest and Range	10	-	492,611	391,935
Social Assistance	11	328,917	246,798	322,185
Village Operations & Capital Projects	12	739,026	2,145,525	2,149,685
		3,280,493	9,580,006	10,120,388
Surplus		361,361	2,053,404	1,156,494
Accumulated surplus, beginning of year		23,214,527	23,214,527	22,058,033
Accumulated surplus, end of year		23,575,888	25,267,931	23,214,527

The accompanying notes are an integral part of these financial statements

Gitga'at First Nation
Consolidated Statement of Change in Net Financial Assets

For the year ended March 31, 2016

	2016 Budget	2016	2015
Annual surplus	77,800	2,053,404	1,156,494
Purchases of tangible capital assets	(77,800)	(2,709,688)	(1,823,235)
Amortization of tangible capital assets	-	855,152	838,523
Loss on disposal of tangible capital assets	-	-	6,110
	(77,800)	(1,854,536)	(978,602)
Acquisition of prepaid expenses	-	(53,932)	(47,542)
Use of prepaid expenses	-	47,535	34,300
	-	(6,397)	(13,242)
Increase in net financial assets	-	192,471	164,650
Net financial assets, beginning of year	2,828,854	2,828,854	2,664,197
Net financial assets, end of year	2,828,854	3,021,325	2,828,847

The accompanying notes are an integral part of these financial statements

Gitga'at First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus	2,053,404	1,156,494
Non-cash items		
Amortization	855,152	838,523
Loss on disposal of tangible capital assets	-	6,110
Change in investment valuation	(71,881)	-
	2,836,675	2,001,127
Changes in working capital accounts		
Accounts receivable	314,966	(149,915)
Prepaid expenses	(6,397)	(13,242)
Accounts payable and accruals	7,225	(1,634,905)
Deferred revenue	(755,602)	1,049,556
Tenant deposits	10,800	10,050
Inventory for resale	2,357	(68,033)
	2,410,024	1,194,638
Financing activities		
Repayment of long-term debt	(60,700)	(48,970)
Repayment of capital lease obligation	(35,171)	(31,300)
	(95,871)	(80,270)
Capital activities		
Purchases of tangible capital assets	(2,709,688)	(1,823,235)
Investing activities		
Purchase of portfolio investments	(80)	(29,303)
Loss on investment in Nation business entities	-	55,226
	(80)	25,923
Decrease in cash resources	(395,615)	(682,944)
Cash resources, beginning of year	2,269,157	2,952,101
Cash resources, end of year	1,873,542	2,269,157
Cash resources are composed of:		
Cash total (positive only)	1,711,225	1,612,701
Funds held in trust by federal government	162,317	656,456
	1,873,542	2,269,157

The accompanying notes are an integral part of these financial statements

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

1. Operations

The Gitga'at First Nation (the "First Nation") is located in the province of British Columbia, and provides various services to its members. Gitga'at First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards as set out in the CPA Canada Handbook - Public Sector Accounting as issued by the Accounting Standards Board of Canada and including the following significant accounting policies:

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.

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for First Nation government business enterprises. Trusts administered on behalf of third parties by Gitga'at First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Gitga'at Forestry Inc.
- Gitga'at Development Corporation

All inter-entity balances have been eliminated on consolidation.

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, prepaid expenses and fishing licenses.

Net financial assets

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

Cash

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation 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 First Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Inventory for resale

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2016, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on the declining balance basis, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

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:

	Method	Rate
Infrastructure	declining balance	4-5 %
Equipment	declining balance	20 %
Boats	declining balance	15 %
Vehicles	declining balance	30 %

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

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

Long-term debt

Long-term financing received to fund tangible capital asset purchases is recognized in the period the financing is acquired and recorded as an increase in long-term debt.

Repayments of long-term financing are recognized as a decrease in long-term debt.

Fishing licenses

Fishing licenses are recorded at the lower of historical cost and market value.

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

Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets and fishing licenses with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation 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 surplus for the year ended.

Retirement benefits

The First Nation has a defined contribution pension plan under which the Nation pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further amounts. The contributions payable to the defined contribution plan are recognized as a liability and an expense during the periods which employees render service. Prepaid contributions are recognized as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

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 First Nation 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, 2016.

At each financial reporting date, the First Nation 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 First Nation 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, 2016, management has determined no liability is required to be recorded.

Measurement uncertainty

The preparation of 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 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. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Revenue recognition

Government Transfers

The First Nation 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 First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Externally restricted revenue

The First Nation 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 First Nation records externally restricted inflows in deferred revenue.

