

**Gitga'at First Nation**  
**Consolidated Financial Statements**  
*March 31, 2017*

**Management's Responsibility****Independent Auditors' Report****Consolidated Financial Statements**

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## Management's Responsibility

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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.

July 28, 2017



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Band Administrator

## Independent Auditors' Report

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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, 2017, and the consolidated statements of operations and accumulated surplus, change 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 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 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 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 financial statements.

We believe that the audit evidence we have obtained 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, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kelowna, British Columbia

July 28, 2017

Chartered Professional Accountants

**Gitga'at First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2017*

	2017	2016
<b>Financial assets</b>		
Cash (Note 3)	2,915,374	1,711,873
Accounts receivable (Note 4)	2,301,915	1,398,006
Inventory for resale	68,684	100,747
Portfolio investments (Note 5)	2,185,235	2,170,720
Funds held in Ottawa trust (Note 6)	167,193	162,317
<b>Total of financial assets</b>	<b>7,638,401</b>	<b>5,543,663</b>
<b>Financial liabilities</b>		
Accounts payable and accruals (Note 7)	1,310,641	1,421,333
Deferred revenue (Note 8)	624,158	904,198
Tenant deposits	-	21,750
Long-term debt (Note 9)	74,630	135,330
Capital lease obligations (Note 10)	-	39,727
<b>Total of financial liabilities</b>	<b>2,009,429</b>	<b>2,522,338</b>
<b>Net financial assets</b>	<b>5,628,972</b>	<b>3,021,325</b>
<b>Contingent liabilities (Note 12)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	21,076,882	21,585,342
Fishing licences	607,340	607,340
Prepaid expenses	98,478	53,921
<b>Total non-financial assets</b>	<b>21,782,700</b>	<b>22,246,603</b>
<b>Accumulated surplus (Note 13)</b>	<b>27,411,672</b>	<b>25,267,928</b>
<b>Approved on behalf of the Chief and Council</b>		
 Councillor	 Councillor	
 Councillor	 Councillor	
 Councillor		

The accompanying notes are an integral part of these financial statements

**Gitga'at First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2017*

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>				
Indigenous and Northern Affairs Canada		3,074,692	4,050,654	5,005,338
First Nations Health Authority		998,164	1,187,099	874,442
Province of British Columbia		619,460	1,042,627	772,169
Government of Canada		157,000	288,003	287,602
Canada Mortgage and Housing Corporation		-	73,730	81,288
Administration fees		-	12,533	31,842
Fuel revenue		-	489,422	484,168
Interest and investment income		21	45,710	42,848
Other partnership income		-	-	43,388
Other revenue		934,071	4,015,056	3,807,311
Own source revenue		37,740	314,251	110,993
Rental income		24,000	13,635	52,021
Tribal Resources Investment Corporation		-	136,000	40,000
		<b>5,845,148</b>	<b>11,668,720</b>	<b>11,633,410</b>
<b>Program expenses</b>				
Administration	3	969,653	1,136,762	1,035,478
Community Health	4	582,066	816,734	928,161
Community Social Services & Special Projects	5	-	1,399,799	1,226,300
Development Corporation & Other	6	-	538,180	307,305
Economic Development & Gitga'at Clean Energy	7	51,851	52,496	7,097
Education	8	1,216,397	1,399,171	1,508,336
Fisheries, Guardian Watchman & Lands and Marine	9	1,160,525	1,554,089	1,682,400
Own Source Revenue & Forest and Range	10	-	496,384	492,611
Social Assistance	11	283,917	361,972	246,798
Village Operations & Capital Projects	12	654,026	1,769,388	2,145,525
		<b>4,918,435</b>	<b>9,524,975</b>	<b>9,580,011</b>
<b>Surplus</b>		<b>926,713</b>	<b>2,143,744</b>	<b>2,053,399</b>
<b>Accumulated surplus, beginning of year</b>		<b>25,267,928</b>	<b>25,267,928</b>	<b>23,214,529</b>
<b>Accumulated surplus, end of year</b>		<b>26,194,641</b>	<b>27,411,672</b>	<b>25,267,928</b>

