

Gitga'at First Nation
Consolidated Financial Statements
March 31, 2018

Gitga'at First Nation Contents

For the year ended March 31, 2018

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Management's Responsibility

To the Members of Gitga'at First Nation:

The accompanying consolidated financial statements of Gitga'at First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Gitga'at First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP is appointed by Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

July 18, 2018



Band Manager

Independent Auditors' Report

To the Members of Gitga'at First Nation:

We have audited the accompanying consolidated financial statements of Gitga'at First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained 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, 2018 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 18, 2018

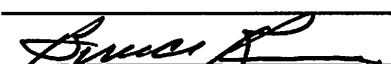




MNP LLP

Chartered Professional Accountants

Gitga'at First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Cash (Note 3)	3,351,275	2,915,374
Accounts receivable (Note 4)	1,453,877	2,301,915
Inventory for resale	79,339	68,684
Portfolio investments (Note 5)	5,538,418	2,185,234
Investment in Nation business entities (Note 7)	647,731	1
Funds held in Ottawa trust (Note 6)	172,670	167,193
Total of financial assets	11,243,310	7,638,401
Financial liabilities		
Accounts payable and accruals (Note 8)	1,605,495	1,310,641
Deferred revenue (Note 9)	466,821	624,158
Long-term debt (Note 10)	386,800	74,630
Capital lease obligations (Note 11)	151,528	-
Total of financial liabilities	2,610,644	2,009,429
Net financial assets	8,632,666	5,628,972
Contingent liabilities (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	24,945,632	21,076,882
Fishing licences	607,340	607,340
Prepaid expenses	101,811	98,478
Total non-financial assets	25,654,783	21,782,700
Accumulated surplus (Note 14)	34,287,449	27,411,672

Approved on behalf of the Chief and Council

 _____ 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, 2018

	Schedules	2018 Budget	2018	2017
Revenue				
Indigenous Services Canada		3,134,691	9,170,064	4,050,654
First Nations Health Authority		998,164	1,121,895	1,187,099
Province of British Columbia		619,460	1,546,991	1,042,627
Government of Canada - Department of Fisheries and Ocean		-	409,492	288,003
Canada Mortgage and Housing Corporation		-	120,172	73,730
Employment and Social Development Canada		-	(9,831)	-
Administration fees		-	53,362	12,533
Fuel revenue		-	564,151	489,422
Interest and investment income		22	92,900	45,710
Earnings from investment in Nation business entities		-	495,898	-
Other revenue		-	4,364,283	4,015,056
Own source revenue		38,495	222,045	314,251
Rental income		-	92,467	13,635
Tribal Resources Investment Corporation		-	18,346	136,000
		4,790,832	18,262,235	11,668,720
Program expenses				
Administration	3	1,015,911	1,221,394	1,103,627
Community Health	4	978,579	856,117	816,734
Community Social Services & Special Projects	5	-	1,012,868	1,399,799
Development Corporation & Other	6	-	748,029	571,315
Economic Development & Gitga'at Clean Energy	7	61,940	129,257	52,496
Education	8	1,253,546	1,578,236	1,399,171
Fisheries, Guardian Watchman & Lands and Marine	9	1,485,437	1,130,248	1,554,089
Own Source Revenue & Forest and Range	10	-	672,420	496,384
Social Assistance	11	333,170	278,087	361,972
Village Operations & Capital Projects	12	731,739	3,766,952	1,769,388
		5,860,322	11,393,608	9,524,975
Surplus (Deficit) before other income		(1,069,490)	6,868,627	2,143,745
Other income				
Gain on disposal of tangible capital assets		-	7,152	-
Surplus (Deficit)		(1,069,490)	6,875,777	2,143,744
Accumulated surplus, beginning of year		27,411,672	27,411,672	25,267,928
Accumulated surplus, end of year		26,342,182	34,287,449	27,411,672