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

Funds held in Ottawa Trust Fund

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received. The First Nation may have submitted band council resolutions requesting the receipt of trust funds as at March 31, 2016.

Other

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

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

Segments

The First Nation conducts its business through ten reportable segments: Administration, Community Health, Community Social Services & Special Projects, Development Corporation & Other, Economic Development & Gitga'at Clean Energy, Education, Fisheries, Guardian Watchman & Lands and Marine, Own Source Revenue, & Forest and Range, Social Assistance, and Village Operations & Capital Projects. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

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 financial statements as disclosed in Note 2 the *Significant accounting policies*, with all inter-entity transactions eliminated upon consolidation.

Future Accounting Policies

PS 2200 Related Party Disclosures

This accounting pronouncement is effective for the 2018 fiscal year and defines related party and established disclosures required for related party transactions. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 2601 Foreign Currency Translation

This accounting pronouncement is effective for the 2017 fiscal year and revises and replaces PS 2600 *Foreign Currency Translation*. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3041 Portfolio Investments

This accounting pronouncement is effective for the 2017 fiscal year and revises and replaces PS 3030 *Temporary Investments* and PS 3040 *Portfolio Investments*. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

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

PS 3210 Assets

This accounting pronouncement is effective for the 2018 fiscal year and provides guidance for applying the definitions of assets set out in PS 1000 *Financial Statement Concepts* and establishes general disclosure standards for assets. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3320 Contingent Assets

This accounting pronouncement is effective for the 2018 fiscal year and establishes disclosure standards on contingent assets. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3380 Contractual Rights

This accounting pronouncement is effective for the 2018 fiscal year and defines and establishes disclosure standards on contractual rights. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3420 Inter-entity Transactions

This accounting pronouncement is effective for the 2018 fiscal year and established standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

PS 3450 Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2019, with early adoption encouraged. Management is assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

3. Cash

The Nation has available a \$350,000 line of credit which bears interest at prime plus 2% per annum and is secured by certain term deposits. At March 31, 2016, there is no balance outstanding on the line of credit.

4. Accounts receivable

	2016	2015
Indigenous and Northern Affairs Canada	282,774	968,477
Other government receivables	338,951	83,925
Members	907,135	898,748
Trade and other receivables	781,573	649,990
Interest receivable	12,601	15,529
	2,323,034	2,616,669
Less: Allowance for doubtful accounts	925,028	903,697
	1,398,006	1,712,972

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

5. Portfolio investments

All portfolio investments are considered to be of long-term nature.

Included in portfolio investments are \$135,330 (2015 - \$196,030) of term deposits which have been pledged as security for loans described in Note 9.

6. Funds held in Ottawa trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Council.

	2016	2015
Capital Trust		
Balance, beginning and end of year	80,180	80,180
Revenue Trust		
Balance, beginning of year	576,276	559,100
Interest	5,861	17,176
Withdrawal	(500,000)	-
Balance, end of year	82,137	576,276
	162,317	656,456

7. Accounts payable and accruals

	2016	2015
Indigenous and Northern Affairs Canada	144,413	155,328
Accrued salaries and employee benefits payable	116,064	61,147
Other accrued liabilities	54,000	32,584
Trade accounts payable	1,106,208	1,164,403
	1,420,685	1,413,462

8. Deferred revenue

The First Nation's deferred revenue is analyzed as follows:

	2015 Deferred Revenue	Current Year Funding Received	Current Year Revenue Recognized	2016 Deferred Revenue
FNHA	61,462	324,634	299,801	86,295
INAC	1,266,762	328,883	1,412,077	183,568
Other government	131,000	118,594	131,084	118,510
Other funders	200,576	439,596	124,347	515,825
	1,659,800	1,211,707	1,967,309	904,198

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

9. Long-term debt

	2016	2015
Northern Savings Credit Union - Boat loan with monthly interest only payments at prime plus 1% per annum, due October 2025. Secured by a term deposit for the same.	95,755	135,755
Northern Savings Credit Union - Industrial Burner loan with blended monthly payments of \$1,725 at prime plus 1% per annum, due February 2018. Secured by a term deposit for the same.	39,575	60,275
	135,330	196,030

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

2017	20,700
2018	18,875

10. Capital lease obligations

	2016	2015
Capital lease obligation payable in equal monthly payments of \$3,508 including interest at 11.71% per annum, due December 2016, secured by related equipment with a net book value of \$76,779 (2015 - \$95,974)	39,727	74,899

Minimum lease payments related to the obligation under capital lease are as follows:

2017	42,094
Less: imputed interest	2,367
Less: current portion	39,727
	-

11. Defined contribution pension plan

During the year, the First Nation contributed \$34,153 (2015 - \$36,758) to the defined contribution pension plan.