*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, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Annual surplus</b>	<b>926,713</b>	<b>2,143,744</b>	2,053,399
Purchases of tangible capital assets	-	<b>(387,614)</b>	(2,709,688)
Amortization of tangible capital assets	-	<b>896,072</b>	855,157
	-	<b>508,458</b>	(1,854,531)
Acquisition of prepaid expenses	-	<b>(44,555)</b>	(6,392)
<b>Increase in net financial assets</b>	<b>926,713</b>	<b>2,607,647</b>	192,476
<b>Net financial assets, beginning of year</b>	<b>3,021,325</b>	<b>3,021,325</b>	2,828,849
<b>Net financial assets, end of year</b>	<b>3,948,038</b>	<b>5,628,972</b>	3,021,325

*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, 2017*

	2017	2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Surplus	2,143,744	2,053,399
Non-cash items		
Amortization	896,072	855,157
Bad debts	14,429	-
Change in investment valuation	(3,990)	(71,881)
	3,050,255	2,836,675
Changes in working capital accounts		
Accounts receivable	(918,339)	314,966
Prepaid expenses	(44,555)	(6,392)
Accounts payable and accruals	(110,694)	7,873
Deferred revenue	(280,040)	(755,602)
Tenant deposits	(21,750)	10,800
Inventory for resale	32,063	2,352
	1,706,940	2,410,672
<b>Financing activities</b>		
Repayment of long-term debt	(60,700)	(60,700)
Repayment of capital lease obligation	(39,727)	(35,171)
	(100,427)	(95,871)
<b>Capital activities</b>		
Purchases of tangible capital assets	(387,614)	(2,709,688)
<b>Investing activities</b>		
Purchase of portfolio investments	(10,527)	(80)
Withdrawal of funds held in trust	-	500,000
Proceeds from funds held in trust	(4,871)	(5,861)
	(15,398)	494,059
<b>Increase (decrease) in cash resources</b>	<b>1,203,501</b>	<b>99,172</b>
<b>Cash resources, beginning of year</b>	<b>1,711,873</b>	<b>1,612,701</b>
<b>Cash resources, end of year</b>	<b>2,915,374</b>	<b>1,711,873</b>

The accompanying notes are an integral part of these financial statements



**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 First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First 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 includes 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 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, 2017, 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:

	<b><i>Method</i></b>	<b><i>Rate</i></b>
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 First 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 First 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, 2017.

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, 2017, 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.

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

*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.

*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, 2017.

*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.

**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**

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

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.

**Gitga'at First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

**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 First 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, 2017, there is no balance outstanding on the line of credit.

**4. Accounts receivable**

	2017	2016
Indigenous and Northern Affairs Canada	544,546	282,774
Other government receivables	134,439	338,951
Members	926,637	907,135
Trade and other receivables	1,614,988	781,573
Interest receivable	19,884	12,601
	<b>3,240,494</b>	<b>2,323,034</b>
Less: Allowance for doubtful accounts	<b>938,579</b>	<b>925,028</b>
	<b>2,301,915</b>	<b>1,398,006</b>

**5. Portfolio investments**

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

Included in portfolio investments are \$74,630 (2016 - \$135,330) 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.

	2017	2016
<b>Capital Trust</b>		
Balance, beginning and end of year	80,180	80,180
<b>Revenue Trust</b>		
Balance, beginning of year	82,137	576,276
Interest	4,876	5,861
Withdrawal	-	(500,000)
Balance, end of year	<b>87,013</b>	<b>82,137</b>
	<b>167,193</b>	<b>162,317</b>

**Gitga'at First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**7. Accounts payable and accruals**

	<b>2017</b>	<b>2016</b>
Indigenous and Northern Affairs Canada	<b>2,790</b>	144,413
Accrued salaries and employee benefits payable	<b>149,090</b>	116,064
Other accrued liabilities	<b>105,128</b>	54,000
Trade accounts payable	<b>1,053,633</b>	1,106,856
	<b>1,310,641</b>	1,421,333

