

Gitga'at First Nation
Consolidated Financial Statements
March 31, 2019

Gitga'at First Nation Contents

For the year ended March 31, 2019

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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 10, 2019



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, 2019, 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 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, 2019, 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 Those Charged with Governance 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 unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance 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.

Terrace, British Columbia

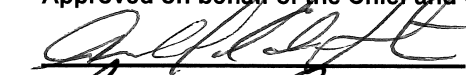
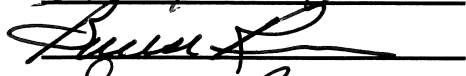
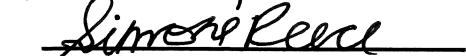
July 10, 2019


Chartered Professional Accountants

Gitga'at First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018 <i>Restated (Note 15)</i>
Financial assets		
Cash (Note 3)	6,708,709	3,351,275
Accounts receivable (Note 4)	2,430,742	1,453,877
Inventory for resale	-	79,339
Portfolio investments (Note 5)	2,668,343	5,538,418
Investment in Nation business entities (Note 6)	297,799	647,731
Funds held in Ottawa trust (Note 7)	178,387	172,670
Total of financial assets	12,283,980	11,243,310
Liabilities		
Accounts payable and accruals (Note 8)	1,776,831	1,605,495
Deferred revenue (Note 9)	679,579	466,821
Long-term debt (Note 10)	-	386,800
Capital lease obligations (Note 11)	89,703	151,528
Total liabilities	2,546,113	2,610,644
Net financial assets	9,737,867	8,632,666
Contingent liabilities (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	24,509,207	24,945,632
Prepaid expenses	135,437	101,811
Total non-financial assets	24,644,644	25,047,443
Accumulated surplus (Note 14)	34,382,511	33,680,109

Approved on behalf of the Chief and Council


 _____ Councillor

 _____ Councillor

 _____ Councillor


 _____ Councillor
 _____ Councillor

Gitga'at First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2019

	<i>Schedules</i>	2019 Budget	2019	<i>2018 Restated (note 15)</i>
Revenue				
Indigenous Services Canada		3,270,890	4,185,694	9,170,064
Province of British Columbia		620,994	2,223,729	1,546,991
First Nations Health Authority		998,164	1,265,906	1,121,895
Government of Canada - Department of Fisheries and Oceans		-	927,902	409,492
Canada Mortgage and Housing Corporation		-	-	120,172
Employment and Social Development Canada		-	(8,811)	(9,831)
Other revenue		1,836,406	4,525,987	4,364,283
Fuel revenue		-	244,700	564,151
Own source revenue		39,265	233,591	222,045
Rental income		-	143,863	92,467
Interest and investment income		23	91,672	92,900
Earnings from investment in Nation business entities		-	47,327	495,898
Tribal Resources Investment Corporation		-	9,724	18,346
Administration fees		-	14,783	53,362
		6,765,742	13,906,067	18,262,235
Program expenses				
Administration	3	1,029,019	823,919	1,221,396
Community Health	4	842,233	930,488	856,117
Community Social Services & Special Projects	5	-	1,926,410	1,012,868
Development Corporation & Other	6	-	969,415	748,029
Economic Development & Gitga'at Clean Energy	7	63,179	55,306	129,257
Education	8	1,278,616	1,553,769	1,578,236
Fisheries, Guardian Watchman & Lands and Marine	9	1,831,710	2,344,185	1,130,248
Own Source Revenue & Forest and Range	10	-	339,473	672,420
Social Assistance	11	311,219	257,179	278,087
Village Operations & Capital Projects	12	775,026	4,019,676	3,766,952
		6,131,002	13,219,820	11,393,610
Surplus before other income		634,740	686,247	6,868,625
Other income				
Gain on disposal of tangible capital assets		-	16,155	7,152
Surplus		634,740	702,402	6,875,777
Accumulated surplus, beginning of year		33,477,521	33,680,109	26,804,332
Accumulated surplus, end of year		34,112,261	34,382,511	33,680,109

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, 2019

	2019 Budget	2019	2018
Annual Surplus	634,740	702,402	6,875,777
Purchases of tangible capital assets	-	(757,948)	(4,654,420)
Amortization of tangible capital assets	-	1,110,678	971,559
Gain on disposal of tangible capital assets	-	(16,155)	(7,152)
Aquisition of assets under capital lease	-	-	(191,482)
Proceeds of disposal of tangible capital assets	-	99,850	12,745
	-	436,425	(3,868,750)
Acquisition of prepaid expenses	-	(33,626)	(3,333)
Decrease in net financial assets	634,740	1,105,201	3,003,694
Net financial assets, beginning of year	8,632,666	8,632,666	5,628,972
Net financial assets, end of year	9,267,406	9,737,867	8,632,666