12. Contingent liabilities

The Nation has entered into contribution agreements with various federal government departments for the purpose of negotiating a land claims treaty with the federal and provincial governments. Funding received under these contribution agreements is subject to repayment once a treaty enters into force between the Nation and the federal and provincial governments. No repayments are required under the contribution agreements during the period that negotiations continue, and is only repayable contingent upon the settlement of the treaty process which is ongoing. The balance owing under these agreements at March 31, 2016 is \$3,765,738 (2015 - \$3,584,293) and has not been accrued in the consolidated financial statements.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

13. Accumulated surplus

Accumulated surplus consists of the following:

	2016	2015
Investment in tangible capital assets	21,410,286	19,730,807
Trust funds held by federal government	162,317	80,180
Investments in and advances to government business enterprises	94,597	(13,382)
Fishing licenses	607,340	607,340
Jubilee Fund	60,000	-
Restricted cash and cash equivalents	-	1,659,800
	22,334,540	22,064,745
Unexpended funding available for operations	2,933,391	1,149,782
	25,267,931	23,214,527

14. Economic dependence

Gitga'at First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by INAC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these funding agreements.

15. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

16. Segments

The Nation receives revenues and expenses from many different projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by segments. Schedules 3 to 12 disclose the details of the Nation's revenues and expenses by segment. The Nation is organized into the following segments:

Administration

The segment provides band support, governance and administrative services for the operations of the Nation including various financial functions such as payroll, accounts receivable and accounts payable.

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, home to work transition assistance, assisted living, family violence prevention and awareness and the national child benefit reinvestment.

Community Health

This segment is responsible for the operation of health facilities and the delivery of programs to support child development and community health.

Education

This segment is responsible for managing and delivering kindergarten to grade 12 education programs and services as well as the management of post-secondary student funding and support programs.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

Village Operations & Capital Projects

This segment maintains village infrastructure and implements capital projects undertaken, by the Nation. Infrastructure includes buildings, the subdivision, electrical and sanitation systems.

Economic Development & Gitga'at Clean Energy

This segment implements community economic development planning and capacity building initiatives that will benefit the Nation by enhancing employment and income generating activities.

Community Social Services & Special Projects

This segment is responsible for providing assistance to the Nation's members when looking for employment and delivering training programs for skill development. The Nation is engaging in a number of agreements for capacity development.

Fisheries, Guardian Watchman & Lands and Marine

This segment is responsible for maintaining the Nation's fishing licences, delivery of land and ocean programs and research and risk assessments relating to climate change. There is also a focus on the conservation and preservation of the Nation's traditional territory.

Own Source Revenue & Forest and Range

This segment is responsible for collecting own source revenue and operating the Hartley Bay Fuel station. Forest and Range income is used for activities that benefit the Nation such as housing projects, economic development and activities for the elders.

Development Corporation & Other

The Gitga'at Development Corporation is responsible for generating economic activity through the development of partnerships, business ventures and joint ventures.

Gitga'at First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	Infrastructure	Equipment	Boats	Vehicles	Assets under construction	2016	2015
Cost							
Balance, beginning of year	24,439,087	2,591,421	553,111	187,073	4,033,478	31,804,170	29,991,543
Acquisition of tangible capital assets	1,683,445	209,764	67,390	36,436	2,296,542	4,293,577	1,823,236
Construction-in-progress	-	-	-	-	(1,583,890)	(1,583,890)	-
Disposal of tangible capital assets	-	-	-	-	-	-	(10,608)
Balance, end of year	26,122,532	2,801,185	620,501	223,509	4,746,130	34,513,857	31,804,171
Accumulated amortization							
Balance, beginning of year	9,805,841	1,996,735	168,438	102,349	-	12,073,363	11,239,338
Annual amortization	621,599	139,915	62,755	30,883	-	855,152	838,523
Accumulated amortization on disposals	-	-	-	-	-	-	(4,498)
Balance, end of year	10,427,440	2,136,650	231,193	133,232	-	12,928,515	12,073,363
Net book value of tangible capital assets	15,695,092	664,535	389,308	90,277	4,746,130	21,585,342	19,730,808
2015 Net book value of tangible capital assets	14,633,246	594,686	384,673	84,724	4,033,479	19,730,808	