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, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Annual Surplus (Deficit)	(1,069,490)	6,875,777	2,143,744
Purchases of tangible capital assets	-	(4,654,420)	(387,614)
Amortization of tangible capital assets	-	971,559	896,072
Gain on disposal of tangible capital assets	-	(7,152)	-
Aquisition of assets under capital lease	-	(191,482)	-
Proceeds of disposal of tangible capital assets	-	12,745	-
	-	(3,868,750)	508,458
Acquisition of prepaid expenses	-	(3,333)	(44,555)
Increase in net financial assets	(1,069,490)	3,003,694	2,607,647
Net financial assets, beginning of year	5,628,972	5,628,972	3,021,325
Net financial assets, end of year	4,559,482	8,632,666	5,628,972

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, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Surplus (Deficit)	6,875,777	2,143,744
Non-cash items		
Amortization	971,559	896,072
Bad debts	202,222	14,429
Change in investment of non-controlled partnerships	40,940	(3,990)
Gain on disposal of tangible capital assets	(7,152)	-
Earnings from investment in Nation business entities	(495,898)	-
	7,587,448	3,050,255
Changes in working capital accounts		
Accounts receivable	645,813	(918,339)
Prepaid expenses	(3,333)	(44,555)
Accounts payable and accruals	294,854	(110,694)
Deferred revenue	(157,336)	(280,040)
Tenant deposits	-	(21,750)
Inventory for resale	(10,655)	32,063
	8,356,791	1,706,940
Financing activities		
Advances of long-term debt	386,800	-
Repayment of long-term debt	(74,630)	(60,700)
Repayment of capital lease obligation	(39,953)	(39,727)
	272,217	(100,427)
Capital activities		
Purchases of tangible capital assets	(4,654,420)	(387,614)
Proceeds of disposal of tangible capital assets	12,745	-
	(4,641,675)	(387,614)
Investing activities		
Purchase of portfolio investments	(3,394,121)	(10,527)
Increase in funds held in trust	(5,478)	(4,871)
Advances to related Nation business entities	(151,833)	-
	(3,551,432)	(15,398)
Increase in cash resources	435,901	1,203,501
Cash resources, beginning of year	2,915,374	1,711,873
Cash resources, end of year	3,351,275	2,915,374

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 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 Economic Limited Partnership
- Gitga'at Development Corporation

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. (Wholly owned)

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.

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

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.

Investments such as marketable securities and term deposits with an original maturity date of more than one year are reported as portfolio investments. 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 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, 2018, 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 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.

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

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.

Long-lived assets

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.

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, 2018.

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, 2018, 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.

2. Significant accounting policies (Continued from previous page)

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

Due to measurement uncertainty, revenue related to the receipt of funds held in the Ottawa Trust Fund is recognized when it is received.

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.

Change in accounting policies

Effective April 1, 2017, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Standards Handbook:

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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, 2018, there is no balance outstanding on the line of credit.

4. Accounts receivable

	<i>2018</i>	<i>2017</i>
Indigenous Services Canada	46,017	544,546
Other government receivables	271,452	134,439
Members	931,381	926,637
Trade and other receivables	1,120,261	1,614,988
Interest receivable	41,414	19,884
	2,410,525	3,240,494
Less: Allowance for doubtful accounts	956,648	938,579
	1,453,877	2,301,915

5. Portfolio investments

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

Included in portfolio investments are \$977,000 (2017 - \$74,630) of term deposits which have been pledged as security for loans described in Note 10.

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 Services Canada, with the consent of the First Nation's Council.

	<i>2018</i>	<i>2017</i>
Capital Trust		
Balance, beginning and end of year	80,180	80,180
Revenue Trust		
Balance, beginning of year	87,013	82,137
Interest	3,741	4,876
BC Special distribution	1,736	-
Balance, end of year	92,490	87,013
	172,670	167,193

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

7. Investments in First Nation business entities

The First Nation has investments in the following entities:

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings</i>	2018 <i>Total investment</i>
Wholly-owned Businesses:				
Gitga'at Forestry Inc.	1	151,831	495,899	647,731

	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	2017 <i>Total investment</i>
Wholly-owned Businesses:				
Gitga'at Forestry Inc.	1	-	-	1

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>As at December 31, 2017</i>
Assets	
Cash	842,684
Investments	25
Total assets	842,709
Liabilities	
Accounts payable and accruals	77,439
Advances from related parties	269,371
Total liabilities	346,810
	495,899
Total revenue	675,000
Total expenses	179,102
Net income	495,898

