

**Gitga'at First Nation
Consolidated Financial Statements**

March 31, 2020

Gitga'at First Nation Contents

For the year ended March 31, 2020

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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 (the "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 First 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 8, 2020



Band Administrator

Independent Auditor's Report

To the Members of Gitga'at First Nation:

Opinion

We have audited the consolidated financial statements of Gitga'at First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Chief and Council for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Chief and Council are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kelowna, British Columbia

July 8, 2020

MNP LLP

Chartered Professional Accountants

Gitga'at First Nation

Consolidated Statement of Financial Position

As at March 31, 2020

	2020	2019
Financial assets		
Cash (Note 3)	6,213,775	6,708,709
Accounts receivable (Note 4)	3,708,873	2,430,742
Marketable securities (Note 5)	12,099,748	2,571,827
Advances with Nation business entities (Note 6)	216,570	-
Investments in Nation business entities (Note 7)	1,443,050	728,734
Funds held in Ottawa trust (Note 8)	183,002	178,387
Total financial assets	23,865,018	12,618,399
Financial Liabilities		
Accounts payable and accruals (Note 9)	952,993	1,776,831
Deferred revenue (Note 10)	412,523	679,579
Advances with Nation business entities (Note 6)	-	334,419
Capital lease obligations (Note 11)	23,243	89,703
Total financial liabilities	1,388,759	2,880,532
Net financial assets	22,476,259	9,737,867
Contingent liabilities (Note 13)		
Significant event (Note 18)		
Non-financial assets		
Tangible capital assets (Schedule 1)	23,735,134	24,509,207
Prepaid expenses	212,283	135,437
Total non-financial assets	23,947,417	24,644,644
Accumulated surplus (Note 14)	46,423,676	34,382,511

Approved on behalf of Chief and Council

Arnold H.

Councillor

Councillor

June 5
Lima & Loesel

CONTINUOUS

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, 2020

	<i>Schedules</i>	<i>2020 Budget (Note 15)</i>	<i>2020</i>	<i>2019</i>
Revenue				
Indigenous Services Canada		3,383,312	5,744,884	4,135,694
Other government funding		-	5,088,054	20,325
Province of British Columbia		731,431	2,786,405	2,273,729
First Nations Health Authority		998,164	1,592,711	1,241,046
Department of Fisheries and Oceans		-	447,670	927,902
Canada Mortgage and Housing Corporation		-	18,000	-
Other revenue		1,408,325	7,537,574	4,511,978
Interest and investment income		24	169,069	91,672
Rental income		-	114,425	143,863
Own source revenue		40,051	78,232	213,266
Tribal Resources Investment Corporation		-	10,835	9,724
Administration fees		-	5,737	14,783
Fuel revenue		-	-	244,700
Earnings (loss) from investment in Nation business entities (Note 7)		-	(100,673)	86,196
		6,561,307	23,492,923	13,914,878
Program expenses				
Administration	3	1,042,568	801,345	823,919
Community Health	4	854,239	1,310,659	930,488
Community Social Services & Special Projects	5	-	1,681,900	1,926,410
Development Corporation & Other	6	-	851,145	969,415
Economic Development & Gitga'at Clean Energy	7	64,442	329,933	55,306
Education	8	1,304,188	1,668,062	1,553,769
Fisheries, Guardian Watchman & Lands and Marine	9	1,691,300	1,645,989	1,477,649
Own Source Revenue & Forest and Range	10	-	1,055,299	1,206,011
Social Assistance	11	346,630	264,355	265,988
Village Operations & Capital Projects	12	790,526	1,843,071	4,019,676
		6,093,893	11,451,758	13,228,631
Surplus before other income		467,414	12,041,165	686,247
Other income				
Gain on disposal of tangible capital assets		-	-	16,155
Surplus		467,414	12,041,165	702,402
Accumulated surplus, beginning of year		34,382,511	34,382,511	33,680,109
Accumulated surplus, end of year		34,849,925	46,423,676	34,382,511

