

HAGWILGET FIRST NATION GOVERNMENT

FINANCIAL STATEMENTS

MARCH 31, 2020

HAGWILGET FIRST NATION GOVERNMENT

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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.

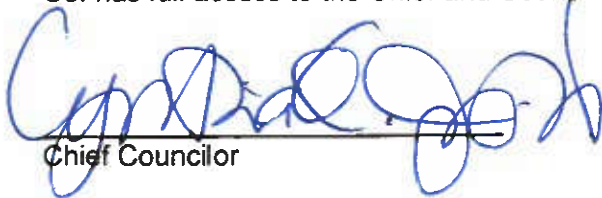
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards which includes certain amounts based on judgments and estimates. Management has chosen the most appropriate method to determine the judgments/estimates to ensure the financial statements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

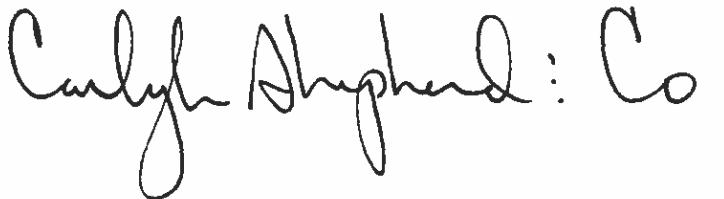
In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless conditions exist that do not allow for the going 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.

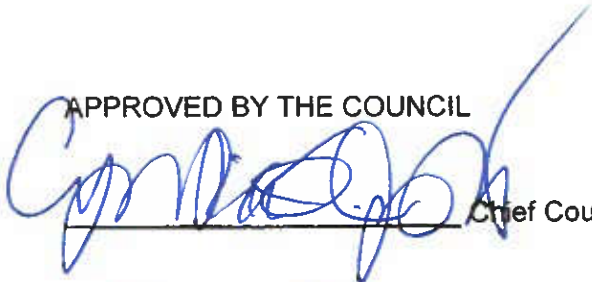
HAGWILGET FIRST NATION GOVERNMENT

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) | 111,941 | 107,217 |
| | <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) | 635,931 | - |
| | <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 | 22,522 | 26,345 |
| | <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) | 5,133,207 | 4,514,056 |
| Equity in Ottawa trust funds (note 3) | 111,941 | 107,217 |
| | <u>6,204,130</u> | <u>5,231,684</u> |

APPROVED BY THE COUNCIL


Chief Councilor


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 |
| | <u>-75,686</u> | <u>3,913,596</u> |
| FINANCING ACTIVITIES | | |
| Long-term debt | <u>635,931</u> | <u>-</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 | <u>3,823</u> | <u>8,032</u> |
| Change in the year | 201,003 | 165,782 |
| Opening net financial assets | <u>211,467</u> | <u>45,685</u> |
| Closing net financial assets | <u>412,470</u> | <u>211,467</u> |

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>\$ 288,018</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>\$ 635,931</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>\$ 149,453</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>\$ 958,982</u> | <u>\$ 610,411</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 |
| | <u>930,557</u> | <u>1,050,352</u> | <u>130,071</u> | <u>544,082</u> | <u>35,044</u> | <u>719,978</u> | <u>439,255</u> | <u>1,551,292</u> | <u>-</u> | <u>5,400,631</u> | <u>5,976,080</u> |
| 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 |
| | <u>707,721</u> | <u>864,348</u> | <u>142,528</u> | <u>418,497</u> | <u>355,482</u> | <u>712,410</u> | <u>363,847</u> | <u>343,923</u> | <u>519,429</u> | <u>4,428,185</u> | <u>3,373,389</u> |
| 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) | <u>222,836</u> | <u>186,004</u> | <u>55,223</u> | <u>125,585</u> | <u>-320,438</u> | <u>-60,112</u> | <u>75,408</u> | <u>1,207,369</u> | <u>-519,429</u> | <u>972,446</u> | <u>2,602,691</u> |