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Accounts payable and accruals

	2018	2017
Indigenous Services Canada	11,950	2,790
Accrued salaries and employee benefits payable	157,093	149,090
Other accrued liabilities	195,128	105,128
Trade accounts payable	1,241,324	1,053,633
	1,605,495	1,310,641

9. Deferred revenue

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

	<i>2017 Deferred Revenue</i>	<i>Current Year Funding Received</i>	<i>Current Year Revenue Recognized</i>	<i>2018 Deferred Revenue</i>
Indigenous Services Canada	165,099	9,075,535	9,142,938	97,696
Other government	152,000	50,000	135,834	66,166
Other funding sources	307,059	111,075	115,175	302,959
	624,158	9,236,610	9,393,947	466,821

10. Long-term debt

	2018	2017
Northern Savings Credit Union, fully repaid during the year.	-	55,755
Northern Savings Credit Union, fully repaid during the year.	-	18,875
Northern Savings Credit Union - Commercial loan with monthly interest only payments at prime plus 1% per annum, due on demand. Secured by term deposit #16 & #17, to be held at the value of \$500,000 and \$477,000, respectively.	386,800	-
	386,800	74,630

Prime rate is stated at 3.45% as at March 31, 2018.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

11. Capital lease obligations

	2018	2017
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 \$172,332.	151,528	-

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

2019	70,784
2020	70,784
2021	23,595
	165,163
Less: imputed interest	13,635
	151,528
Less: current portion	61,825
	89,703

12. Defined contribution pension plan

During the year, the First Nation contributed \$51,617 (2017 - \$55,576) to the defined contribution pension plan.

13. 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, 2018 is \$4,408,069 (2017 - \$4,088,738) and has not been accrued in the consolidated financial statements.

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, 2018 is \$54,750 (2017 - \$99,290). 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, 2018

14. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Investment in tangible capital assets	24,407,304	21,002,252
Trust funds held by federal government	172,670	167,193
Fishing licenses	607,340	607,340
Investment in Nation business entities	495,898	-
	25,683,212	21,776,785
Unexpended funding available for operations	8,604,237	5,634,887
	34,287,449	27,411,672

15. 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.

16. Comparative figures

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

17. Segments

The First Nation receives revenues 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.

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, 2018

	<i>Infrastructure</i>	<i>Equipment</i>	<i>Boats</i>	<i>Vehicles</i>	<i>Assets under construction</i>	<i>2018</i>	<i>2017</i>
Cost							
Balance, beginning of year	27,993,402	2,901,783	629,001	246,889	3,130,394	34,901,469	34,513,857
Acquisition of tangible capital assets	1,881,339	644,537	-	31,958	3,348,613	5,906,447	2,311,329
Construction-in-progress	-	-	-	-	(1,060,545)	(1,060,545)	(1,920,208)
Disposal of tangible capital assets	-	(9,000)	-	(6,313)	-	(15,313)	(3,509)
Balance, end of year	29,874,741	3,537,320	629,001	272,534	5,418,462	39,732,058	34,901,469
Accumulated amortization							
Balance, beginning of year	11,091,672	2,278,864	290,227	163,824	-	13,824,587	12,928,515
Annual amortization	704,768	187,388	50,816	28,587	-	971,559	896,072
Accumulated amortization on disposals	-	(7,163)	-	(2,557)	-	(9,720)	-
Balance, end of year	11,796,440	2,459,089	341,043	189,854	-	14,786,426	13,824,587
Net book value of tangible capital assets	18,078,301	1,078,231	287,958	82,680	5,418,462	24,945,632	21,076,882
2017 Net book value of tangible capital assets	16,901,730	622,918	338,774	83,065	3,130,395	21,076,882	