Gitga'at First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2016

	2016	2015
Consolidated expenses by object		
Amortization	855,152	838,523
Bad debts	21,331	24,757
Bank charges and interest	35,175	51,644
Employee benefits	216,525	215,753
Community electrification	-	85,000
Consulting fees	2,976,119	2,663,381
Awards	39,000	31,000
Honouraria	198,191	203,900
Insurance	122,335	123,425
Fuel costs	-	828
Village celebrations	2,426	52,789
Office, program supplies and miscellaneous	717,905	762,563
Professional fees	539,899	496,428
Student and school allowance	375,957	371,906
Rent and occupancy costs	30,380	98,656
Repairs and maintenance	226,880	363,038
Renovation materials	7,000	-
Fire department	479	13,101
Salaries and wages	1,834,558	1,877,452
Social assistance	802	4,960
Telephone	98,978	119,037
Training	73,748	452,143
Travel	497,139	460,625
Tuition	117,836	134,790
Utilities, fuel and other	520,418	558,882
Advertising	8,024	22,127
Equipment and facility rental	38,234	87,570
Income assistance	25,515	-
Loss on disposal of tangible capital assets	-	6,110
	9,580,006	10,120,388

Gitga'at First Nation
Administration

Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	289,733	178,485	284,835
Administration fees	630,000	31,842	-
Interest and investment income	20	-	18
Other revenue	19,700	19,540	19,863
Own source revenue	37,000	36,900	36,851
	976,453	266,767	341,567
Expenses			
Advertising	-	1,140	-
Amortization	-	100,236	97,295
Bad debts	13,000	21,331	12,927
Bank charges and interest	22,500	15,210	22,460
Consulting fees	129,000	157,901	127,141
Employee benefits	42,000	26,323	40,967
Equipment and facility rental	5,200	1,173	5,215
Honouraria	135,000	119,100	134,888
Insurance	9,700	11,191	9,655
Loss on disposal of tangible capital assets	-	-	6,110
Office, program supplies and miscellaneous	42,653	45,845	36,062
Professional fees	60,500	127,681	55,406
Rent and occupancy costs	3,000	455	3,000
Repairs and maintenance	22,000	1,957	461
Salaries and wages	303,700	276,161	297,475
Telephone	54,400	67,965	54,374
Travel	68,000	59,167	69,285
Utilities, fuel and other	59,000	2,637	57,907
	969,653	1,035,473	1,030,628
Deficit before transfers	6,800	(768,706)	(689,061)
Transfers between programs	-	(120,924)	(30,860)
Deficit	6,800	(889,630)	(719,921)

Gitga'at First Nation
Community Health

Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
First Nations Health Authority	-	874,442	702,325
Province of British Columbia	-	43,313	-
Northern Health Authority	-	6,000	11,180
Other revenue	-	4,351	-
	-	928,106	713,505
Expenses			
Advertising	-	422	-
Amortization	-	107,231	103,385
Bank charges and interest	-	8	2
Consulting fees	-	205,939	117,767
Employee benefits	-	27,653	25,870
Equipment and facility rental	-	5,455	8,819
Insurance	-	6,734	6,545
Office, program supplies and miscellaneous	-	68,488	41,744
Professional fees	-	1,092	-
Rent and occupancy costs	-	2,000	-
Repairs and maintenance	-	280	1,080
Salaries and wages	-	223,813	178,989
Telephone	-	10,664	11,856
Travel	-	240,112	213,450
Utilities, fuel and other	-	28,270	32,148
	-	928,161	741,655
Deficit before transfers	-	(55)	(28,150)
Transfers between programs	25,000	(12,097)	-
Deficit	25,000	(12,152)	(28,150)

Gitga'at First Nation
Community Social Services & Special Projects
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	126,752	74,456
Province of British Columbia	-	291,757	141,980
FNESC	-	(7,500)	52,355
Interest and investment income	-	5,860	17,176
Other revenue	-	881,392	1,856,222
Tribal Resources Investment Corporation	-	40,000	56,244
	-	1,338,261	2,198,433
Expenses			
Advertising	-	2,003	15,127
Amortization	-	2,798	2,436
Awards	-	39,000	31,000
Bad debts	-	-	5,225
Bank charges and interest	-	49	3,351
Consulting fees	-	374,805	631,997
Employee benefits	-	23,011	19,622
Equipment and facility rental	-	-	4,043
Honouraria	-	11,749	-
Insurance	-	-	2,500
Office, program supplies and miscellaneous	-	41,647	107,829
Professional fees	-	147,880	92,006
Renovation materials	-	7,000	-
Rent and occupancy costs	-	10,000	21,414
Repairs and maintenance	-	-	3,217
Salaries and wages	-	289,647	265,030
Student and school allowance	-	111,637	180,706
Telephone	-	3,978	30,901
Training	-	61,431	416,772
Travel	-	69,768	86,759
Tuition	-	29,767	25,173
Utilities, fuel and other	-	130	-
Village celebrations	-	-	12,692
	-	1,226,300	1,957,800
Surplus before transfers	-	111,961	240,633
Transfers between programs	-	(638,486)	30,957
Surplus (deficit)	-	(526,525)	271,590