The accompanying notes are an integral part of these financial statements

Gitga'at First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Surplus	467,414	12,041,165	702,402
Purchases of tangible capital assets	-	(1,763,021)	(757,948)
Amortization of tangible capital assets	-	1,350,562	1,110,678
Gain on disposal of tangible capital assets	-	-	(16,155)
Proceeds of disposal of tangible capital assets	-	-	99,850
Transition to investment in government business partnership	-	1,186,531	-
	-	774,072	436,425
Acquisition of prepaid expenses	-	(212,282)	(135,437)
Use of prepaid expenses	-	135,437	101,811
	-	(76,845)	(33,626)
Increase in net financial assets	467,414	12,738,392	1,105,201
Net financial assets, beginning of year	9,737,867	9,737,867	8,632,666
Net financial assets, end of year	10,205,281	22,476,259	9,737,867

Gitga'at First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Surplus	12,041,165	702,402
Non-cash items		
Amortization	1,350,562	1,110,678
Bad debts	15,020	(161,033)
Change in portfolio investment	5,425	(38,868)
Gain on disposal of tangible capital assets	-	(16,155)
Loss (earnings) from investment in Nation business entities	100,673	(47,327)
	13,512,845	1,549,697
Changes in working capital accounts		
Accounts receivable	(1,322,981)	(815,834)
Prepaid expenses	(76,845)	(33,626)
Accounts payable and accruals	(649,520)	171,335
Deferred revenue	(267,056)	212,758
Inventory for resale	-	79,339
	11,196,443	1,163,669
Financing activities		
Repayment of long-term debt	-	(386,800)
Repayment of capital lease obligation	(66,460)	(61,825)
	(66,460)	(448,625)
Capital activities		
Purchases of tangible capital assets	(1,763,021)	(757,948)
Proceeds of disposal of tangible capital assets	-	99,850
	(1,763,021)	(658,098)
Investing activities		
Purchase of marketable securities	(10,450,836)	-
Disposal of marketable securities	922,915	2,908,943
Contributions to Nation business entities, net	(142,525)	-
Increase in funds held in trust	(4,615)	(5,715)
Repayment (advances) to related Nation business entities, net	(109,047)	397,260
Transition to investment in Nation business partnership	(77,788)	-
	(9,861,896)	3,300,488
Increase (decrease) in cash resources	(494,934)	3,357,434
Cash resources, beginning of year	6,708,709	3,351,275
Cash resources, end of year	6,213,775	6,708,709

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, 2020

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 controlled by the First Nation.

2. Significant accounting policies

These consolidated 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 Public Sector 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 Development Corporation
- Ocean Destiny Joint Venture
- Gitga'at Economic Limited Partnership (comparative year only - Note 7)

All inter-entity balances have been eliminated on consolidation.

Nation business entities which are controlled and self sustaining are reported using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Gitga'at Forestry Inc.
- Gitga'at Economic Limited Partnership (current year only - Note 7)

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 and prepaid expenses.

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 and cash equivalents

Cash includes balances with banks and short-term investments with maturities of three months or less.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

Marketable securities and portfolio investments

Long-term investments in entities that are not controlled 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.

Investments such as marketable securities and term deposits with an original maturity date of more than three months after year-end are reported as marketable securities. Investments are reported using the cost method. Provisions for declines in the market value of investments are recorded when they are considered to be other than temporary.

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. Trust moneys consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

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.

All intangibles and items inherited by the First Nation, such as reserve lands, forests, water and mineral resources, are not recognized in the First Nation's consolidated financial statements.

Capital leases

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 declining balance method at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Rate</i>
Infrastructure	4-5 %
Equipment	20 %
Boats	15 %
Vehicles	30 %

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

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.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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

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, 2020.

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, 2020, management has determined no liability is required to be recorded.

Measurement uncertainty

The preparation of the consolidated 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 consolidated 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.

Amortization is based on the estimated useful lives of tangible capital assets.

