

SAIK'UZ FIRST NATION  
FINANCIAL STATEMENTS  
MARCH 31, 2015

**SAIK'UZ FIRST NATION**  
**INDEX TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015**

INDEPENDENT AUDITOR'S REPORT  
STATEMENT OF FINANCIAL POSITION  
STATEMENT OF FINANCIAL ACTIVITIES  
STATEMENT OF CASH FLOWS  
STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES  
NOTES



**INDEPENDENT AUDITOR'S REPORT**

**TO THE SAIK'UZ FIRST NATION**

**Report on the Financial Statements**

We have audited the accompanying statement of financial position of the Saik'uz First Nation as at March 31, 2015 and the statements of financial activities, cash flows and changes in net financial liabilities and a summary of significant accounting policies.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2015 and the results of its operations, cash flows, and changes in net financial liabilities for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert, BC  
June 29, 2015

**SAIK'UZ FIRST NATION**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED MARCH 31**

	Unaudited Budget	2015	2014
	\$	\$	\$
<b>REVENUE</b>			
AANDC	2,600,000	2,568,085	2,178,131
CSFS	200,000	209,219	200,108
Government of Canada	45,000	42,776	254,901
Kenny Dam Road settlement	-	1,317,000	-
Ottawa Trust funds	20,000	21,354	115,384
PGNAETA	265,000	271,849	256,492
Province of BC	25,000	18,231	33,428
Other	2,200,000	2,291,774	1,885,520
	<u>5,355,000</u>	<u>6,740,288</u>	<u>4,923,964</u>
<b>EXPENDITURE</b>			
Administration	900,000	1,669,159	856,580
Amortization	1,050,000	1,047,023	1,097,322
Capital Development	87,500	111,785	90,682
Community Health	345,000	350,703	343,938
Economic Development	500,000	687,293	418,177
Education	550,000	606,277	351,060
Housing	225,000	187,960	233,612
Infrastructure	380,000	323,530	388,010
Other	30,000	26,800	37,021
Social Services	1,350,000	1,217,611	1,326,617
Training	425,000	407,233	279,680
	<u>5,842,500</u>	<u>6,635,374</u>	<u>5,422,699</u>
<b>REVENUE OVER EXPENDITURE</b>	-487,500	104,914	-498,735
<b>OPENING POSITION</b>	<u>17,993,338</u>	<u>17,993,338</u>	<u>18,492,073</u>
<b>CLOSING POSITION</b>	<u>17,505,838</u>	<u>18,098,252</u>	<u>17,993,338</u>



**SAIK'UZ FIRST NATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31**

	2015	2014
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	104,914	-498,735
Amortization	1,047,023	1,097,322
Loss on disposal of assets	7,142	-
Accounts receivable	-1,444,305	68,647
Accounts payable and accruals	6,068	289,135
Note receivable	-15,000	35,000
Ottawa Trust funds	-1,354	-95,384
Prepaid expenses	614,638	-76,167
	<u>319,126</u>	<u>819,818</u>
<b>FINANCING ACTIVITIES</b>		
Bank and other loans	<u>161,101</u>	<u>-74,954</u>
<b>INVESTING ACTIVITIES</b>		
Investments	-153,162	-246,103
Property and equipment additions	<u>-439,646</u>	<u>-401,812</u>
	<u>-592,808</u>	<u>-647,915</u>
<b>CHANGE IN CASH</b>	-112,581	96,949
<b>OPENING CASH BALANCE</b>	<u>-146,842</u>	<u>-243,791</u>
<b>CLOSING CASH BALANCE</b>	<u>-259,423</u>	<u>-146,842</u>

**SAIK'UZ FIRST NATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL LIABILITIES**  
**YEAR ENDED MARCH 31**

	Unaudited Budget \$	2015 \$	2014 \$
Revenue over expenditure	-487,500	104,914	-498,735
Amortization	1,050,000	1,047,023	1,097,322
Loss on disposal of assets	-	7,142	-
Property and equipment additions	-50,000	-439,646	-401,812
Prepaid expenses	75,000	614,638	-76,167
Investments	<u>-150,000</u>	<u>-153,162</u>	<u>-246,103</u>
 Change in net financial liabilities	 437,500	 1,180,909	 -125,495
 Opening net financial liabilities	 <u>-2,800,505</u>	 <u>-2,800,505</u>	 <u>-2,675,010</u>
 Closing net financial liabilities	 <u>-2,363,005</u>	 <u>-1,619,596</u>	 <u>-2,800,505</u>

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Fund Accounting

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

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

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

#### b) Reporting Entity and Principles of Financial Reporting

The Nation's reporting entity includes the Nation's government and all related entities which are accountable to, and either owned or controlled, by the Nation.