Gitga'at First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

	2018	2017
Consolidated expenses by object		
Advertising	19,082	10,482
Amortization	971,559	896,072
Awards	70,000	40,000
Bad debts	202,222	14,429
Bank charges and interest	23,458	25,176
Consulting fees	4,434,976	2,795,554
Employee benefits	258,304	271,014
Equipment and facility rental	10,654	4,953
Honoraria	186,567	196,475
Income assistance	16,376	26,210
Insurance	123,473	125,023
Office, program supplies and miscellaneous	772,919	520,608
Professional fees	(39,668)	517,124
Property tax	2,537	-
Rent and occupancy costs	26,509	10,132
Repairs and maintenance	168,900	181,523
Salaries and wages	2,245,605	2,042,241
Social assistance	5,287	815
Student and school allowance	359,100	266,388
Telephone	78,069	62,860
Training	49,796	274,371
Travel	529,390	534,670
Tuition	100,425	105,107
Utilities, fuel and other	711,930	561,632
Village celebrations	66,138	42,116
	11,393,608	9,524,975

Gitga'at First Nation
Administration
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	301,439	298,939	299,182
Administration fees	-	53,362	12,533
Interest and investment income	22	41,295	66
Other revenue	20,496	135,754	33,239
Own source revenue	38,495	19,516	15,557
Tribal Resources Investment Corporation	-	8,938	-
	360,452	557,804	360,577
Expenses			
Advertising	-	5,029	3,906
Amortization	-	113,892	106,746
Bad debts	13,526	18,069	14,429
Bank charges and interest	23,409	4,630	10,793
Consulting fees	134,212	174,715	77,051
Employee benefits	43,697	43,536	37,823
Honoraria	140,454	134,350	130,108
Insurance	10,092	13,647	11,480
Office, program supplies and miscellaneous	44,378	44,041	51,125
Professional fees	62,945	173,755	200,316
Repairs and maintenance	38,497	-	71
Salaries and wages	315,971	427,450	353,331
Telephone	56,598	43,910	29,301
Travel	70,748	24,370	73,975
Utilities, fuel and other	61,384	-	3,172
	1,015,911	1,221,394	1,103,627
Deficit before other income	(655,459)	(663,590)	(743,050)
Other income			
Gain on disposal of capital assets	-	7,152	-
Deficit before transfers	(655,459)	(656,438)	(743,050)
Transfers between programs	-	(262,102)	(163,243)
Deficit	(655,459)	(918,540)	(906,293)

**Gitga'at First Nation
Community Health**
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
First Nations Health Authority	998,164	1,121,895	1,187,099
Province of British Columbia	-	58,200	47,575
Other revenue	-	4,046	-
	998,164	1,184,141	1,234,674
Expenses			
Amortization	-	123,053	113,856
Bank charges and interest	-	84	484
Consulting fees	202,500	238,963	249,685
Employee benefits	31,979	24,188	22,997
Insurance	-	9,947	5,839
Office, program supplies and miscellaneous	407,602	34,764	36,755
Professional fees	-	-	1,155
Repairs and maintenance	-	2,400	1,698
Salaries and wages	188,670	153,353	126,316
Telephone	-	9,259	9,550
Travel	122,828	220,893	218,924
Utilities, fuel and other	25,000	39,213	29,475
	978,579	856,117	816,734
Surplus before transfers	19,585	328,024	417,940
Transfers between programs	-	106,759	(26,486)
Surplus	19,585	434,783	391,454

Gitga'at First Nation
Community Social Services & Special Projects
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	-	2,749,841	343,164
Province of British Columbia	-	921,918	467,453
FNESC	-	-	55,424
Interest and investment income	-	5,478	4,876
Other revenue	-	622,212	927,044
Tribal Resources Investment Corporation	-	-	136,000
Own source revenue	-	-	251,740
Opening deferred revenue	-	7,199	-
Closing deferred revenue	-	-	(7,199)
	-	4,306,648	2,178,502
Expenses			
Advertising	-	180	2,037
Amortization	-	3,664	2,844
Awards	-	70,000	40,000
Bank charges and interest	-	111	54
Consulting fees	-	183,491	298,436
Employee benefits	-	35,279	42,597
Office, program supplies and miscellaneous	-	239,329	62,592
Professional fees	-	7,660	153,759
Rent and occupancy costs	-	1,984	-
Salaries and wages	-	302,119	362,919
Student and school allowance	-	72,000	25,188
Telephone	-	7,290	7,732
Training	-	2,565	267,087
Travel	-	77,207	117,419
Tuition	-	9,989	15,057
Utilities, fuel and other	-	-	2,078
	-	1,012,868	1,399,799
Surplus before transfers	-	3,293,780	778,703
Transfers between programs	-	374,249	41,483
Surplus	-	3,668,029	820,186