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, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Surplus	702,402	6,875,777
Non-cash items		
Amortization	1,110,678	971,559
Bad debts	(161,033)	202,222
Change in investment of non-controlled partnerships	(38,868)	40,940
Gain on disposal of tangible capital assets	(16,155)	(7,152)
Earnings from investment in Nation business entities	(47,327)	(495,898)
	1,549,697	7,587,448
Changes in working capital accounts		
Accounts receivable	(815,834)	645,813
Prepaid expenses	(33,626)	(3,333)
Accounts payable and accruals	171,335	294,852
Deferred revenue	212,758	(157,336)
Inventory for resale	79,339	(10,655)
	1,163,669	8,356,789
Financing activities		
Advances of long-term debt	-	386,800
Repayment of long-term debt	(386,800)	(74,630)
Repayment of capital lease obligation	(61,825)	(39,953)
	(448,625)	272,217
Capital activities		
Purchases of tangible capital assets	(757,948)	(4,654,420)
Proceeds of disposal of tangible capital assets	99,850	12,745
	(658,098)	(4,641,675)
Investing activities		
Purchase of portfolio investments	-	(3,394,121)
Increase in funds held in trust	(5,715)	(5,478)
Advances to related Nation business entities	-	(151,833)
Repayment from related Nation business entities	397,260	-
Disposal of portfolio investments	2,908,943	-
	3,300,488	(3,551,432)
Increase in cash resources	3,357,434	435,899
Cash resources, beginning of year	3,351,275	2,915,376
Cash resources, end of year	6,708,709	3,351,275

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 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 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 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

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

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.

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:

	Rate
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.

Long-lived assets

Long-lived assets consist of tangible capital assets 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, 2019.

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, 2019, 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. 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 Policy

PS 3430 Restructuring Transactions (New)

Effective April 1, 2018, the Nation adopted the recommendations relating to PS 3430 *Restructuring Transactions* as set out in the CPA Canada Public Sector Accounting Handbook. The main features of this standard are as follows:

- A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.
- Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

There was no material impact on the consolidated financial statements of adopting the new section.

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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, 2019, there is no balance outstanding on the line of credit.

4. Accounts receivable

	2019	2018
Indigenous Services Canada	590,217	46,017
Other government receivables	906,121	271,452
Members	928,122	931,381
Trade and other receivables	926,046	1,120,261
Interest receivable	34,571	41,414
	3,385,077	2,410,525
Less: Allowance for doubtful accounts	954,335	956,648
	2,430,742	1,453,877

5. Portfolio investments

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

Included in portfolio investments are \$nil (2018 - \$977,000) of term deposits which have been pledged as security for loans described in Note 10.

6. 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>	<i>2019</i>
				<i>Total investment</i>
Wholly-owned Businesses:				
Gitga'at Forestry Inc.	1	(428,080)	587,613	159,534
First Nation Business Partnerships – Modified Equity:				
GMSLP - 99%	89,016	93,661	(44,412)	138,265
	89,017	(334,419)	543,201	297,799
				<i>2018</i>
	<i>Investment cost</i>	<i>Loans / advances</i>	<i>Cumulative share of earnings (loss)</i>	<i>Total investment</i>
Wholly-owned Businesses:				
Gitga'at Forestry Inc.	1	151,831	495,899	647,731

Continued on next page

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Investments in First Nation business entities (continued)

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. As at March 31, 2019</i>	<i>Gitga'at Marine Services Limited Partnership As at December 31, 2018</i>
Assets		
Cash	213,120	26,155
Accounts receivable	-	2,719
Inventory	-	47,841
Investments	26	-
Receivable from related parties	428,080	-
Property, plant and equipment	-	78,964
Prepaid expenses	-	3,684
Total assets	641,226	159,363
Liabilities		
Accounts payable and accruals	53,613	14,357
Payable to related parties	-	100,402
Total liabilities	53,613	114,759
	587,613	44,604
Total revenue	135,947	202,817
Total expenses	44,212	247,229
Net income	91,735	(44,412)

7. 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.