Legal provisions are recorded when the likelihood of loss and amount of settlement can be determined.

Liabilities for contaminated sites are based on the best information available regarding potentially contaminated sites that Gitga'at First Nation is responsible for.

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.

Funds held in Ottawa Trust Fund

Revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is earned.

Other

Investment income is recognized 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.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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, 2020, there is no balance outstanding on the line of credit.

4. Accounts receivable

	2020	2019
Indigenous Services Canada	66,474	590,217
Other government receivables	2,711,462	906,121
Members	1,013,800	928,122
Trade and other receivables	769,213	926,046
Interest receivable	117,279	34,571
	<hr/>	<hr/>
	4,678,228	3,385,077
Less: Allowance for doubtful accounts	969,355	954,335
	<hr/>	<hr/>
	3,708,873	2,430,742

5. Marketable securities

Marketable securities are held in GIC's at Northern Savings Credit Union, bearing interest between 0.85% and 2.45% with maturity dates ranging between May 2020 and May 2022.

6. Advances with Nation business entities

Advances to (from) related Nation business entities are summarized as follows:

	2020	2019
Gitga'at Economic Limited Partnership	93,482	93,661
Gitga'at Forestry Inc.	(76,912)	(428,080)
North Co-Corp Ferry Services Ltd.	200,000	-
	<hr/>	<hr/>
	216,570	(334,419)

These balances are non-interest bearing, unsecured and have no specific terms of repayment.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

7. Investments in Nation business entities

As of April 1, 2019 the First Nation determined its investment in Gitga'at Economic Limited Partnership now met the criteria of an investment in a Nation business entity. As such, the investment in Gitga'at Economic Limited Partnership which was previously reported on a consolidated basis transitioned to the modified equity, where the modified equity was equal to the consolidated net assets of as of March 31, 2019.

The First Nation has investments in the following business entities:

	<i>Investment balance, beginning of year</i>	<i>Cost at transition</i>	<i>Contributions</i>	<i>Withdrawals</i>	<i>Share of earnings (loss)</i>	<i>Investment balance, end of year</i>	2020
Wholly-owned businesses							
Gitga'at Forestry Inc.	587,613	-	-	-	(49,264)	538,349	
First Nation business partnerships							
Gitga'at Economic Limited Partnership - 100%	-	716,958	144,449	(1,924)	(45,985)	813,498	
Gitga'at Marine Services Limited Partnership - 100%	44,604	(44,604)	-	-	-	-	
	44,604	672,354	144,449	(1,924)	(45,985)	813,498	
Portfolio investments, at cost:							
North Co-Corp Ferry Services Ltd. - 33%	30,002	-	-	-	-	30,002	
North Coast Skeena First Nation Stewardship Society - 17.93%	1	-	-	-	-	1	
Great Bear Carbon Credit Limited Partnership - 6%	66,514	-	-	-	(5,424)	61,090	
BC First Nation Gaming Revenue Sharing Limited Partnership	-	-	100	-	-	100	
BCFN GRS GP Inc.	-	-	10	-	-	10	
	96,517	-	110	-	(5,424)	91,203	
	728,734	672,354	144,559	(1,924)	(100,673)	1,443,050	

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

						2019
	Investment balance, beginning of year	Contributions	Withdrawals	Share of earnings (loss)	Share of earnings (loss)	Investment balance, end of year
Wholly-owned businesses						
Gitga'at Forestry Inc.	495,899		-	-	91,714	587,613
First Nation business partnerships						
Gitga'at Marine Services Limited Partnership	89,016		-	-	(44,412)	44,604
Portfolio investments, at cost:						
North Co-Corp Ferry Services Ltd. - 33%	30,002		-	-	-	30,002
North Coast Skeena First Nation Stewardship Society - 17.93%	1		-	-	-	1
Great Bear Carbon Credit Limited Partnership - 6%	27,646		-	-	38,868	66,514
	57,649		-	-	38,868	96,517
	642,564		-	-	86,170	728,734

