

HAGWILGET FIRST NATION GOVERNMENT

FINANCIAL STATEMENTS

MARCH 31, 2020

HAGWILGET FIRST NATION GOVERNMENT

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF FINANCIAL POSITION

STATEMENT OF FINANCIAL ACTIVITIES

STATEMENT OF CASH FLOWS

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

NOTES

HAGWILGET FIRST NATION GOVERNMENT
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2020

The financial statements of the Hagwilget First Nation Government and all the information in this annual report are the responsibility of management and have been approved by the Council and the Executive Director.

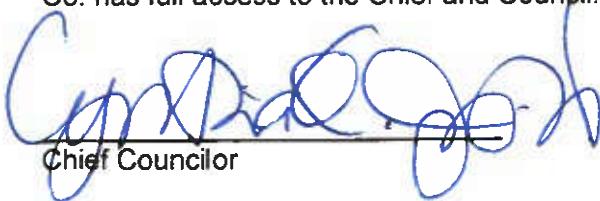
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements are presented fairly, in all material respects.

The Hagwilget First Nation Government maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate and that assets are adequately safeguarded.

Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council meets regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Council also considers the engagement of the external auditor.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to the Chief and Council.



Chief Councilor



Executive Director

INDEPENDENT AUDITOR'S REPORT

TO THE CHIEF AND COUNCIL - HAGWILGET FIRST NATION GOVERNMENT

Opinion

We have audited the financial statements of the Hagwilget First Nation Government, which comprise the statement of financial position as at March 31, 2020 and the statements of financial activities, changes in net financial assets and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020 and the results of its operations and 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. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the 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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

Responsibilities of Management and the Council for the Financial Statements

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

In preparing the 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 conditions exist that do not allow for the going concern basis to be used.

The Council is responsible for overseeing the First Nation's financial reporting process.

Other Matters

The financial statements of the First Nation for the year ended March 31, 2019 were audited by another auditor who expressed an unqualified opinion on those statements on July 31, 2019.

Terrace, BC
February 15, 2021

Carlyle Shepherd & Co.

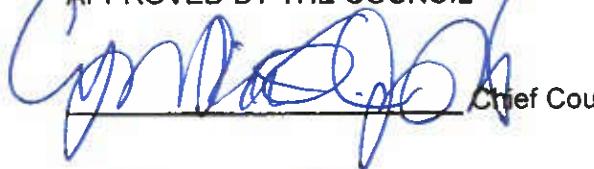
HAGWILGET FIRST NATION GOVERNMENT

STATEMENT OF FINANCIAL POSITION

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	430,595	1,165,045
Accounts receivable (note 2)	793,883	116,001
Ottawa Trust funds (note 3)	<u>111,941</u>	<u>107,217</u>
	<u>1,336,419</u>	<u>1,388,263</u>
LIABILITIES		
Accounts payable and accruals (note 4)	288,018	347,782
Due to Hagwilget Rock Society	-	829,014
Long-term debt (note 5)	<u>635,931</u>	<u>-</u>
	<u>923,949</u>	<u>1,176,796</u>
NET FINANCIAL ASSETS		
	<u>412,470</u>	<u>211,467</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 7)	5,769,138	4,993,872
Prepaid expenses	<u>22,522</u>	<u>26,345</u>
	<u>5,791,660</u>	<u>5,020,217</u>
	<u>6,204,130</u>	<u>5,231,684</u>
FIRST NATION POSITION		
Operating surplus (note 6)	958,982	610,411
Equity in property and equipment (note 8)	<u>5,133,207</u>	<u>4,514,056</u>
Equity in Ottawa trust funds (note 3)	<u>111,941</u>	<u>107,217</u>
	<u>6,204,130</u>	<u>5,231,684</u>

APPROVED BY THE COUNCIL



Chief Councilor

B. Brant Executive Director

HAGWILGET FIRST NATION GOVERNMENT

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
REVENUE		
ISC	1,771,557	3,075,576
FNHA	1,077,647	809,353
BC First Nation Gaming LP	428,471	-
TRICORP	35,000	50,000
Rent	100,286	80,936
Hagwilget Rock Society / Trust	1,551,292	1,525,211
Ottawa Trust Funds	4,724	2,993
CMHC	21,330	-
Other	410,324	432,011
	<u>5,400,631</u>	<u>5,976,080</u>
 EXPENDITURE		
Administration	707,721	390,345
Amortization / loss on disposal	519,429	316,047
Community Health	864,348	729,020
Economic Development	142,528	170,550
Education	418,497	378,574
Hagwilget Rock Society / Trust	343,923	-
Housing	355,482	246,538
Public Works	712,410	718,002
Social Services	363,847	424,313
	<u>4,428,185</u>	<u>3,373,389</u>
 REVENUE OVER EXPENDITURE	 972,446	 2,602,691
 OPENING POSITION	 <u>5,231,684</u>	 <u>2,628,993</u>
 CLOSING POSITION	 <u>6,204,130</u>	 <u>5,231,684</u>