	2019	2018
Capital Trust		
Balance, beginning and end of year	80,180	80,180
Revenue Trust		
Balance, beginning of year	92,490	87,013
Interest	3,975	3,741
BC Special distribution	1,742	1,736
Balance, end of year	98,207	92,490
	178,387	172,670

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Accounts payable and accruals

	2019	2018
Indigenous Services Canada	162,403	11,950
Accrued salaries and employee benefits payable	175,272	157,093
Other accrued liabilities	121,056	195,128
Trade accounts payable	1,318,100	1,241,324
	1,776,831	1,605,495

9. Deferred revenue

The First Nation's deferred revenue is as follows:

	2018 Deferred Revenue	Current Year Funding Received	Current Year Revenue Recognized	2019 Deferred Revenue
First Nation Health Authority	-	39,960	100	39,860
Indigenous Services Canada	97,696	158,900	213,934	42,662
Other government	66,166	187,400	151,708	101,858
Other funding sources	302,959	842,578	650,338	495,199
	466,821	1,228,838	1,016,080	679,579

10. Long-term debt

	2019	2018
Northern Savings Credit Union, fully repaid during the year	-	386,800

11. Capital lease obligations

	2019	2018
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 \$137,866.	89,703	151,528

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

2020	70,784
2021	23,243
	94,027
Less: imputed interest	(4,324)
	89,703
Balance of obligation	89,703
Less: current portion	66,460
	23,243

Gitga'at First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

12. Defined contribution pension plan

During the year, the First Nation contributed \$52,407 (2018 - \$51,617) 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, 2019 is \$4,408,069 (2018 - \$4,408,069) 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, 2019 is \$66,421 (2018 - \$54,750). No amount has been recorded by the First Nation.

14. Accumulated surplus

Accumulated surplus consists of the following:

	2019	<i>2018 Restated (Note 15)</i>
Investment in tangible capital assets	24,419,504	24,407,304
Trust funds held by federal government	178,387	172,670
Investment in Nation business entities	632,217	495,898
	25,230,108	25,075,872
Unexpended funding available for operations	9,152,403	8,604,237
	34,382,511	33,680,109

15. Correction of an error

During the year, the First Nation determined that the fishing licenses acquired in prior years did not meet the definition of an asset under Canadian public sector accounting standards. For the year ended March 31, 2017, fishing licenses were overstated and accumulated surplus overstated by \$607,340. For the year ended March 31, 2018 fishing licenses were overstated by \$607,340 causing March 31, 2018 accumulated surplus to be overstated by \$607,340. Prior period figures have been adjusted to correct these amounts.

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. Comparative figures

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

18. 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.

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, 2019

	<i>Infrastructure</i>	<i>Equipment</i>	<i>Boats</i>	<i>Vehicles</i>	<i>Assets under construction</i>	<i>2019</i>	<i>2018</i>
Cost							
Balance, beginning of year	29,874,741	3,537,320	629,001	272,534	5,418,462	39,732,058	34,901,469
Acquisition of tangible capital assets	2,717,979	750,952	430,806	25,219	1,865,747	5,790,703	5,906,447
Construction-in-progress	-	-	-	-	(5,032,105)	(5,032,105)	(1,060,545)
Disposal of tangible capital assets	(11,400)	(126,077)	(16,050)	(23,380)	-	(176,907)	(15,313)
Balance, end of year	32,581,320	4,162,195	1,043,757	274,373	2,252,104	40,313,749	39,732,058
Accumulated amortization							
Balance, beginning of year	11,796,440	2,459,089	341,043	189,854	-	14,786,426	13,824,587
Annual amortization	765,975	247,192	73,099	24,412	-	1,110,678	971,559
Accumulated amortization on disposals	(5,700)	(61,343)	(16,050)	(9,469)	-	(92,562)	(9,720)
Balance, end of year	12,556,715	2,644,938	398,092	204,797	-	15,804,542	14,786,426
Net book value of tangible capital assets	20,024,605	1,517,257	645,665	69,576	2,252,104	24,509,207	24,945,632
2018 Net book value of tangible capital assets	18,078,301	1,078,231	287,958	82,680	5,418,462	24,945,632	