Summary financial information for each First Nation business enterprise, accounted for using the modified equity method, for the respective year-end is as follows:

	<i>Gitga'at Forestry Inc</i>	<i>Gitga'at Economic Limited Partnership 9 months ended As at March 31, 2020</i>	<i>Gitga'at Economic Limited Partnership 9 months ended December 31, 2019</i>
Assets			
Cash	2,207	877	
Term deposits	-	15,187	
Accounts receivable	3,628	2,936	
Investments	26	34,207	
Receivable from related parties	532,490	(455,578)	
Property, plant and equipment	-	1,148,153	
Total assets	538,351	745,782	
Liabilities			
Accounts payable and accruals	-	7,363	
Deferred revenue	-	4,000	
Investments	-	42,891	
Total liabilities	-	54,254	
Net assets	538,351	691,528	
Total revenue	-	40,907	
Total expenses	49,264	86,892	

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

8. Funds held in Ottawa trust

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

	2020	2019
Capital Trust		
Balance, beginning and end of year	80,180	80,180
Revenue Trust		
Balance, beginning of year	98,207	92,490
Interest	2,882	3,975
BC Special distribution	1,733	1,742
Balance, end of year	102,822	98,207
	183,002	178,387

Ottawa Trust Funds

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

9. Accounts payable and accruals

	2020	2019
Indigenous Services Canada	100,000	162,403
Accrued salaries and employee benefits payable	201,555	175,272
Other accrued liabilities	101,165	121,056
Trade accounts payable	550,273	1,318,100
	952,993	1,776,831

10. Deferred revenue

The First Nation's deferred revenue is as follows:

	2019 Deferred Revenue	Current Year Funding Received	Current Year Revenue Recognized	2020 Deferred Revenue
First Nation Health Authority	39,860	13,000	46,860	6,000
Indigenous Services Canada	42,662	-	234	42,428
Other government	101,858	160,000	209,822	52,036
Other funding sources	495,199	990,755	1,173,895	312,059
	679,579	1,163,755	1,430,811	412,523

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

11. Capital lease obligations

	2020	2019
National Leasing equipment lease bearing interest at 7.25%, repayable in blended monthly payments of \$5,899, due July 2020. Lease is secured by assets with a net book value of \$110,293.	23,243	89,703

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

2021	23,595
	23,595
Less: imputed interest	(352)
	23,243
Balance of obligation	23,243
Less: current portion	23,243
	-

12. Defined contribution pension plan

During the year, the First Nation contributed \$60,835 (2019 - \$52,407) to the defined contribution pension plan.

13. Contingent liabilities

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, 2020 is \$33,972 (2019 - \$66,421). No amount has been recorded by the First Nation.

14. Accumulated surplus

Accumulated surplus consists of the following:

	2020	2019
Investment in tangible capital assets	23,711,891	24,419,504
Trust funds held by federal government	183,002	178,387
Investment in Nation business entities	1,443,050	728,734
	25,337,943	25,326,625
Unexpended funding available for operations	21,085,734	9,055,886
	46,423,677	34,382,511

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

15. Budget information

The disclosed budget information was approved by the Chief and Council of the Gitga'at First Nation in a previous year.

16. Economic dependence

Gitga'at First Nation receives a significant portion of its revenue from Indigenous Services Canada (ISC) as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by ISC 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.

17. Segments

The First Nation receives revenue and incurs expenses for 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 First 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.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

17. Segments *(Continued from previous page)*

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.