HAGWILGET FIRST NATION GOVERNMENT

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	972,446	2,602,691
Amortization / loss on disposal	519,429	316,047
Accounts receivable	-677,882	114,279
Prepaid expenses	3,823	8,033
Ottawa Trust funds	-4,724	-2,994
Due to Hagwilget Rock Society	-829,014	691,034
Accounts payables and accruals	-59,764	184,506
	<hr/> <u>-75,686</u>	<hr/> <u>3,913,596</u>
FINANCING ACTIVITIES		
Long-term debt	<u>635,931</u>	-
INVESTING ACTIVITIES		
Property and equipment additions	<u>-1,294,695</u>	<u>-2,760,988</u>
CHANGE IN CASH		
	-734,450	1,152,608
OPENING CASH		
	<u>1,165,045</u>	<u>12,437</u>
CLOSING CASH		
	<u>430,595</u>	<u>1,165,045</u>

HAGWILGET FIRST NATION GOVERNMENT

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
Revenue over expenditure	972,446	2,602,691
Amortization / loss on disposal	519,429	316,047
Property and equipment additions	-1,294,695	-2,760,988
Prepaid expenses	3,823	8,032
 Change in the year	 201,003	 165,782
 Opening net financial assets	 211,467	 45,685
 Closing net financial assets	 412,470	 211,467

HAGWILGET FIRST NATION GOVERNMENT

NOTES

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

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

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

- Operating Fund reports the general activities of the First Nation.
- Capital Fund reports the property and equipment of the First Nation, together with related financing.
- Ottawa Trust funds reports the trust funds owned by the First Nation and held by the federal government.

b) Property and Equipment

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

Buildings	4%
Engineered structures	4%
Equipment	20%

c) Recognition of Revenue and Expenditures

Revenue and expenditures are reported on an accrual basis.

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

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

d) Use of Estimates

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

HAGWILGET FIRST NATION GOVERNMENT

NOTES

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Financial Instruments

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

f) Budget information

Budgets were not prepared for the current fiscal year.

2. ACCOUNTS RECEIVABLE

ISC	\$ 73,072
All Nations Trust Company	48,530
Hagwilget Trust	343,922
Hagwilget Rock Society	253,192
Trade and other	92,717
Allowance for doubtful accounts	<u>-17,550</u>
	<u>\$ 793,883</u>

3. OTTAWA TRUST FUNDS

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

	Capital	Revenue	Total 2020	Total 2019
	\$	\$	\$	\$
Opening balance	4,095	103,122	107,217	104,224
Income	<u>-</u>	<u>4,724</u>	<u>4,724</u>	<u>2,993</u>
Closing balance	<u>4,095</u>	<u>107,846</u>	<u>111,941</u>	<u>107,217</u>

HAGWILGET FIRST NATION GOVERNMENT

NOTES

MARCH 31, 2020

4. ACCOUNTS PAYABLE AND ACCRUALS

Canada Revenue Agency	\$ 51,939
Trade payables	179,977
Wages and benefits	<u>56,102</u>
	<u><u>\$ 288,018</u></u>

5. LONG-TERM DEBT

All Nations Trust Company, \$2,448 per month including interest at 1.67% per annum, secured by a mortgage over buildings.	\$ 588,371
Royal Bank of Canada, \$1,232 per month including interest at 5.99% per annum; secured by specific equipment.	<u>47,560</u>
	<u><u>\$ 635,931</u></u>

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

2021	\$ 31,969
2022	33,056
2023	34,195
2024	29,169
2025	<u>21,064</u>
	<u><u>\$ 149,453</u></u>

6. OPERATING SURPLUS (DEFICIT)

	2020	2019
Administration	\$ 409,732	\$ 196,781
Community Health	371,299	205,295
Economic Development	78,009	22,786
Education	227,780	102,195
Housing	-632,841	64,964
Public Works	145,373	317,720
Social Services	-223,922	-299,330
Hagwilget Trust	-	-
Rock Society	<u>583,552</u>	<u>-</u>
	<u><u>\$ 958,982</u></u>	<u><u>\$ 610,411</u></u>