Gitga'at First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019	2018
Consolidated expenses by object		
Advertising	888,404	19,082
Amortization	1,110,678	971,559
Awards	61,500	70,000
Bad debts (recovery)	(161,033)	202,222
Bank charges and interest	25,723	23,458
Consulting fees	2,584,845	4,434,976
Employee benefits	245,650	258,304
Equipment and facility rental	8,768	10,654
Honoraria	189,151	186,567
Income assistance	21,835	16,376
Insurance	159,430	123,473
Office, program supplies and miscellaneous	621,073	772,921
Professional fees	289,039	(39,668)
Property tax	17,765	2,537
Rent and occupancy costs	(10,279)	26,509
Repairs and maintenance	122,445	168,900
Salaries and wages	2,412,466	2,245,605
Social assistance	235	5,287
Special projects cancelled	2,496,993	-
Student and school allowance	465,532	359,100
Telephone	86,502	78,069
Training	342,387	49,796
Travel	652,214	529,390
Tuition	140,183	100,425
Utilities, fuel and other	446,354	711,930
Village celebrations	1,960	66,138
	13,219,820	11,393,610

Gitga'at First Nation
Administration
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada	307,469	304,301	298,939
Province of British Columbia	-	28,111	-
Interest and investment income	23	54,602	41,295
Other revenue	20,906	24,703	135,754
Own source revenue	39,265	2,053	19,516
Tribal Resources Investment Corporation	-	-	8,938
Administration fees	-	14,783	53,362
	367,663	428,553	557,804
Expenses			
Advertising	-	269	5,029
Amortization	-	122,857	113,892
Bad debts (recovery)	13,797	(2,313)	18,069
Bank charges and interest	23,878	4,410	4,630
Consulting fees	136,897	141,708	174,715
Employee benefits	44,571	43,624	43,536
Honoraria	143,264	-	134,350
Insurance	10,294	14,694	13,647
Office, program supplies and miscellaneous	45,266	59,635	44,043
Professional fees	64,204	81,406	173,755
Repairs and maintenance	28,867	10,356	-
Salaries and wages	322,291	280,540	427,450
Telephone	57,730	38,683	43,910
Training	-	1,398	-
Travel	75,348	43,751	24,370
Utilities, fuel and other	62,612	(17,099)	-
	1,029,019	823,919	1,221,396
Deficit before other items	(661,356)	(395,366)	(663,592)
Other income			
Gain on disposal of tangible capital assets	-	-	7,152
Deficit before transfers	(661,356)	(395,366)	(656,440)
Transfers between programs	-	(135,807)	(262,100)
Deficit	(661,356)	(531,173)	(918,540)

Gitga'at First Nation
Community Health
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
First Nations Health Authority	998,164	1,265,906	1,121,895
Province of British Columbia	-	30,000	58,200
Other revenue	-	26,752	4,046
Closing deferred revenue	-	(46,460)	-
	998,164	1,276,198	1,184,141
Expenses			
Advertising	-	1,500	-
Amortization	-	134,030	123,053
Awards	-	1,500	-
Bank charges and interest	-	3,080	84
Consulting fees	203,500	138,127	238,963
Employee benefits	33,578	27,345	24,188
Insurance	-	11,457	9,947
Office, program supplies and miscellaneous	382,602	65,212	34,764
Rent and occupancy costs	-	1,350	-
Repairs and maintenance	-	-	2,400
Salaries and wages	197,553	224,000	153,353
Telephone	-	10,718	9,259
Training	-	1,805	-
Travel	-	288,442	220,893
Utilities, fuel and other	25,000	21,922	39,213
	842,233	930,488	856,117
Surplus before transfers	155,931	345,710	328,024
Transfers between programs	-	(36,118)	106,759
Surplus	155,931	309,592	434,783

Gitga'at First Nation
Community Social Services & Special Projects
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Province of British Columbia	-	1,905,876	921,918
Indigenous Services Canada	-	571,353	2,749,841
Government of Canada - Department of Fisheries and Oceans	-	521,480	-
Other revenue	-	1,175,451	622,212
Interest and investment income	-	5,717	5,478
Opening deferred revenue	-	-	7,199
Closing deferred revenue	-	(90,000)	-
	-	4,089,877	4,306,648
Expenses			
Advertising	-	407	180
Amortization	-	4,469	3,664
Awards	-	60,000	70,000
Bank charges and interest	-	41	111
Consulting fees	-	384,738	183,491
Employee benefits	-	62,394	35,279
Honoraria	-	1,800	-
Office, program supplies and miscellaneous	-	167,342	239,329
Professional fees	-	9,657	7,660
Rent and occupancy costs	-	1,625	1,984
Salaries and wages	-	606,468	302,119
Student and school allowance	-	166,782	72,000
Telephone	-	7,888	7,290
Training	-	331,722	2,565
Travel	-	96,934	77,207
Tuition	-	23,083	9,989
Utilities, fuel and other	-	1,060	-
	-	1,926,410	1,012,868
Surplus before transfers	-	2,163,467	3,293,780
Transfers between programs	-	(1,014,114)	374,249
Surplus	-	1,149,353	3,668,029