18. Significant event

Prior to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Administration as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

19. Comparative figures

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

Gitga'at First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Infrastructure</i>	<i>Equipment</i>	<i>Boats</i>	<i>Vehicles</i>	<i>Assets under construction</i>	2020	2019
Cost							
Balance, beginning of year	32,581,320	4,162,195	1,043,757	274,373	2,252,104	40,313,749	39,732,058
Acquisition of tangible capital assets	53,706	112,643	548,392	24,282	1,023,998	1,763,021	757,948
Construction-in-progress	504,482	-	2,132,704	-	(2,637,186)	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	(176,257)
Transition to investment in Nation business partnership	(916,683)	(321,720)	-	-	-	(1,238,403)	-
Balance, end of year	32,222,825	3,953,118	3,724,853	298,655	638,916	40,838,367	40,313,749
Accumulated amortization							
Balance, beginning of year	12,556,715	2,644,938	398,092	204,797	-	15,804,542	14,786,426
Annual amortization	778,001	250,112	297,934	24,515	-	1,350,562	1,110,678
Accumulated amortization on disposals	-	-	-	-	-	-	(92,562)
Transition to investment in Nation business partnership	(30,252)	(21,619)	-	-	-	(51,871)	-
Balance, end of year	13,304,464	2,873,431	696,026	229,312	-	17,103,233	15,804,542
Net book value of tangible capital assets	18,918,361	1,079,687	3,028,827	69,343	638,916	23,735,134	24,509,207
2019 Net book value of tangible capital assets	20,024,605	1,517,257	645,665	69,576	2,252,104	24,509,207	

Gitga'at First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2020

	2020	2019
Consolidated expenses by object		
Advertising and donations	901,791	888,404
Amortization	1,350,562	1,110,678
Awards	40,000	61,500
Bad debts (recovery)	15,020	(161,033)
Bank charges and interest	8,879	25,723
Consulting and contracts	2,833,885	2,584,845
Employee benefits	305,908	245,650
Equipment and facility rental	7,122	8,768
Honoraria	199,076	189,151
Income assistance	31,401	21,835
Insurance	187,018	159,430
Office, program supplies and miscellaneous	962,737	619,263
Professional fees	234,479	289,039
Property tax	4,391	17,765
Rent and occupancy costs (recovery)	8,800	(10,279)
Repairs and maintenance	76,758	122,445
Salaries and wages	2,342,100	2,367,103
Social assistance	-	235
Special projects cancelled	4,133	2,496,993
Student and school allowance	430,477	521,515
Telephone	78,462	87,300
Training	100,001	342,387
Travel	811,624	652,215
Tuition	112,428	140,183
Utilities, fuel and other	404,085	445,556
Village celebrations	620	1,960
	11,451,757	13,228,631

Gitga'at First Nation
Administration
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Indigenous Services Canada	313,619	334,386	304,301
Province of British Columbia	-	5,978	28,111
Interest and investment income	24	144,184	54,602
Other revenue	21,325	23,241	24,703
Administration fees	-	5,737	14,783
Own source revenue	40,051	-	2,053
	375,019	513,526	428,553
Expenses			
Advertising and donations	-	1,972	269
Amortization	-	129,043	122,857
Bad debts (recovery)	14,073	15,020	(2,313)
Bank charges and interest	24,356	2,869	4,410
Consulting and contracts	139,635	114,163	141,708
Employee benefits	45,463	48,895	43,624
Equipment and facility rental	8,880	10	-
Honoraria (recovery)	146,130	(600)	-
Insurance	10,500	16,360	14,694
Office, program supplies and miscellaneous	45,305	73,220	59,635
Professional fees	65,489	41,640	81,406
Repairs and maintenance	23,814	-	10,356
Salaries and wages	322,566	339,426	280,540
Telephone	58,885	4,513	39,483
Training	-	629	1,398
Travel	73,607	38,089	43,751
Utilities, fuel and other (recovery)	63,865	(23,904)	(17,899)
	1,042,568	801,345	823,919
Deficit before transfers	(667,549)	(287,819)	(395,366)
Transfers between programs	-	(128,917)	(135,807)
Deficit	(667,549)	(416,736)	(531,173)