**8. Deferred revenue**

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

	<b>2016 Deferred Revenue</b>	<b>Current Year Funding Received</b>	<b>Current Year Revenue Recognized</b>	<b>2017 Deferred Revenue</b>
FNHA	86,295	-	86,295	-
INAC	183,568	977,582	996,051	165,099
Other government	272,092	415,994	536,086	152,000
Other funding sources	362,243	949,258	1,004,442	307,059
	<b>904,198</b>	<b>2,342,834</b>	<b>2,622,874</b>	<b>624,158</b>

**Gitga'at First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**9. Long-term debt**

	<b>2017</b>	<b>2016</b>
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.	<b>55,755</b>	95,755
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.	<b>18,875</b>	39,575
	<b>74,630</b>	135,330

Prime rate is stated at 2.7%

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

2018	18,875
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**10. Capital lease obligations**

	<b>2017</b>	<b>2016</b>
Capital lease obligation, fully repaid in the year.	-	39,727

**11. Defined contribution pension plan**

During the year, the First Nation contributed \$55,576 (2016 - \$34,153) to the defined contribution pension plan.

**12. Contingent liabilities**

The First 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 First 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, 2017 is \$4,088,738 (2016 - \$3,765,738) and has not been accrued in the consolidated financial statements.

As at March 31, 2017, no liability (2016 - \$nil) has been recorded associated with this contingent liability.

The First Nation has guaranteed CMHC RRAP loans on behalf of band members that are forgivable on the condition that the First Nation continues to own the unit and it is occupied by band members with a total household income at or below the income threshold during the earning period of the loans. If the First Nation sells, transfers or ceases to operate the property before the maturity date, the unearned forgivable loan plus interest will immediately become due and payable. Balance of the loans at March 31, 2017 is \$99,290 (2016 - \$83,946). No amount has been recorded by the First Nation.



**Gitga'at First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**13. Accumulated surplus**

Accumulated surplus consists of the following:

	2017	2016
Investment in tangible capital assets	21,002,252	21,410,286
Trust funds held by federal government	167,193	162,317
Fishing licenses	607,340	607,340
Jubilee Fund	60,000	60,000
	<b>21,836,785</b>	22,239,943
Unexpended funding available for operations	5,574,887	3,027,985
	<b>27,411,672</b>	25,267,928

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

*Administration*

The segment provides band support, governance and administrative services for the operations of the First 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.

*Village Operations & Capital Projects*

This segment maintains village infrastructure and implements capital projects undertaken by the First 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 First 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 First 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 First 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 First 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, 2017*

	<i>Infrastructure</i>	<i>Equipment</i>	<i>Boats</i>	<i>Vehicles</i>	<i>Assets under construction</i>	<i>2017</i>	<i>2016</i>
<b>Cost</b>							
Balance, beginning of year	26,122,532	2,801,185	620,501	223,509	4,746,130	34,513,857	31,804,170
Acquisition of tangible capital assets	1,870,870	104,106	8,500	23,380	304,473	2,311,329	4,293,577
Construction-in-progress	-	-	-	-	(1,920,208)	(1,920,208)	(1,583,890)
Disposal of tangible capital assets	-	(3,509)	-	-	-	(3,509)	-
Balance, end of year	27,993,402	2,901,782	629,001	246,889	3,130,395	34,901,469	34,513,857
<b>Accumulated amortization</b>							
Balance, beginning of year	10,427,440	2,136,650	231,193	133,232	-	12,928,515	12,073,363
Annual amortization	664,232	142,214	59,034	30,592	-	896,072	855,152
Balance, end of year	11,091,672	2,278,864	290,227	163,824	-	13,824,587	12,928,515
<b>Net book value of tangible capital assets</b>	<b>16,901,730</b>	<b>622,918</b>	<b>338,774</b>	<b>83,065</b>	<b>3,130,395</b>	<b>21,076,882</b>	<b>21,585,342</b>
2016 Net book value of tangible capital assets	15,695,092	664,535	389,308	90,277	4,746,130	21,585,342	

