

KISPIOX BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2014

KISPIOX BAND COUNCIL
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MARCH 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To the Kispiox Band Council

Report on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Kispiox Band Council as at March 31, 2014 and the consolidated statements of financial activities, cash flows and changes in net financial liabilities for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

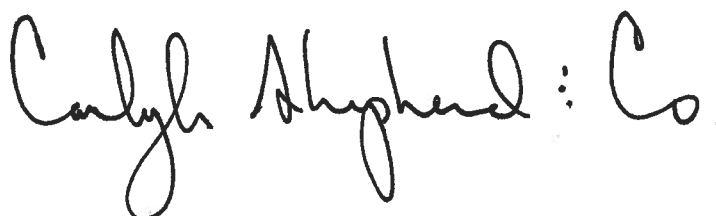
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Band Council as at March 31, 2014 and the results of its operations, cash flows and net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Terrace, BC
July 30, 2014




KISPIOX BAND COUNCIL


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash	1,533,049	582,020
Accounts receivable (note 2)	184,383	484,464
Inventory (note 1)	24,327	42,227
Ottawa Trust funds (note 3)	134,785	127,289
Prepaid expenditures	<u>62,828</u>	<u>52,718</u>
	<u>1,939,372</u>	<u>1,288,718</u>
LIABILITIES		
Accounts payable and accruals	448,272	308,987
Deferred revenue (note 4)	211,150	216,434
Replacement reserve (note 5)	174,512	218,946
Long-term debt (note 7)	<u>1,161,080</u>	<u>1,293,017</u>
	<u>1,995,014</u>	<u>2,037,384</u>
NET FINANCIAL LIABILITIES	-55,642	-748,666
PROPERTY AND EQUIPMENT (notes 1 and 6)	<u>13,950,489</u>	<u>13,362,132</u>
	<u>13,894,847</u>	<u>12,613,466</u>
BAND COUNCIL POSITION		
Surplus (note 9)	970,653	417,062
Equity in property and equipment (note 8)	12,789,409	12,069,115
Equity in Ottawa Trust funds (note 3)	<u>134,785</u>	<u>127,289</u>
CONTINGENT LIABILITIES (note 10)	<u>13,894,847</u>	<u>12,613,466</u>

APPROVED ON BEHALF OF COUNCIL


 _____ Chief Councilor


 _____ Finance Officer

KISPIOX BAND COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31

	2014	2013
	\$	\$
REVENUE		
GGC	4,065,374	3,026,402
Gas Bar and Forestry Services	1,702,582	2,029,938
Gitxsan Health Society	75,000	75,000
CMHC	51,130	221,748
Rental	284,716	278,958
Ottawa Trust funds	7,496	6,747
Other	<u>388,835</u>	<u>360,451</u>
	<u>6,575,133</u>	<u>5,999,244</u>
 EXPENDITURE		
Administration	474,686	468,925
Amortization	526,218	498,679
Capital projects	381,320	622,679
Economic development	2,009,149	2,248,698
Employment programs	26,359	-
Housing rentals	170,370	143,736
Public works	398,258	349,023
Social services	<u>1,307,392</u>	<u>1,312,912</u>
	<u>5,293,752</u>	<u>5,644,652</u>
 REVENUE OVER EXPENDITURE	 1,281,381	 354,592
 OPENING SURPLUS	 <u>12,613,466</u>	 <u>12,258,874</u>
 CLOSING SURPLUS	 <u>13,894,847</u>	 <u>12,613,466</u>

KISPIOX BAND COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2014	2013
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	1,281,381	354,592
Amortization	526,218	498,679
Accounts payable and accruals	139,285	-63,658
Deferred revenue	-5,284	-28,921
Accounts receivable	300,081	-354,383
Ottawa Trust Funds	-7,496	-6,747
Inventory	17,900	-4,723
Prepaid expenditures	-10,110	21,097
	<u>2,241,975</u>	<u>415,936</u>
FINANCING ACTIVITIES		
Long-term debt	-131,937	-169,816
Replacement reserve	-44,434	19,670
	<u>-176,371</u>	<u>-150,146</u>
INVESTING ACTIVITIES		
Property and equipment purchases	<u>-1,114,575</u>	<u>-283,481</u>
CHANGE IN CASH	951,029	-17,691
OPENING CASH BALANCE	<u>582,020</u>	<u>599,711</u>
CLOSING CASH BALANCE	<u>1,533,049</u>	<u>582,020</u>