The summary of financial statements consolidates the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Nation Government Administration
- Nation Trust Fund (comprising the Ottawa Trust Fund)
- Nation Treaty Process Fund

Incorporated business entities, which are accountable to and owned or controlled by the Nation are included in the summary financial statements using the modified equity method. These include:

- Saik'uz Development Corporation
- Tin Toh Forest Products Ltd.
- Tin Toh Forest Products LLP

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in entities for which the Nation does not have significant influence are accounted for using the cost method. These include:

- Jaboon Holdings Ltd.
- SCC Contracting Ltd.
- Desti Holdings Ltd.

The investment in Vanderhoof & Districts Co-op Association is recorded at the equity value of the investment.

#### c) Property and Equipment

Property and equipment are capitalized when the purchase has benefits lasting beyond one year or result in the extension of the life of an asset.

Asset	Basis	Rate
Buildings and infrastructure	Declining balance	5%
Equipment	Declining balance	25%

#### d) Recognition of Revenue and Expenditures

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

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

#### e) Use Of Estimates

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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amounts of accounts receivable, inventory and property, plant and equipment. Actual results could differ from these estimates.



# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Financial Instruments

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

### 2. ACCOUNTS RECEIVABLE

	2015	2014
Kenny Dam Road Settlement	\$ 1,317,000	\$ -
PGNAETA	15,600	25,649
Carrier Sekani Family Services Society	46,066	42,766
Member loans and staff advances	20,032	22,764
Other	381,700	247,646
	<u>1,780,398</u>	<u>338,825</u>
Allowance for doubtful accounts	<u>20,032</u>	<u>22,764</u>
	<u>\$ 1,760,366</u>	<u>\$ 316,061</u>

### 3. OTTAWA TRUST FUNDS

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

	Capital	Revenue	Total 2015	Total 2014
Opening balance	\$ 709,479	\$ 88,994	\$ 798,473	\$ 703,089
Interest and per capital revenue	-	21,354	21,354	23,635
Other	-	-	-	91,749
Withdrawals	-	<u>-20,000</u>	<u>-20,000</u>	<u>-20,000</u>
Closing balance	<u>\$ 709,479</u>	<u>\$ 90,348</u>	<u>\$ 799,827</u>	<u>\$ 798,473</u>

SAIK'UZ FIRST NATION

NOTES

MARCH 31, 2015

4. PROPERTY AND EQUIPMENT

	Property and Equipment				Accumulated Amortization		Closing Balance		Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Disposals	Annual Amortization	Closing Balance	2015	2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	239,000	-	-	239,000	-	-	-	-	239,000	239,000
Buildings	16,905,167	392,956	-138,000	17,160,123	5,140,786	-138,000	608,524	5,611,310	11,548,813	11,764,381
Engineering Structures	9,047,429	-	-	9,047,429	2,396,742	-	332,535	2,729,277	6,318,152	6,650,687
Equipment	1,578,586	46,690	-225,509	1,399,767	1,194,278	-218,367	105,964	1,081,875	317,892	384,308
	<u>27,770,182</u>	<u>439,646</u>	<u>-363,509</u>	<u>27,846,319</u>	<u>8,731,806</u>	<u>-356,367</u>	<u>1,047,023</u>	<u>9,422,462</u>	<u>18,423,857</u>	<u>19,038,376</u>

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2014

### 5. BANK INDEBTEDNESS

	2015	2014
Demand loan	\$ -200,000	\$ -200,000
Cash (bank overdraft)	<u>-59,423</u>	<u>53,158</u>
	<u>\$ -259,423</u>	<u>\$ -146,842</u>

Royal Bank of Canada demand loan, interest at prime plus 2.2% per annum; secured by a general security agreement.