Gitga'at First Nation
Development Corporation & Other
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Other revenue	-	1,179,995	984,694
Earnings (loss) from investment in Nation business entities	-	47,327	495,898
Interest and investment income	-	210	955
	-	1,227,532	1,481,547
Expenses			
Administration	-	-	(1,000)
Advertising	-	6,304	7,957
Amortization	-	45,145	10,739
Bank charges and interest	-	3,207	984
Consulting fees	-	157,942	155,519
Employee benefits	-	1,963	21,866
Honoraria	-	131,821	-
Insurance	-	19,354	1,096
Office, program supplies and miscellaneous	-	31,544	41,981
Professional fees	-	151,489	89,973
Property tax	-	17,765	2,537
Rent and occupancy costs	-	4,200	4,550
Repairs and maintenance	-	23,342	8,715
Salaries and wages	-	269,393	261,207
Telephone	-	9,045	5,496
Training	-	2,095	1,995
Travel	-	81,298	66,853
Utilities, fuel and other	-	12,528	6,223
Village celebrations	-	980	61,338
	-	969,415	748,029
Surplus before transfers	-	258,117	733,518
Transfers between programs	-	195,391	26,280
Surplus	-	453,508	759,798

Gitga'at First Nation
Economic Development & Gitga'at Clean Energy
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	70,200	17,173	120,555
Other revenue	-	275	330
	70,200	17,448	120,885
Expenses			
Consulting fees	16,083	90,615	93,453
Employee benefits	1,593	-	1,384
Office, program supplies and miscellaneous	13,935	(70,000)	4,641
Professional fees	4,246	5,138	10,548
Rent and occupancy costs	-	(19,653)	-
Salaries and wages	26,366	48,406	18,738
Travel	956	800	493
	63,179	55,306	129,257
Deficit before transfers	7,021	(37,858)	(8,372)
Transfers between programs	-	-	146,398
Surplus (deficit)	7,021	(37,858)	138,026

Gitga'at First Nation
Education
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada	1,420,688	1,476,862	1,460,197
Other revenue	-	85,456	10,423
Tribal Resources Investment Corporation	-	9,724	-
FNESC	-	4,458	-
Opening deferred revenue	-	2,000	2,000
Closing deferred revenue	-	-	(2,000)
	1,420,688	1,578,500	1,470,620
Expenses			
Amortization	-	342,516	315,927
Bank charges and interest	-	6	6
Consulting fees	747,092	594,416	711,957
Employee benefits	3,080	4,903	4,794
Insurance	28,653	26,961	23,435
Office, program supplies and miscellaneous	38,295	16,773	26,520
Repairs and maintenance	20,766	-	214
Salaries and wages	55,538	64,774	50,022
Student and school allowance	203,753	298,750	287,100
Telephone	744	269	-
Travel	7,716	51,540	32,611
Tuition	106,121	117,101	90,436
Utilities, fuel and other	66,858	35,760	35,214
	1,278,616	1,553,769	1,578,236
Surplus (deficit) before transfers	142,072	24,731	(107,616)
Transfers between programs	-	(94,458)	(204,930)
Deficit	142,072	(69,727)	(312,546)

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

For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Government of Canada - Department of Fisheries and Oceans	-	406,422	409,492
Province of British Columbia	335,000	249,742	251,873
Indigenous Services Canada	150,000	139,053	225,968
Other revenue	1,815,500	924,076	1,100,180
Own source revenue	-	211,213	144,347
Lease and licence income	-	135,566	28,520
Rental income	-	70,719	92,467
Opening deferred revenue	-	27,126	92,641
Closing deferred revenue	-	(177,373)	(27,126)
	2,300,500	1,986,544	2,318,362
Expenses			
Administration	-	-	1,000
Advertising	-	855,072	328
Amortization	-	159,902	128,084
Bank charges and interest	-	151	805
Consulting fees	189,000	318,883	322,354
Employee benefits	166,943	61,974	74,578
Equipment and facility rental	214,250	58	739
Honoraria	64,800	55,531	52,216
Insurance	30,000	22,240	19,883
Office, program supplies and miscellaneous	28,000	86,771	55,751
Professional fees	-	30,674	(335,858)
Repairs and maintenance	112,000	64,896	146,019
Salaries and wages	834,717	524,661	549,523
Telephone	-	17,287	7,742
Training	-	499	22,138
Travel	60,000	65,386	61,828
Utilities, fuel and other	132,000	80,200	23,118
	1,831,710	2,344,185	1,130,248
Surplus (deficit) before other items	468,790	(357,641)	1,188,114
Other income			
Gain on disposal of tangible capital assets	-	16,050	-
Surplus (deficit) before transfers	468,790	(341,591)	1,188,114
Transfers between programs	-	908,434	52,820
Surplus	468,790	566,843	1,240,934