Gitga'at First Nation
Community Health
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
First Nations Health Authority	998,164	1,592,711	1,241,046
Province of British Columbia	-	30,000	30,000
Other revenue	-	7,686	26,752
Opening deferred revenue	-	21,600	-
Closing deferred revenue	-	-	(21,600)
	998,164	1,651,997	1,276,198
Expenses			
Advertising and donations	-	2,288	1,500
Amortization	-	141,386	134,030
Awards	-	-	1,500
Bank charges and interest	-	572	3,080
Consulting and contracts	204,500	347,168	138,127
Employee benefits	35,257	36,448	27,345
Insurance	-	14,040	11,457
Office, program supplies and miscellaneous	382,602	152,197	65,212
Rent and occupancy costs	-	6,000	1,350
Repairs and maintenance	-	12,000	-
Salaries and wages	195,870	244,997	224,000
Telephone	-	10,865	10,718
Training	11,010	600	1,805
Travel	-	309,033	288,442
Utilities, fuel and other	25,000	33,065	21,922
	854,239	1,310,659	930,488
Surplus before transfers	143,925	341,338	345,710
Transfers between programs	-	(28,146)	(36,118)
Surplus	143,925	313,192	309,592

Gitga'at First Nation
Community Social Services & Special Projects
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Province of British Columbia	-	666,235	1,905,876
Additional government funding	-	319,584	-
Indigenous Services Canada	-	70,478	571,353
Government of Canada - Department of Fisheries and Oceans	-	52,000	521,480
Other revenue	-	2,261,624	1,175,451
Interest and investment income	-	4,615	5,717
Opening deferred revenue	-	90,000	-
Closing deferred revenue	-	(281,171)	(90,000)
	-	3,183,365	4,089,877
Expenses			
Advertising and donations	-	-	407
Amortization	-	4,937	4,469
Awards	-	40,000	60,000
Bank charges and interest	-	23	41
Consulting and contracts	-	161,614	384,738
Employee benefits	-	65,101	62,392
Honoraria	-	7,500	1,800
Office, program supplies and miscellaneous	-	420,962	156,722
Professional fees	-	51,749	9,657
Rent and occupancy costs (recovery)	-	(9,750)	1,625
Salaries and wages	-	509,016	561,105
Student and school allowance	-	148,926	222,765
Telephone	-	15,963	7,888
Training	-	75,403	331,723
Travel	-	170,315	96,935
Tuition	-	19,090	23,083
Utilities, fuel and other	-	1,051	1,060
	-	1,681,900	1,926,410
Surplus before transfers	-	1,501,465	2,163,467
Transfers between programs	-	134,739	(1,014,114)
Surplus	-	1,636,204	1,149,353

Gitga'at First Nation
Development Corporation & Other
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(Note 15)</i>	2020	2019
Revenue			
Other revenue	-	248,188	1,141,126
Interest and investment income	-	702	210
Earnings (loss) from investment in Nation business entities	-	(100,673)	86,196
	-	148,217	1,227,532
Expenses			
Advertising and donations	-	5,266	6,304
Amortization	-	3,254	45,145
Bank charges and interest	-	910	3,207
Consulting and contracts	-	288,347	157,942
Employee benefits	-	23,976	1,963
Honoraria	-	132,019	131,821
Insurance	-	119	19,354
Office, program supplies and miscellaneous	-	8,392	31,544
Professional fees	-	115,619	151,489
Property tax	-	4,391	17,765
Rent and occupancy costs	-	14,800	4,200
Repairs and maintenance	-	60	23,342
Salaries and wages	-	116,287	269,393
Telephone	-	11,721	9,045
Training	-	-	2,095
Travel	-	124,957	81,298
Utilities, fuel and other	-	1,027	12,528
Village celebrations	-	-	980
	-	851,145	969,415
Surplus (deficit) before transfers	-	(702,928)	258,117
Transfers between programs	-	202,848	195,391
Surplus (deficit)	-	(500,080)	453,508

Gitga'at First Nation
Economic Development & Gitga'at Clean Energy
Schedule 7 - Schedule of Revenue and Expenses