**Gitga'at First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Consolidated expenses by object</b>		
Advertising	<b>10,482</b>	8,024
Amortization	<b>896,072</b>	855,157
Awards	<b>40,000</b>	39,000
Bad debts	<b>14,429</b>	21,331
Bank charges and interest	<b>25,176</b>	35,175
Consulting fees	<b>2,795,554</b>	2,976,119
Employee benefits	<b>271,014</b>	216,525
Equipment and facility rental	<b>4,953</b>	38,234
Fire department	<b>-</b>	479
Honoraria	<b>196,475</b>	198,191
Income assistance	<b>26,210</b>	25,515
Insurance	<b>125,023</b>	122,335
Office, program supplies and miscellaneous	<b>520,608</b>	717,899
Professional fees	<b>517,124</b>	539,904
Renovation materials	<b>-</b>	7,000
Rent and occupancy costs	<b>10,132</b>	30,380
Repairs and maintenance	<b>181,523</b>	226,880
Salaries and wages	<b>2,042,241</b>	1,834,559
Social assistance	<b>815</b>	802
Student and school allowance	<b>266,388</b>	375,957
Telephone	<b>62,860</b>	98,978
Training	<b>274,371</b>	73,748
Travel	<b>534,670</b>	497,139
Tuition	<b>105,107</b>	117,836
Utilities, fuel and other	<b>561,632</b>	520,418
Village celebrations	<b>42,116</b>	2,426
	<b>9,524,975</b>	9,580,011

**Gitga'at First Nation**  
**Administration**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	289,733	299,182	178,485
Administration fees	-	12,533	31,842
Interest and investment income	20	66	-
Other revenue	19,700	33,239	19,540
Own source revenue	37,000	15,557	36,900
	<b>346,453</b>	<b>360,577</b>	266,767
<b>Expenses</b>			
Advertising	-	3,906	1,140
Amortization	-	106,746	100,241
Bad debts	13,000	14,429	21,331
Bank charges and interest	22,500	10,793	15,210
Consulting fees	129,000	77,051	157,901
Employee benefits	42,000	44,653	26,323
Equipment and facility rental	5,200	-	1,173
Honoraria	135,000	130,108	119,100
Insurance	9,700	11,480	11,191
Office, program supplies and miscellaneous	42,653	51,125	45,845
Professional fees	60,500	200,316	127,681
Rent and occupancy costs	3,000	-	455
Repairs and maintenance	22,000	71	1,957
Salaries and wages	303,700	353,331	276,161
Telephone	54,400	29,301	67,965
Travel	68,000	100,280	59,167
Utilities, fuel and other	59,000	3,172	2,637
	<b>969,653</b>	<b>1,136,762</b>	1,035,478
<b>Surplus (deficit) before transfers</b>	<b>(623,200)</b>	<b>(776,185)</b>	<b>(768,711)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>(120,924)</b>
<b>Surplus (deficit)</b>	<b>(623,200)</b>	<b>(776,185)</b>	<b>(889,635)</b>

**Gitga'at First Nation**  
**Community Health**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
First Nations Health Authority	998,164	1,187,099	874,442
Province of British Columbia	-	47,575	43,313
Northern Health Authority	-	-	6,000
Other revenue	-	-	4,351
	<b>998,164</b>	<b>1,234,674</b>	<b>928,106</b>
<b>Expenses</b>			
Advertising	-	-	422
Amortization	-	113,856	107,231
Bank charges and interest	-	484	8
Consulting fees	200,000	249,685	205,939
Employee benefits	21,600	22,997	27,653
Equipment and facility rental	-	-	5,455
Insurance	-	5,839	6,734
Office, program supplies and miscellaneous	40,000	36,755	68,488
Professional fees	-	1,155	1,092
Rent and occupancy costs	-	-	2,000
Repairs and maintenance	-	1,698	280
Salaries and wages	120,000	126,316	223,813
Telephone	-	9,550	10,664
Travel	175,466	218,924	240,112
Utilities, fuel and other	25,000	29,475	28,270
	<b>582,066</b>	<b>816,734</b>	<b>928,161</b>
<b>Surplus (deficit) before transfers</b>	<b>416,098</b>	<b>417,940</b>	<b>(55)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>(26,486)</b>	<b>(12,097)</b>
<b>Surplus (deficit)</b>	<b>416,098</b>	<b>391,454</b>	<b>(12,152)</b>