HAGWILGET FIRST NATION GOVERNMENT

NOTES

MARCH 31, 2020

7. PROPERTY AND EQUIPMENT

	COST			ACCUMULATED AMORTIZATION				NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Annual Amortization	Disposals	Closing Balance	Total 2020	Total 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	745,542	-	-154,000	591,542	-	-	-	-	591,542	745,542
Buildings	6,030,885	965,738	-775,555	6,221,068	3,299,470	183,038	-739,162	2,743,346	3,477,722	2,731,417
Engineered structures	4,793,792	-	-	4,793,792	3,305,944	74,392	-	3,380,336	1,413,456	1,487,847
Equipment	874,155	328,957	-35,271	1,167,841	845,089	71,605	-35,271	881,423	286,418	29,066
	<u>12,444,374</u>	<u>1,294,695</u>	<u>-964,826</u>	<u>12,774,243</u>	<u>7,450,503</u>	<u>329,035</u>	<u>-774,433</u>	<u>7,005,105</u>	<u>5,769,138</u>	<u>4,993,872</u>

HAGWILGET FIRST NATION GOVERNMENT

NOTES

MARCH 31, 2020

8. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 4,514,056
Contribution from operations	1,242,236
Long-term debt repayment	16,045
Equity adjustment due to prior year error	479,817
Long-term debt for social housing in prior year	-599,518
Amortization / loss on disposal	<u>-519,429</u>
 Closing balance	 <u>\$ 5,133,207</u>

9. SEGMENT DISCLOSURE

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

HAGWILGET FIRST NATION GOVERNMENT

NOTES

MARCH 31, 2020

9. SEGMENT DISCLOSURE (continued)

	Administration	Community Health	Economic Development	Education	Housing	Public Works	Social Services	Hagwilget Rock Society / Trust	Amortization	Total 2020	Total 2019
REVENUE											
ISC	374,041	-	40,268	398,847	-	583,762	374,639	-	-	1,771,557	3,075,576
FNHA	-	1,002,618	-	75,029	-	-	-	-	-	1,077,647	809,353
CMHC	-	-	-	-	21,330	-	-	-	-	21,330	-
Rent	-	-	88,536	-	11,750	-	-	-	-	100,286	80,936
TRICORP	-	-	-	35,000	-	-	-	-	-	35,000	50,000
Hagwilget Rock Society / Trust	-	-	-	-	-	-	-	1,551,292	-	1,551,292	1,525,211
Ottawa Trust Funds	4,724	-	-	-	-	-	-	-	-	4,724	2,993
BC First Nation Gaming LP	428,471	-	-	-	-	-	-	-	-	428,471	-
Other	123,321	47,734	1,267	35,206	1,964	136,216	64,616	-	-	410,324	432,011
	930,557	1,050,352	130,071	544,082	35,044	719,978	439,255	1,551,292	-	5,400,631	5,976,080
EXPENDITURE											
Amortization / loss on disposal	-	-	-	-	-	-	-	-	519,429	519,429	316,047
Benefits and programs	-	248,889	-	190,819	-	-	219,205	-	-	658,913	651,334
Contract services	104,322	46,054	14,176	6,184	15,072	37,016	2,510	343,923	-	569,257	347,068
Honoraria	60,083	-	-	-	-	-	-	-	-	60,083	30,000
Insurance	18,430	2,092	12,682	1,009	-	34,135	-	-	-	68,348	45,863
ISC recovery	-	-	-	-	-	-	-	-	-	-	44,132
Materials, supplies and other	221,730	223,417	34,484	93,300	99,246	254,600	53,994	-	-	980,771	599,741
Professional services	107,524	-	47,093	13,366	1,200	-	-	-	-	169,183	84,901
Telephone and utilities	31,361	11,071	9,252	5,707	3,043	48,618	-	-	-	109,052	146,054
Travel and workshops	24,112	35,707	-	7,966	-	-	9,043	-	-	76,828	58,233
Wages and benefits	140,159	297,118	24,841	100,146	236,921	338,041	79,095	-	-	1,216,321	1,050,016
	707,721	864,348	142,528	418,497	355,482	712,410	363,847	343,923	519,429	4,428,185	3,373,389
REVENUE OVER EXPENDITURE	222,836	186,004	-12,457	125,585	-320,438	7,568	75,408	1,207,369	-519,429	972,446	2,602,691
TRANSFERS	-	-	67,680	-	-	-67,680	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	222,836	186,004	55,223	125,585	-320,438	-60,112	75,408	1,207,369	-519,429	972,446	2,602,691