Gitga'at First Nation
Development Corporation & Other
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Interest and investment income	-	955	1,947
Investment income	-	-	3,988
Other revenue	-	984,694	718,377
Earnings from investment in Nation business entities	-	495,898	-
	-	1,481,547	724,312
Expenses			
Administration	-	(1,000)	-
Advertising	-	7,957	2,249
Amortization	-	10,739	-
Bank charges and interest	-	984	134
Consulting fees	-	155,519	276,137
Employee benefits	-	21,866	16,906
Insurance	-	1,096	-
Office, program supplies and miscellaneous	-	41,981	36,526
Professional fees	-	89,973	81,341
Property tax	-	2,537	-
Rent and occupancy costs	-	4,550	-
Repairs and maintenance	-	8,715	-
Salaries and wages	-	261,207	70,355
Telephone	-	5,496	1,500
Training	-	1,995	-
Travel	-	66,853	44,051
Utilities, fuel and other	-	6,223	-
Village celebrations	-	61,338	42,116
	-	748,029	571,315
Surplus before transfers	-	733,518	152,997
Transfers between programs	-	26,280	253,106
Surplus	-	759,798	406,103

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

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	68,823	120,555	67,165
Other revenue	-	330	-
	68,823	120,885	67,165
Expenses			
Consulting fees	15,767	93,453	33,981
Employee benefits	1,561	1,384	311
Office, program supplies and miscellaneous	13,664	4,641	6,033
Professional fees	4,162	10,548	995
Salaries and wages	25,849	18,738	4,073
Travel	937	493	7,103
	61,940	129,257	52,496
Surplus (deficit) before transfers	6,883	(8,372)	14,669
Transfers between programs	-	146,398	10,000
Surplus	6,883	138,026	24,669

Gitga'at First Nation
Education
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	1,392,831	1,460,197	1,373,773
FNESC	-	-	8,486
Other revenue	-	10,423	15,000
Opening deferred revenue	-	2,000	-
Closing deferred revenue	-	(2,000)	(2,000)
	1,392,831	1,470,620	1,395,259
Expenses			
Amortization	-	315,927	294,136
Bank charges and interest	-	6	-
Consulting fees	732,422	711,957	606,471
Employee benefits	3,018	4,794	4,944
Insurance	28,091	23,435	20,771
Office, program supplies and miscellaneous	16,766	26,520	19,986
Repairs and maintenance	20,358	214	6,650
Salaries and wages	54,448	50,022	51,048
Student and school allowance	199,757	287,100	241,200
Telephone	729	-	338
Travel	28,371	32,611	10,103
Tuition	104,040	90,436	90,049
Utilities, fuel and other	65,546	35,214	53,475
	1,253,546	1,578,236	1,399,171
Surplus (Deficit) before transfers	139,285	(107,616)	(3,912)
Transfers between programs	-	(204,930)	(12,213)
Surplus (Deficit)	139,285	(312,546)	(16,125)

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

For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	100,000	225,968	128,818
Government of Canada - Department of Fisheries and Ocean	-	409,492	288,003
Province of British Columbia	265,000	251,873	240,600
Other revenue	1,336,000	1,100,180	877,407
Own source revenue	-	144,347	-
Rental income	-	92,467	13,635
Lease and licence income	-	28,520	199,122
Opening deferred revenue	-	92,641	-
	1,701,000	2,345,488	1,747,585
Expenses			
Administration	135,464	1,000	-
Advertising	-	328	2,290
Amortization	-	128,084	126,807
Bank charges and interest	-	805	3,182
Consulting fees	195,000	322,354	240,261
Employee benefits	-	74,578	81,659
Equipment and facility rental	139,500	739	2,453
Honoraria	64,800	52,216	66,367
Insurance	24,000	19,883	16,263
Office, program supplies and miscellaneous	28,000	55,751	84,280
Professional fees	-	(335,858)	74,915
Rent and occupancy costs	-	-	935
Repairs and maintenance	72,000	146,019	157,415
Salaries and wages	714,173	549,523	633,273
Telephone	-	7,742	10,858
Training	-	22,138	-
Travel	60,000	61,828	41,816
Utilities, fuel and other	52,500	23,118	11,315
	1,485,437	1,130,248	1,554,089
Surplus before transfers	215,563	1,215,240	193,496
Transfers between programs	-	52,820	-
Surplus	215,563	1,268,060	193,496

