

## GITANMAAX BAND COUNCIL

### NOTES

MARCH 31, 2017

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous and Northern Affairs Canada (INAC) which include compliance with Canadian public sector accounting standards.

The Band maintains the following funds which are consolidated into the financial statements:

- Operating Fund reports the general activities of the Band.
- Capital Fund reports the property and equipment of the Band, together with related financing.
- Social Housing fund reports the social housing assets, together with related activities.
- Ottawa Trust funds reports the trust funds owned by the Band and held by the federal government.

##### b) Property and Equipment

Property and equipment are reported at cost and are amortized using the declining balance method, for non-social housing assets, at the following annual rates:

Buildings	4%
Engineered structures	4%
Equipment	20%

For Social Housing, amortization on property and equipment is based on the annual principal reduction of the related mortgage.

##### c) Recognition of Revenue and Expenditures

Revenue and expenditures are reported on an accrual basis.

Revenue is recorded in the period in which the transaction or events that give rise to the revenue occur. Funding from external parties restricted by agreement or legislation is reported as deferred revenue until used for the purposes specified. Investment revenue is recognized when earned.

Expenditures are accounted for in the period when the goods and services are acquired and the liability is incurred.

**GITANMAAX BAND COUNCIL**

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**12. INVESTMENTS / EQUITY IN INVESTMENTS (continued)**

Financial information for the investments at December 31, 2016 is as follows:

	<b>Gitanmaax Food and Fuel Ltd.</b>	<b>Gitanmaax Development Corporation</b>
Assets	\$ 676,817	\$ 5,593,725
Liabilities	33,869	3,772,165
Revenue	4,506,780	4,655,657

The Band contributed an additional \$ 431,484 in the period January 1 to March 31, 2017.

**13. SEGMENT DISCLOSURE**

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note one. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the year are as follows:

## GITANMAAX BAND COUNCIL

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#### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### d) Investments

Investments in Gitanmaax Food and Fuel Ltd., Gitanmaax Development Corporation and Gitanmaax Market Ltd. are reported on the modified equity method.

##### e) Use of Estimates

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

##### f) Financial Instruments

The band measures financial assets and liabilities at market value at the date of acquisition. It is management's opinion that the Band's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks.

#### 2. ACCOUNTS RECEIVABLE

	2017	2016
Canada Revenue Agency	\$ 14,132	\$ 3,251
CMHC	10,147	32,558
Trade and other	565,980	418,752
BC Hydro settlement	-	5,210,075
Allowance for doubtful accounts	<u>-423,607</u>	<u>-374,300</u>
	<u>\$ 166,652</u>	<u>\$ 5,290,336</u>

#### 3. HOUSING LOANS

Housing loans are reported net of a \$449,911 allowance for doubtful accounts. Varying terms of repayment and without interest. Agreements for repayment are being negotiated for many of the loans. When the members repay the loans, the housing fund will be credited with the repayment.

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MARCH 31, 2017

13. SEGMENT DISCLOSURE (continued)

	Total Budget 2017	Administration	Capital Projects	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Amortization	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue												
GSC	4,564,035	518,726	2,466,611	-	170,669	1,297,506	-	366,060	1,034,467	-	5,854,039	4,564,035
BC Hydro settlement	-	-	-	-	46,288	-	-	-	-	-	46,288	5,700,000
TRICORP	105,089	-	-	-	13,556	-	-	-	91,369	-	104,925	105,089
Gitsan Health Society	-	-	-	-	-	-	-	-	-	-	-	98,750
CMHC	27,447	-	-	-	-	-	26,870	-	-	-	26,870	27,447
FNHA	1,405,112	-	-	1,251,330	-	153,782	-	-	-	-	1,405,112	-
Rent	261,449	-	-	-	124,237	-	129,601	-	-	-	253,838	261,449
Ottawa Trust Funds	14,827	14,481	-	-	-	-	-	-	-	-	14,481	14,827
GHS asset transfer	-	-	-	1,856,750	-	-	-	-	-	-	1,856,750	-
Other	2,904,771	197,748	184,409	128,061	1,020,417	154,238	-	10,979	56,483	-	1,752,335	2,904,771
	<u>9,282,730</u>	<u>730,955</u>	<u>2,651,020</u>	<u>3,036,141</u>	<u>1,375,167</u>	<u>1,605,526</u>	<u>156,471</u>	<u>377,039</u>	<u>1,182,319</u>	<u>-</u>	<u>11,114,638</u>	<u>13,676,368</u>
Expenditure												
Amortization	729,683	-	-	-	-	-	-	-	-	840,441	840,441	729,683
Bad debts	75,601	-	-	-	-	-	49,305	-	-	-	49,305	75,601
Benefits and programs	1,827,288	-	-	-	-	973,328	-	9,098	784,443	-	1,766,869	1,827,288
Contract services	1,744,358	95,691	608,670	718,987	80,675	13,963	-	67,766	56,265	-	1,643,017	339,246
Honoraria	56,042	87,691	-	-	-	-	-	-	-	-	87,691	56,042
Insurance	66,633	10,119	-	9,703	20,723	6,063	13,310	27,404	-	-	87,322	66,633
Materials, supplies and other	1,498,951	146,385	944,339	371,656	989,756	179,598	23,404	69,514	83,087	-	2,807,739	1,986,341
Operating losses on investments	1,123,934	-	-	-	408,278	-	-	-	-	-	408,278	1,123,934
Professional services	457,971	172,626	-	48,156	8,628	-	3,500	-	-	-	232,810	457,971
Rent	70,543	-	-	30,097	40,880	3,989	-	-	-	-	74,966	70,543
Telephone and utilities	181,688	5,451	-	22,959	70,102	7,574	-	72,468	6,722	-	185,276	181,688
Travel and workshops	100,663	53,307	-	29,610	2,311	44,967	-	16,164	-	-	146,359	100,663
Wages and benefits	1,209,118	312,855	-	160,032	315,503	221,536	3,575	138,078	293,118	-	1,445,697	1,209,118
	<u>9,143,473</u>	<u>884,125</u>	<u>1,553,009</u>	<u>1,392,200</u>	<u>1,938,856</u>	<u>1,451,018</u>	<u>93,094</u>	<u>385,328</u>	<u>1,239,799</u>	<u>840,441</u>	<u>9,775,870</u>	<u>7,934,751</u>
REVENUE OVER EXPENDITURE	139,257	-153,170	1,098,011	1,643,941	-561,689	154,508	63,377	-8,289	-57,480	-840,441	1,338,768	5,741,617
TRANSFERS	-	-	-	61,389	-	-	-	-	-61,389	-	-	-
ANNUAL SURPLUS (DEFICIT)	<u>139,257</u>	<u>-153,170</u>	<u>1,098,011</u>	<u>1,705,330</u>	<u>-561,689</u>	<u>154,508</u>	<u>63,377</u>	<u>-8,289</u>	<u>-118,869</u>	<u>-840,441</u>	<u>1,338,768</u>	<u>5,741,617</u>