For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Indigenous Services Canada	71,604	113,415	17,173
Other revenue	-	555,358	275
Rental income	-	7,625	-
	71,604	676,398	17,448
Expenses			
Advertising and donations	-	3,488	-
Bank charges and interest	-	6	-
Consulting and contracts	16,405	53,819	90,615
Employee benefits	1,625	11,305	-
Insurance	-	14,750	-
Office, program supplies and miscellaneous (recovery)	14,211	24,997	(70,000)
Professional fees	4,331	965	5,138
Rent and occupancy costs (recovery)	-	-	(19,653)
Repairs and maintenance	-	12,712	-
Salaries and wages	26,894	152,174	48,406
Telephone	-	1,200	-
Travel	976	6,549	800
Utilities, fuel and other	-	47,968	-
	64,442	329,933	55,306
Surplus (deficit) before transfers	7,162	346,465	(37,858)
Transfers between programs	-	371,239	-
Surplus (deficit)	7,162	717,704	(37,858)

Gitga'at First Nation
Education
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 <i>Budget</i> <i>(Note 15)</i>	2020	2019
Revenue			
Indigenous Services Canada	1,449,103	1,495,568	1,476,862
Tribal Resources Investment Corporation	-	10,835	9,724
FNESC	-	4,156	4,458
Other revenue	-	2,500	85,456
Opening deferred revenue	-	-	2,000
	1,449,103	1,513,059	1,578,500
Expenses			
Amortization	-	360,572	342,516
Bank charges and interest	-	-	6
Consulting and contracts	762,035	796,690	594,416
Employee benefits	3,142	7,080	4,903
Equipment and facility rental	7,039	5,400	-
Insurance	29,227	33,155	26,961
Office, program supplies and miscellaneous	32,013	25,718	16,773
Salaries and wages	56,650	77,430	64,774
Student and school allowance	207,829	185,173	298,750
Telephone	759	393	269
Travel	7,872	34,354	51,540
Tuition	108,244	87,499	117,101
Utilities, fuel and other	89,378	54,598	35,760
	1,304,188	1,668,062	1,553,769
Surplus (deficit) before transfers	144,915	(155,003)	24,731
Transfers between programs	-	(77,519)	(94,458)
Deficit	144,915	(232,522)	(69,727)

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

For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Province of British Columbia	335,000	584,458	299,742
Government of Canada - Department of Fisheries and Oceans	-	395,670	406,422
Indigenous Services Canada	200,000	200,044	89,053
Other revenue	1,387,000	1,372,096	924,076
Opening deferred revenue	-	177,373	27,126
Own source revenue	-	78,232	211,213
Rental income	-	21,381	70,719
Closing deferred revenue	-	(80,000)	(177,373)
	1,922,000	2,749,254	1,850,978
Expenses			
Advertising and donations	-	10,018	5,072
Amortization	-	391,109	159,902
Bank charges and interest	-	77	85
Consulting and contracts	187,000	195,191	302,413
Employee benefits	177,700	59,244	61,974
Equipment and facility rental	109,000	428	58
Honoraria	64,800	60,157	55,531
Insurance	30,000	27,763	22,240
Office, program supplies and miscellaneous	28,000	131,422	86,771
Professional fees	-	24,508	30,674
Repairs and maintenance	112,000	45,619	64,896
Salaries and wages	710,800	481,715	524,661
Telephone	-	25,991	17,287
Training	50,000	18,165	499
Travel	90,000	72,299	65,386
Utilities, fuel and other	132,000	101,663	80,200
Village celebrations	-	620	-
	1,691,300	1,645,989	1,477,649
Surplus before other items	230,700	1,103,265	373,329
Other income			
Gain on disposal of capital assets	-	-	16,050
Surplus before transfers	230,700	1,103,265	389,379
Transfers between programs	-	(66,625)	80,198
Surplus	230,700	1,036,640	469,577