KISPIOX BAND COUNCIL

CONDOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES

YEAR ENDED MARCH 31

	2014	2013
	\$	\$
Revenue over expenditure	1,281,381	354,592
Amortization	526,218	498,679
Property and equipment purchases	<u>-1,114,575</u>	<u>-283,481</u>
Change in the year	693,024	569,790
Opening net financial liabilities	<u>-748,666</u>	<u>-1,318,456</u>
Closing net financial liabilities	<u>-55,642</u>	<u>-748,666</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

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

The Band maintains the following funds/entities 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 fund reports the trust funds owned by the Band and held by the federal government.
- Anspayaxw Development Corporation which operates the forestry activities.

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 buildings is based on the annual principal reduction of the related mortgages.

c) Recognition of Revenue and Expenditures

Revenue is recorded in the period in which the transactions 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.

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2014

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Use of Estimates

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

e) Financial Instruments

The Band measures financial assets and financial 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.

f) Inventory

Inventory is valued at cost.

2. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of a \$362,083 allowance for doubtful accounts (2013 \$310,864).

3. OTTAWA TRUST FUNDS

Aboriginal Affairs and Northern Development Canada 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 the Minister of AANDC.

	Capital	Revenue	Total 2014	Total 2013
Opening balance	\$ 8,614	\$ 118,675	\$ 127,289	\$ 120,542
Income	-	7,496	7,496	6,747
Closing balance	<u>\$ 8,614</u>	<u>\$ 126,171</u>	<u>\$ 134,785</u>	<u>\$ 127,289</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2014

4. DEFERRED REVENUE

	2014	2013
Revenue received in advance	\$ 14,438	\$ -
Insurance proceeds	<u>196,712</u>	<u>216,434</u>
	<u>\$ 211,150</u>	<u>\$ 216,434</u>

Insurance proceeds are being recorded as revenue to cover 50% of the mortgage payments on the twelve-plex complex as six units were destroyed by fire.

5. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with an annual charge against earnings. The CMHC 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, 2014, the required funds are in a separate bank account.

	Pre-1997 Projects	Post-1996 Projects	Total
	\$	\$	\$
Opening balance	110,779	108,167	218,946
Current provision	4,420	13,000	17,420
Approved charges	-3,389	-3,075	-6,464
Completed phase	<u>-55,390</u>	<u>-</u>	<u>-55,390</u>
Closing balance	<u>56,420</u>	<u>118,092</u>	<u>174,512</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2014

6. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance \$	Additions \$	Disposals \$	Closing Balance \$	Opening Balance \$	Disposals \$	Annual Amortization \$	Closing Balance \$	Total 2014 \$	Total 2013 \$
Land and improvement:	282,100	-	-	282,100	-	-	-	-	282,100	282,100
Buildings	6,044,136	356,749	-75,995	6,324,890	2,296,994	-75,995	151,838	2,372,837	3,952,053	3,747,142
Engineered structures	13,654,725	722,263	-	14,376,988	4,459,670	-	311,696	4,771,366	9,605,622	9,195,055
Equipment	2,036,015	35,563	-94,564	1,977,014	1,898,180	-94,564	62,684	1,866,300	110,714	137,835
	<u>22,016,976</u>	<u>1,114,575</u>	<u>-170,559</u>	<u>22,960,992</u>	<u>8,654,844</u>	<u>-170,559</u>	<u>526,218</u>	<u>9,010,503</u>	<u>13,950,489</u>	<u>13,362,132</u>



KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2014

7. LONG-TERM DEBT

Royal Bank of Canada

\$6,679/month including interest at 3.83% per annum.	\$ 221,035
\$3,287/month including interest at 3.57% per annum.	146,486
\$1,767/month including interest at 3.18% per annum.	37,709
\$682/month including interest at 4.44% per annum.	33,888

All Nations Trust Company

\$2,180/month including interest at 2.84% per annum.	245,499
\$2,435/month including interest at 2.08% per annum.	<u>476,463</u>
	<u>\$ 1,161,080</u>

The mortgages are secured by land and buildings.