**GITANMAAX BAND COUNCIL**

**NOTES**

**MARCH 31, 2017**

**4. OTTAWA TRUST FUNDS**

INAC holds funds in trust for the Band. These funds are designated as revenue or capital funds as is required by the Indian Act. The Band is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Band and its members. The expenditure of capital funds must be for projects of a capital nature and require the consent of INAC.

	<b>Capital</b>	<b>Revenue</b>	<b>Total 2017</b>	<b>Total 2016</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance	51,068	410,348	461,416	446,589
Income	<u>-</u>	<u>14,481</u>	<u>14,481</u>	<u>14,827</u>
Closing balance	<u>51,068</u>	<u>424,829</u>	<u>475,897</u>	<u>461,416</u>

**5. BANK REVOLVING LOAN**

Royal Bank of Canada revolving loan, authorized to \$250,000 with interest at prime plus 1% per annum; secured by a general security agreement.

**6. ACCOUNTS PAYABLE AND ACCRUALS**

	<b>2017</b>	<b>2016</b>
Gitksan Government Commission	\$ 21,574	\$ 199,318
Gitksan Health Society	230,226	-
Trade payables	126,778	131,906
Wages and benefits	<u>66,212</u>	<u>45,725</u>
	<u>\$ 444,790</u>	<u>\$ 376,949</u>

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**NOTES**

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**7. LONG-TERM DEBT**

Royal Bank of Canada mortgages, secured by land and buildings.

\$2,644/month including interest at 2.4% per annum.	\$ 18,360
\$3,600/month including interest at 2.73% per annum.	77,115

Royal Bank of Canada term loan, \$1,218/month including interest at prime plus 1.7% per annum; secured by specific equipment.	<u>19,788</u>
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\$ 115,263

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

2018	\$ 74,001
2019	<u>41,262</u>

\$ 115,263

**8. REPLACEMENT RESERVE**

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with \$12,832 annually for the two remaining phases. These funds, with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as approved by CMHC. As at March 31, 2017, \$70,950 of the required \$273,067 was in a separate bank account.

Opening balance	\$ 260,235
Current provision	<u>12,832</u>

Closing balance	<u>\$ 273,067</u>
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9. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT		ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	Total 2017	Total 2016
	\$	\$	\$	\$	\$	\$	\$
Land	363,500	363,500	-	-	-	363,500	363,500
Buildings	4,009,187	6,241,638	2,102,439	277,599	2,380,038	3,861,600	1,906,748
Engineered structures	17,358,536	18,162,712	6,817,718	453,800	7,271,518	10,891,194	10,540,818
Equipment	1,855,926	1,995,666	1,450,455	109,042	1,559,497	436,169	405,471
	<u>23,587,149</u>	<u>26,763,516</u>	<u>10,370,612</u>	<u>840,441</u>	<u>11,211,053</u>	<u>15,552,463</u>	<u>13,216,537</u>

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#### 10. OPERATING SURPLUS

	2017	2016
Administration	\$ -124,703	\$ 42,948
Capital Projects	-573,478	-535,705
Community Health	-6,975	-55,555
Economic Development	4,672,328	5,518,094
Education	185,742	31,234
Housing	-181,117	-173,117
Public Works	-107,419	-99,130
Social Services	131,783	255,002
	<u>\$ 3,996,161</u>	<u>\$ 4,983,771</u>

#### 11. EQUITY IN PROPERTY AND EQUIPMENT

	2017	2016
Opening balance	\$ 13,016,471	\$ 12,462,147
Contributions from operations	3,176,367	1,201,638
Long-term debt repayment	84,804	82,369
Amortization	<u>-840,441</u>	<u>-729,683</u>
Closing balance	<u>\$ 15,437,201</u>	<u>\$ 13,016,471</u>

#### 12. INVESTMENTS / EQUITY IN INVESTMENTS

	2017	2016
Opening balance	\$ 1,368,037	\$ 1,720,396
Gitanmaax Food and Fuel Ltd. Net income	237,489	168,755
Gitanmaax Development Corporation Net income (loss)	-645,767	-1,292,689
Band contributions	<u>389,057</u>	<u>771,575</u>
	<u>\$ 1,348,816</u>	<u>\$ 1,368,037</u>