Gitga'at First Nation
Own Source Revenue & Forest and Range
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Canada Mortgage and Housing Corporation	-	500	-
Province of British Columbia	-	285,000	287,000
Fuel revenue	-	564,151	489,422
Interest and investment income	-	45,173	38,821
Other revenue	-	1,297,739	1,031,706
Own source revenue	-	44,947	46,954
	-	2,237,510	1,893,903
Expenses			
Advertising	-	5,589	-
Bad debts	-	2,167	-
Bank charges and interest	-	9,529	7,874
Consulting fees	-	20,648	22,832
Employee benefits	-	7,199	5,069
Insurance	-	4,814	4,692
Office, program supplies and miscellaneous	-	48,435	21,807
Professional fees	-	14,254	4,642
Rent and occupancy costs	-	6,000	-
Repairs and maintenance	-	-	100
Salaries and wages	-	74,176	46,091
Telephone	-	2,633	2,633
Travel	-	6,502	2,094
Utilities, fuel and other	-	465,673	378,550
Village celebrations	-	4,801	-
	-	672,420	496,384
Surplus before transfers	-	1,565,090	1,397,519
Transfers between programs	-	(169,824)	(138,684)
Surplus	-	1,395,266	1,258,835

Gitga'at First Nation
Social Assistance
Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Indigenous Services Canada	370,190	370,366	364,455
Employment and Social Development Canada	-	(9,831)	-
Other revenue	-	9,228	2,232
	370,190	369,763	366,687
Expenses			
Amortization	-	40,407	37,478
Consulting fees	15,815	5,402	(1,128)
Employee benefits	13,838	10,597	32,153
Hardship	-	3,852	-
Income assistance	46,818	16,376	26,210
Office, program supplies and miscellaneous	57,635	25,251	37,927
Rent and occupancy costs	12,485	13,975	8,697
Salaries and wages	168,163	125,488	213,230
Special needs	520	1,435	815
Training	15,606	22,924	4,094
Travel	-	5,122	1,290
Utilities, fuel and other	2,290	7,258	1,206
	333,170	278,087	361,972
Surplus	37,020	91,676	4,715

Gitga'at First Nation
Village Operations & Capital Projects
Schedule 12 - Schedule of Revenue and Expenses
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue			
Canada Mortgage and Housing Corporation	-	119,672	73,730
Indigenous Services Canada	926,408	3,944,198	1,474,097
Province of British Columbia			
Opening deferred revenue	-	125,000	125,000
Closing deferred revenue	-	(95,000)	(125,000)
Other revenue	-	98,443	2,941
Own source revenue	-	13,235	-
Tribal Resources Investment Corporation	-	9,408	-
Opening deferred revenue	-	-	149,288
	926,408	4,214,956	1,700,056
Expenses			
Amortization	-	235,793	214,206
Bank charges and interest	-	7,309	2,654
Consulting fees	103,000	2,528,474	991,828
Employee benefits	35,790	34,883	26,555
Equipment and facility rental	21,849	9,915	2,500
Insurance	51,189	50,650	65,977
Office, program supplies and miscellaneous	94,172	252,204	163,578
Rent and occupancy costs	11,445	-	500
Repairs and maintenance	79,127	11,551	15,590
Salaries and wages	228,889	283,530	181,606
Telephone	-	1,738	948
Training	-	175	3,190
Travel	6,711	33,512	17,896
Utilities, fuel and other	99,567	135,231	82,360
Bad debts	-	181,987	-
	731,739	3,766,952	1,769,388
Surplus (deficit) before transfers	194,669	448,004	(69,332)
Transfers between programs	-	(69,652)	36,036
Surplus (deficit)	194,669	378,352	(33,296)