**Gitga'at First Nation**  
**Community Social Services & Special Projects**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	-	<b>343,164</b>	126,752
Province of British Columbia	-	<b>467,453</b>	291,757
FNESC	-	<b>55,424</b>	(7,500)
Interest and investment income	-	<b>4,876</b>	5,860
Other revenue	-	<b>927,044</b>	881,392
Tribal Resources Investment Corporation	-	<b>136,000</b>	40,000
Own source revenue	-	<b>251,740</b>	-
Closing deferred revenue	-	<b>(7,199)</b>	-
	-	<b>2,178,502</b>	1,338,261
<b>Expenses</b>			
Advertising	-	<b>2,037</b>	2,003
Amortization	-	<b>2,844</b>	2,798
Awards	-	<b>40,000</b>	39,000
Bank charges and interest	-	<b>54</b>	49
Consulting fees	-	<b>298,436</b>	374,805
Employee benefits	-	<b>42,597</b>	23,011
Honoraria	-	-	11,749
Office, program supplies and miscellaneous	-	<b>62,592</b>	41,647
Professional fees	-	<b>153,759</b>	147,880
Renovation materials	-	-	7,000
Rent and occupancy costs	-	-	10,000
Salaries and wages	-	<b>362,919</b>	289,647
Student and school allowance	-	<b>25,188</b>	111,637
Telephone	-	<b>7,732</b>	3,978
Training	-	<b>267,087</b>	61,431
Travel	-	<b>117,419</b>	69,768
Tuition	-	<b>15,057</b>	29,767
Utilities, fuel and other	-	<b>2,078</b>	130
	-	<b>1,399,799</b>	1,226,300
<b>Surplus before transfers</b>	-	<b>778,703</b>	111,961
<b>Transfers between programs</b>	-	<b>41,483</b>	(438,486)
<b>Surplus (deficit)</b>	-	<b>820,186</b>	(326,525)

**Gitga'at First Nation**  
**Development Corporation & Other**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Interest and investment income	-	<b>1,947</b>	-
Investment income	-	<b>3,988</b>	28,498
Other revenue	-	<b>718,377</b>	802,060
	-	<b>724,312</b>	830,558
<b>Expenses</b>			
Advertising	-	<b>2,249</b>	595
Bank charges and interest	-	<b>134</b>	140
Consulting fees	-	<b>276,137</b>	201,747
Employee benefits	-	<b>10,076</b>	2,804
Office, program supplies and miscellaneous	-	<b>36,526</b>	2,059
Professional fees	-	<b>81,341</b>	20,928
Rent and occupancy costs	-	-	12,000
Salaries and wages	-	<b>70,355</b>	46,068
Telephone	-	<b>1,500</b>	1,500
Travel	-	<b>17,746</b>	19,464
Village celebrations	-	<b>42,116</b>	-
	-	<b>538,180</b>	307,305
<b>Surplus before transfers</b>	-	<b>186,132</b>	523,253
<b>Transfers between programs</b>	-	<b>89,863</b>	(462,019)
<b>Surplus</b>	-	<b>275,995</b>	61,234



**Gitga'at First Nation**  
**Economic Development & Gitga'at Clean Energy**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	<b>67,473</b>	<b>67,165</b>	2,042
Other revenue	-	-	27,409
	<b>67,473</b>	<b>67,165</b>	29,451
<b>Expenses</b>			
Consulting fees	<b>15,457</b>	<b>33,981</b>	7,097
Employee benefits	<b>1,530</b>	<b>311</b>	-
Office, program supplies and miscellaneous	<b>4,524</b>	<b>6,033</b>	-
Professional fees	<b>4,080</b>	<b>995</b>	-
Salaries and wages	<b>25,342</b>	<b>4,073</b>	-
Travel	<b>918</b>	<b>7,103</b>	-
	<b>51,851</b>	<b>52,496</b>	7,097
<b>Surplus before transfers</b>	<b>15,622</b>	<b>14,669</b>	22,354
<b>Transfers between programs</b>	-	<b>10,000</b>	-
<b>Surplus</b>	<b>15,622</b>	<b>24,669</b>	22,354