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

2015	\$ 173,781
2016	176,284
2017	157,970
2018	88,026
2019	<u>47,656</u>
	<u>\$ 643,717</u>

8. EQUITY IN PROPERTY AND EQUIPMENT

	2014	2013
	\$	\$
Opening balance	12,069,115	12,114,498
Contribution from operations	1,077,923	283,481
Long-term debt repayment	168,589	169,815
Amortization	<u>-526,218</u>	<u>-498,679</u>
Closing balance	<u>12,789,409</u>	<u>12,069,115</u>

KISPIOX BAND COUNCIL

NOTES

MARCH 31, 2014

9. SURPLUS (DEFICIT)

	2014	2013
Unrestricted		
Administration	\$ 267,915	\$ 222,240
Capital Projects	-15,521	5,980
Economic Development	47,964	176,489
Employment Programs	8,308	-
Housing Rentals	-221,594	-244,860
Public Works	-164,260	-269,800
Social Services	196,279	145,013
	<u>119,091</u>	<u>35,062</u>
Restricted - Internally	<u>851,562</u>	<u>382,000</u>
	<u>\$ 970,653</u>	<u>\$ 417,062</u>

The Band Council has internally restricted funds by band council resolution for as yet unspecified purposes.

10. CONTINGENT LIABILITIES

Guarantor on loans totaling \$37,799.

11. SEGMENT DISCLOSURE

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

KISPIOX BAND COUNCIL
SEGMENT DISCLOSURE
YEAR ENDED MARCH 31

NOTE 11 continued

	Administration	Capital Projects	Economic Development	Employment Programs	Housing	Public Works	Social Services	Amortization	Total 2014	Total 2013
Revenue										
GCC	922,739	1,408,811	116,079	-	-	379,400	1,238,346	-	4,065,375	3,026,402
Gas Bar and Forestry Services	-	-	1,702,582	-	-	-	-	-	1,702,582	2,029,938
Gitsan Health Society	-	-	-	-	-	-	75,000	-	75,000	75,000
CMHC	-	-	-	-	51,130	-	-	-	51,130	221,748
Rental	-	-	51,283	-	233,432	-	-	-	284,715	278,958
Ottawa Trust funds	7,496	-	-	-	-	-	-	-	7,496	6,747
Other	95,121	36,652	8,276	34,667	41,009	127,798	45,312	-	388,835	360,451
	1,025,356	1,445,463	1,878,220	34,667	325,571	507,198	1,358,658	-	6,575,133	5,999,244
Expenses										
Amortization	-	-	-	-	-	-	-	526,218	526,218	498,679
Bad debts	70	-	-	-	51,219	-	-	-	51,289	41,975
Bank charges and interest	8,862	-	12,565	-	33,960	8	-	-	55,395	56,918
Benefits and programs	-	-	-	-	-	-	1,072,611	-	1,072,611	1,110,945
Contract services	38,873	323,969	166,245	-	9,747	51,157	18,212	-	608,203	706,623
Cost of sales	-	-	1,128,839	-	-	-	-	-	1,128,839	1,220,495
Equipment purchases/rentals/repairs	14,888	873	62	600	-	1,893	11,395	-	29,711	12,612
Honoraria	26,000	-	-	-	-	-	-	-	26,000	15,700
Insurance	12,020	-	14,286	-	23,251	18,196	-	-	67,753	64,103
Materials, supplies and other	37,939	49,039	94,873	8,287	5,620	45,178	35,766	-	276,702	428,541
Professional services	17,372	-	-	-	5,000	-	-	-	22,372	25,518
Repairs and maintenance	-	-	2,031	-	39,264	35,393	-	-	76,688	59,607
Telephone and utilities	13,488	-	62,498	-	2,309	82,592	4,146	-	165,033	161,986
Travel and workshops	12,292	-	21,194	913	-	20,195	18,043	-	72,637	79,357
Wages and benefits	292,882	7,439	506,556	16,559	-	143,646	147,219	-	1,114,301	1,161,593
	474,686	381,320	2,009,149	26,359	170,370	398,258	1,307,392	526,218	5,293,752	5,644,652
Revenue over expenditure	550,670	1,064,143	-130,929	8,308	155,201	108,940	51,266	-526,218	1,281,381	354,592
Transfers	-5,568	-	5,568	-	-	-	-	-	-	-
Annual surplus (deficit)	545,102	1,064,143	-125,361	8,308	155,201	108,940	51,266	-526,218	1,281,381	354,592