Gitga'at First Nation
Development Corporation & Other
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Investment income	-	28,498	36,096
Other revenue	-	802,060	470,909
	-	830,558	507,005
Expenses			
Advertising	-	595	-
Bank charges and interest	-	140	-
Consulting fees	-	201,747	88,960
Employee benefits	-	2,804	25
Insurance	-	-	4,082
Office, program supplies and miscellaneous	-	2,059	595
Professional fees	-	20,928	35,678
Rent and occupancy costs	-	12,000	14,659
Salaries and wages	-	46,068	327
Telephone	-	1,500	6,000
Travel	-	19,464	7,888
Utilities, fuel and other	-	-	2,139
	-	307,305	160,353
Surplus before transfers	-	523,253	346,652
Transfers between programs	-	(462,019)	(291,396)
Surplus	-	61,234	55,256

Gitga'at First Nation
Economic Development & Gitga'at Clean Energy
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	2,042	115,032
Other revenue	-	27,409	-
	-	29,451	115,032
Expenses			
Consulting fees	-	7,097	139,046
Employee benefits	-	-	3,996
Office, program supplies and miscellaneous	-	-	10,186
Professional fees	-	-	8,222
Rent and occupancy costs	-	-	3,500
Repairs and maintenance	-	-	9,479
Salaries and wages	-	-	29,422
Travel	-	-	3,400
Utilities, fuel and other	-	-	698
	-	7,097	207,949
Surplus (deficit) before transfers	-	22,354	(92,917)
Transfers between programs	-	-	-
Surplus (deficit)	-	22,354	(92,917)

Gitga'at First Nation
Education

Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	1,376,771	1,311,004	1,309,562
FNESC	-	9,460	10,229
Other revenue	-	4,213	500
Prior year recovery	-	-	(15,000)
Tribal Resources Investment Corporation	-	-	13,588
Opening deferred revenue	-	-	21,725
	1,376,771	1,324,677	1,340,604
Expenses			
Amortization	-	276,623	267,572
Bank charges and interest	-	2	-
Consulting fees	704,000	708,354	709,934
Employee benefits	2,900	2,948	2,130
Equipment and facility rental	6,500	-	4,882
Insurance	27,000	27,006	26,250
Office, program supplies and miscellaneous	9,600	17,597	25,256
Rent and occupancy costs	20,000	-	1,100
Repairs and maintenance	57,596	1,270	-
Salaries and wages	52,333	50,913	46,397
Student and school allowance	192,000	264,320	191,200
Telephone	700	196	604
Travel	7,268	9,376	6,207
Tuition	100,000	88,069	99,416
Utilities, fuel and other	63,000	61,336	61,475
Village celebrations	-	326	-
	1,242,897	1,508,336	1,442,423
Surplus (deficit) before transfers	133,874	(183,659)	(101,819)
Transfers between programs	-	13,194	18,325
Surplus (deficit)	133,874	(170,465)	(83,494)

Gitga'at First Nation
Fisheries, Guardian Watchman & Lands and Marine
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
First Nations Health Authority	-	-	64,397
Government of Canada	-	287,602	220,250
Indigenous and Northern Affairs Canada	-	75,000	73,284
Province of British Columbia	-	160,600	176,300
Lease and licence income	-	226,434	216,582
Other revenue	-	873,539	778,751
Own source revenue	-	23,655	9,508
Rental income	-	44,521	120,459
Tribal Resources Investment Corporation	-	-	28,100
	-	1,691,351	1,687,631
Expenses			
Advertising	-	3,386	-
Amortization	-	127,995	129,907
Bad debts	-	-	3,000
Bank charges and interest	-	4,678	7,700
Consulting fees	-	176,161	88,027
Employee benefits	-	79,196	68,174
Equipment and facility rental	-	19,474	45,165
Fuel costs	-	-	828
Honouraria	-	67,342	69,012
Insurance	-	19,134	18,775
Office, program supplies and miscellaneous	-	111,653	84,524
Professional fees	-	236,837	276,575
Rent and occupancy costs	-	-	22,154
Repairs and maintenance	-	157,057	191,285
Salaries and wages	-	576,493	600,100
Telephone	-	11,210	10,936
Training	-	1,605	21,177
Travel	-	79,923	56,694
Tuition	-	-	10,200
Utilities, fuel and other	-	10,256	6,163
Village celebrations	-	-	5,379
	-	1,682,400	1,715,775
Surplus (deficit) before transfers	-	8,951	(28,144)
Transfers between programs	-	610,033	94,567
Surplus	-	618,984	66,423