**Gitga'at First Nation**  
**Education**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	1,376,771	1,373,773	1,311,004
FNESC	-	8,486	9,460
Other revenue	-	15,000	4,213
Closing deferred revenue	-	(2,000)	-
	<b>1,376,771</b>	<b>1,395,259</b>	<b>1,324,677</b>
<b>Expenses</b>			
Amortization	-	294,136	276,623
Bank charges and interest	-	-	2
Consulting fees	704,000	606,471	708,354
Employee benefits	2,900	4,944	2,948
Insurance	27,000	20,771	27,006
Office, program supplies and miscellaneous	9,600	19,986	17,597
Repairs and maintenance	57,596	6,650	1,270
Salaries and wages	52,333	51,048	50,913
Student and school allowance	192,000	241,200	264,320
Telephone	700	338	196
Travel	7,268	10,103	9,376
Tuition	100,000	90,049	88,069
Utilities, fuel and other	63,000	53,475	61,336
Village celebrations	-	-	326
	<b>1,216,397</b>	<b>1,399,171</b>	<b>1,508,336</b>
<b>Surplus (deficit) before transfers</b>	<b>160,374</b>	<b>(3,912)</b>	<b>(183,659)</b>
<b>Transfers between programs</b>	<b>-</b>	<b>(12,213)</b>	<b>13,194</b>
<b>Surplus (deficit)</b>	<b>160,374</b>	<b>(16,125)</b>	<b>(170,465)</b>

**Gitga'at First Nation**  
**Fisheries, Guardian Watchman & Lands and Marine**  
**Schedule 9 - Schedule of Revenue and Expenses**

*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Government of Canada	157,000	288,003	287,602
Indigenous and Northern Affairs Canada	75,000	128,818	75,000
Province of British Columbia	160,000	240,600	160,600
Other revenue	913,977	877,407	873,539
Own source revenue	-	-	23,655
Rental income	24,000	13,635	44,521
Lease and licence income	21,000	199,122	226,434
	<b>1,350,977</b>	<b>1,747,585</b>	1,691,351
<b>Expenses</b>			
Advertising	-	2,290	3,386
Amortization	-	126,807	127,995
Bank charges and interest	-	3,182	4,678
Consulting fees	200,000	240,261	176,161
Employee benefits	98,421	81,659	79,196
Equipment and facility rental	27,500	2,453	19,474
Honoraria	36,000	66,367	67,342
Insurance	22,000	16,263	19,134
Office, program supplies and miscellaneous	100,000	84,280	111,653
Professional fees	-	74,915	236,837
Rent and occupancy costs	-	935	-
Repairs and maintenance	72,000	157,415	157,057
Salaries and wages	492,104	633,273	576,493
Telephone	-	10,858	11,210
Travel	60,000	41,816	79,923
Utilities, fuel and other	52,500	11,315	10,256
Training	-	-	1,605
	<b>1,160,525</b>	<b>1,554,089</b>	1,682,400
<b>Surplus before transfers</b>	<b>190,452</b>	<b>193,496</b>	8,951
<b>Transfers between programs</b>	-	-	610,033
<b>Surplus</b>	<b>190,452</b>	<b>193,496</b>	618,984