Gitga'at First Nation
Own Source Revenue & Forest and Range
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Province of British Columbia	-	10,000	285,000
Canada Mortgage and Housing Corporation	-	-	500
Other revenue	-	1,176,561	1,297,739
Fuel revenue	-	244,700	564,151
Rental income	-	63,464	-
Interest and investment income	-	31,143	45,173
Own source revenue	-	20,325	44,947
	-	1,546,193	2,237,510
Expenses			
Advertising	-	24,851	5,589
Bad debts (recovery)	-	-	2,167
Bank charges and interest	-	5,801	9,529
Consulting fees	-	71,049	20,648
Employee benefits	-	1,872	7,199
Insurance	-	3,156	4,814
Office, program supplies and miscellaneous	-	17,032	48,435
Professional fees	-	10,675	14,254
Rent and occupancy costs	-	99	6,000
Salaries and wages	-	28,914	74,176
Telephone	-	472	2,633
Travel	-	-	6,502
Utilities, fuel and other	-	175,552	465,673
Village celebrations	-	-	4,801
	-	339,473	672,420
Surplus before other items	-	1,206,720	1,565,090
Other income			
Gain on disposal of tangible capital assets	-	105	-
Surplus before transfers	-	1,206,825	1,565,090
Transfers between programs	-	(155,947)	(169,824)
Surplus	-	1,050,878	1,395,266

Gitga'at First Nation
Social Assistance
Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue			
Indigenous Services Canada	345,800	376,980	370,366
Human Resources and Skills Development Canada	-	(8,811)	(9,831)
Other revenue	-	41,000	9,228
Closing deferred revenue	-	(20,500)	-
	345,800	388,669	369,763
Expenses			
Amortization	-	43,932	40,407
Bank charges and interest	-	53	-
Consulting fees	15,919	3,837	5,402
Employee benefits	11,674	12,454	10,597
Hardship	-	235	3,852
Income assistance	47,755	21,835	16,376
Office, program supplies and miscellaneous	53,053	32,342	25,251
Rent and occupancy costs	12,735	2,100	13,975
Salaries and wages	151,298	132,084	125,488
Special needs	530	-	1,435
Training	15,919	4,325	22,924
Travel	-	156	5,122
Utilities, fuel and other	2,336	2,846	7,258
Village celebrations	-	980	-
	311,219	257,179	278,087
Surplus	34,581	131,490	91,676

Gitga'at First Nation
Village Operations & Capital Projects
Schedule 12 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget	2019	2018
Revenue			
Indigenous Services Canada	944,938	1,299,972	3,944,198
Opening deferred revenue	-	-	30,000
Province of British Columbia			
Canada Mortgage and Housing Corporation	-	-	119,672
Other revenue	-	56,900	98,443
Rental income	-	9,680	-
Own source revenue	-	-	13,235
Tribal Resources Investment Corporation	-	-	9,408
	944,938	1,366,552	4,214,956
Expenses			
Amortization	-	257,827	235,793
Bad debts (recovery)	-	(158,720)	181,987
Bank charges and interest	-	8,975	7,309
Consulting fees	105,062	683,529	2,528,474
Employee benefits	36,508	29,120	34,883
Equipment and facility rental	22,288	8,710	9,915
Insurance	52,214	61,568	50,650
Office, program supplies and miscellaneous	226,587	214,422	252,204
Repairs and maintenance	80,695	23,851	11,551
Salaries and wages	233,469	233,226	283,530
Special projects cancelled	-	2,496,993	-
Telephone	-	2,138	1,738
Training	-	543	175
Travel	6,846	23,908	33,512
Utilities, fuel and other	11,357	133,586	135,231
	775,026	4,019,676	3,766,952
Surplus (deficit) before transfers	169,912	(2,653,124)	448,004
Transfers between programs	-	332,621	(69,652)
Surplus (deficit)	169,912	(2,320,503)	378,352