Gitga'at First Nation
Own Source Revenue & Forest and Range
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Province of British Columbia	-	10,000	10,000
Other government funding	-	4,768,470	20,325
Other revenue	-	1,501,849	1,176,561
Lease and licence income	-	142,880	135,566
Rental income	-	79,844	63,464
Interest and investment income	-	19,568	31,143
Fuel revenue	-	-	244,700
	-	6,522,611	1,681,759
Expenses			
Advertising and donations	-	878,758	874,851
Bank charges and interest (recovery)	-	83	5,869
Consulting and contracts	-	7,100	87,519
Employee benefits	-	459	1,872
Insurance	-	1,420	3,156
Office, program supplies and miscellaneous	-	36,979	17,032
Professional fees	-	-	10,675
Rent and occupancy costs (recovery)	-	(4,800)	99
Salaries and wages	-	3,564	28,914
Student and school allowance	-	96,377	-
Telephone	-	564	472
Travel	-	5,852	-
Tuition	-	5,840	-
Utilities, fuel and other	-	23,103	175,552
	-	1,055,299	1,206,011
Surplus before other items			
Other income			
Gain on disposal of capital assets	-	-	105
	-	5,467,312	475,748
Surplus before transfers			
Transfers between programs			
	-	5,467,312	475,853
	-	(693,836)	672,289
Surplus			
	-	4,773,476	1,148,142

Gitga'at First Nation
Social Assistance
Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Indigenous Services Canada	385,148	381,032	376,980
Other revenue	-	20,500	41,000
Opening deferred revenue	-	20,500	-
Closing deferred revenue	-	-	(20,500)
	385,148	422,032	397,480
Expenses			
Amortization	-	46,306	43,932
Bank charges and interest	-	6	51
Consulting and contracts (recovery)	16,457	(1,248)	3,837
Employee benefits	14,398	12,671	12,454
Hardship	-	-	235
Income assistance	48,711	31,401	21,835
Office, program supplies and miscellaneous	60,490	40,005	41,153
Rent and occupancy costs	12,990	4,800	2,100
Salaries and wages	174,962	114,037	132,084
Telephone	-	600	-
Training	16,238	5,204	4,325
Travel	-	6,049	156
Utilities, fuel and other	2,384	4,524	2,846
Village celebrations	-	-	980
	346,630	264,355	265,988
Surplus before transfers	38,518	157,677	131,492
Transfers between programs	-	(20,500)	-
Surplus	38,518	137,177	131,492

Gitga'at First Nation
Village Operations & Capital Projects
Schedule 12 - Schedule of Revenue and Expenses
For the year ended March 31, 2020

	2020 Budget (Note 15)	2020	2019
Revenue			
Indigenous Services Canada	963,838	3,149,961	1,299,972
Province of British Columbia	-	1,489,733	95,000
Canada Mortgage and Housing Corporation	-	18,000	-
Other revenue	-	1,449,194	56,900
Rental income	-	5,575	9,680
	963,838	6,112,463	1,461,552
Expenses			
Amortization	-	273,955	257,827
Bad debts (recovery)	-	-	(158,720)
Bank charges and interest	-	4,335	8,975
Consulting and contracts	107,165	871,040	683,529
Employee benefits	37,240	40,728	29,120
Equipment and facility rental	22,736	1,284	8,710
Insurance	53,259	79,411	61,568
Office, program supplies and miscellaneous	139,114	48,836	214,422
Rent and occupancy costs	-	(2,250)	-
Repairs and maintenance	82,294	6,368	23,851
Salaries and wages	238,140	303,454	233,226
Special projects cancelled	-	4,133	2,496,993
Telephone	-	6,651	2,138
Training	-	-	543
Travel	6,984	44,128	23,908
Utilities, fuel and other	103,594	160,998	133,586
	790,526	1,843,071	4,019,676
Surplus (deficit) before transfers	173,312	4,269,392	(2,558,124)
Transfers between programs	-	306,715	332,621
Surplus (deficit)	173,312	4,576,107	(2,225,503)