**Gitga'at First Nation**  
**Own Source Revenue & Forest and Range**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<b>2017 Budget</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Province of British Columbia	-	<b>287,000</b>	276,500
Fuel revenue	-	<b>489,422</b>	484,168
Interest and investment income	-	<b>38,821</b>	36,988
Other partnership income	-	-	43,388
Own source revenue	-	<b>46,954</b>	50,437
Rental income	-	-	7,500
Other revenue	-	<b>1,031,706</b>	802,721
	-	<b>1,893,903</b>	1,701,702
<b>Expenses</b>			
Advertising	-	-	289
Bank charges and interest	-	<b>7,874</b>	7,677
Consulting fees	-	<b>22,832</b>	13,175
Employee benefits	-	<b>5,069</b>	5,006
Equipment and facility rental	-	-	3,328
Insurance	-	<b>4,692</b>	6,658
Office, program supplies and miscellaneous	-	<b>21,807</b>	57,946
Professional fees	-	<b>4,642</b>	5,480
Salaries and wages	-	<b>46,091</b>	44,380
Telephone	-	<b>2,633</b>	2,638
Travel	-	<b>2,094</b>	1,857
Utilities, fuel and other	-	<b>378,550</b>	342,077
Village celebrations	-	-	2,100
Repairs and maintenance	-	<b>100</b>	-
	-	<b>496,384</b>	492,611
<b>Surplus before transfers</b>	-	<b>1,397,519</b>	1,209,091
<b>Transfers between programs</b>	-	<b>(138,684)</b>	(296,575)
<b>Surplus</b>	-	<b>1,258,835</b>	912,516

**Gitga'at First Nation**  
**Social Assistance**  
**Schedule 11 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Indigenous and Northern Affairs Canada	389,498	364,455	271,210
Other revenue	-	2,232	2,688
	<b>389,498</b>	<b>366,687</b>	<b>273,898</b>
<b>Expenses</b>			
Advertising	-	-	188
Amortization	-	37,478	35,277
Bank charges and interest	-	-	490
Consulting fees	15,200	(1,128)	44,845
Employee benefits	13,300	32,153	11,564
Equipment and facility rental	-	-	345
Office, program supplies and miscellaneous	55,400	37,927	26,784
Rent and occupancy costs	12,000	8,697	2,725
Salaries and wages	170,317	213,230	78,285
Special needs	500	815	802
Telephone	-	-	826
Training	15,000	4,094	10,711
Travel	-	1,290	4,838
Utilities, fuel and other	2,200	1,206	3,603
Income assistance	-	26,210	25,515
	<b>283,917</b>	<b>361,972</b>	<b>246,798</b>
<b>Surplus before transfers</b>	<b>105,581</b>	<b>4,715</b>	<b>27,100</b>
<b>Transfers between programs</b>	<b>-</b>	<b>-</b>	<b>(26,797)</b>
<b>Surplus</b>	<b>105,581</b>	<b>4,715</b>	<b>303</b>

**Gitga'at First Nation**  
**Village Operations & Capital Projects**  
**Schedule 12 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>			
Canada Mortgage and Housing Corporation	-	73,730	81,288
Indigenous and Northern Affairs Canada	899,132	1,474,097	3,040,846
Other revenue	-	87,941	126,504
Opening deferred revenue	-	64,288	-
	<b>899,132</b>	<b>1,700,056</b>	<b>3,248,638</b>
<b>Expenses</b>			
Amortization	-	214,206	204,992
Bank charges and interest	-	2,654	6,922
Consulting fees	99,000	991,828	1,086,095
Employee benefits	34,400	26,555	38,020
Equipment and facility rental	21,000	2,500	8,460
Fire department	-	-	479
Insurance	49,200	65,977	51,612
Office, program supplies and miscellaneous	90,517	163,578	345,888
Rent and occupancy costs	11,000	500	3,200
Repairs and maintenance	111,760	15,590	66,316
Salaries and wages	220,000	181,606	248,800
Telephone	-	948	-
Travel	6,449	17,896	12,633
Utilities, fuel and other	10,700	82,360	72,108
Training	-	3,190	-
	<b>654,026</b>	<b>1,769,388</b>	<b>2,145,525</b>
<b>Surplus (deficit) before transfers</b>	<b>245,106</b>	<b>(69,332)</b>	<b>1,103,113</b>
<b>Transfers between programs</b>	<b>-</b>	<b>36,036</b>	<b>733,671</b>
<b>Surplus (deficit)</b>	<b>245,106</b>	<b>(33,296)</b>	<b>1,836,784</b>