Gitga'at First Nation
Own Source Revenue & Forest and Range
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Province of British Columbia	-	276,500	-
Fuel revenue	-	484,168	457,971
Interest and investment income	-	36,988	44,850
Management fees	-	-	15,285
Other partnership income (loss)	-	43,388	(55,228)
Other revenue	-	740,000	-
Own source revenue	-	50,437	107,901
Rental income	-	7,500	21,970
Other revenue	-	802,721	-
	-	2,441,702	592,749
Expenses			
Advertising	-	289	7,000
Bank charges and interest	-	7,677	7,002
Consulting fees	-	13,175	4,052
Employee benefits	-	5,006	984
Equipment and facility rental	-	3,328	6,499
Insurance	-	6,658	6,546
Office, program supplies and miscellaneous	-	57,946	18,067
Professional fees	-	5,480	13,634
Salaries and wages	-	44,380	13,109
Telephone	-	2,638	4,065
Travel	-	1,857	1,201
Utilities, fuel and other	-	342,077	275,058
Village celebrations	-	2,100	34,718
	-	492,611	391,935
Surplus before transfers	-	1,949,091	200,814
Transfers between programs	-	(96,575)	(6,568)
Surplus	-	1,852,516	194,246

Gitga'at First Nation
Social Assistance

**Schedule 11 - Consolidated Schedule of Revenue and Expenses and Accumulated
Surplus (Deficit)**

For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	389,498	271,210	308,058
Other revenue	-	2,688	10,000
	389,498	273,898	318,058
Expenses			
Advertising	-	188	-
Amortization	-	35,277	34,056
Bank charges and interest	-	490	30
Consulting fees	15,200	44,845	19,087
Employee benefits	13,300	11,564	13,021
Equipment and facility rental	-	345	-
Office, program supplies and miscellaneous	55,400	26,784	39,891
Rent and occupancy costs	12,000	2,725	6,300
Salaries and wages	170,317	78,285	184,419
Special needs	500	802	441
Telephone	-	826	-
Training	15,000	10,711	14,194
Travel	-	4,838	1,353
Utilities, fuel and other	2,200	3,603	4,874
Welfare benefits	45,000	-	4,519
Income assistance	-	25,515	-
	328,917	246,798	322,185
Surplus (deficit) before transfers	60,581	27,100	(4,127)
Transfers between programs	(25,000)	(26,797)	13,893
Surplus	35,581	303	9,766

Gitga'at First Nation
Village Operations & Capital Projects
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Canada Mortgage and Housing Corporation	-	81,288	-
Indigenous and Northern Affairs Canada	899,132	3,040,846	3,085,468
Other revenue	-	126,504	374,829
Own source revenue	-	-	2,000
	899,132	3,248,638	3,462,297
Expenses			
Amortization	-	204,992	203,873
Bad debts	-	-	3,606
Bank charges and interest	-	6,922	11,100
Community electrification	85,000	-	85,000
Consulting fees	99,000	1,086,095	737,369
Employee benefits	34,400	38,020	40,966
Equipment and facility rental	21,000	8,460	12,947
Fire department	-	479	13,101
Insurance	49,200	51,612	49,072
Office, program supplies and miscellaneous	90,517	345,888	398,409
Professional fees	-	-	14,907
Rent and occupancy costs	11,000	3,200	26,528
Repairs and maintenance	111,760	66,316	157,515
Salaries and wages	220,000	248,800	262,184
Telephone	-	-	300
Travel	6,449	12,633	14,387
Utilities, fuel and other	10,700	72,108	118,421
	739,026	2,145,525	2,149,685
Surplus before transfers	160,106	1,103,113	1,312,612
Transfers between programs	-	733,671	171,083
Surplus	160,106	1,836,784	1,483,695