### 6. ACCOUNTS PAYABLE

	2015	2014
Trade accounts and accruals	\$ 714,844	\$ 351,608
Due to School District 91	739,848	739,940
Wages and benefits	121,385	55,028
Other	4,829	33,132
Due to AANDC	<u>-</u>	<u>395,130</u>
	<u>\$ 1,580,906</u>	<u>\$ 1,574,838</u>

### 7. BANK AND OTHER LOANS

Royal Bank of Canada loans are secured by a general security agreement covering all property, a guarantee and postponement of claim in the amount not less than \$975,000 provided by Saik'uz Development Corporation, and a general assignment of debt.

Demand loan, \$2,399/month including interest at 2.3% per annum.	\$ 74,259
Demand loan, \$2,250/month including interest at 3.87% per annum.	128,168
Demand loan, \$4,322/month including interest at 2.82% per annum.	371,178
Term loan, \$1 301/month including interest at 2.65% per annum.	23,589
Demand loan, \$4,860/month including interest at 3.25% per annum.	289,373
Term loan, \$1,029/month including interest at prime plus 3.05% per annum.	15,779
Term loan, \$3,850/month including interest at prime plus 2.65% per annum	185,122
Term loan, \$3,075/month including interest at prime plus 2.65% per annum	148,123

SAIK'UZ FIRST NATION

NOTES

MARCH 31, 2014

7. BANK AND OTHER LOANS (continued)

Capital lease, RCAP Leasing Inc., \$1,095/month including interest at 10% per annum; secured by specified equipment. 19,151

British Columbia Treaty Commission advances for the purpose of treaty negotiations with the governments of Canada and British Columbia. Repayment provisions are provided in Section 4.6.1 of the August, 1994 agreement. Repayment extension to November 3, 2016. 1,889,718

3,144,460

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

2016	\$ 245,979
2017	2,125,988
2018	214,616
2019	203,870
2020	<u>173,841</u>
	<u>\$ 2,964,294</u>

8. NOTE RECEIVABLE

The note receivable represents the balance outstanding on the sale of Bednesti Resort assets. Principal payments of \$5,000/month plus interest at 5% per annum are payable commencing September 2015.

9. PREPAID EXPENSES

	2015	2014
Kenny Dam Road case	\$ -	\$ 514,825
Tuition	-	100,000
Post Secondary allowances	21,900	17,600
Other	<u>235</u>	<u>4,348</u>
	<u>\$ 22,135</u>	<u>\$ 636,773</u>



# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2015

### 10. INVESTMENTS

Investment in the following Nation entities is as follows:

	2015	2014
	\$	\$
Tin Toh Forest Products Ltd.		
Investment in shares, at cost	100	100
Net equity	<u>68,910</u>	<u>66,709</u>
	<u>69,010</u>	<u>66,809</u>
 Tin Toh Forest Products LLP		
Advances	1,093,928	944,253
 Saik'uz Development Corporation		
Investment in shares, at cost	120	120
 Jaboon Holdings Ltd.		
Investment in shares, at cost	120	120
Advances	<u>31,000</u>	<u>31,000</u>
	<u>31,120</u>	<u>31,120</u>
 Saik'uz Yun K Ut		
Investment in shares, at cost	<u>2</u>	<u>2</u>
 Vanderhoof & District Co-op Association		
Investment in shares, at equity value	<u>77,676</u>	<u>76,390</u>
	<u>1,271,856</u>	<u>1,118,694</u>

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2015

### 11. OPERATING SURPLUS (DEFICIT)

	2015	2014
	\$	\$
Administration	1,619,575	598,982
Capital Development	-28,932	8,978
Community Health	123,750	149,884
Education	8,672	117,573
Other	-166,848	-3,682
Social Services	270,365	64,641
Treaty	-1,713,052	-1,713,052
	<u>113,530</u>	<u>-776,676</u>

### 12. EQUITY IN PROPERTY AND EQUIPMENT

	2015	2014
Opening balance	\$ 17,971,541	\$ 18,602,479
Contributions from operations	79,646	401,812
Principal repayment	187,873	64,572
Loss on disposal of assets	-7,142	-
Amortization	-1,047,023	-1,097,322
	<u>\$ 17,184,895</u>	<u>\$ 17,971,541</u>

### 13. CONTINGENT LIABILITY

Guarantor of line of credit for Tin Toh Forest Products Ltd. to \$250,000. At March 31, 2015, the outstanding balance was nil.

### 14. 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 period are as follows:

SAIK'UZ FIRST NATION

SEGMENT DISCLOSURE

MARCH 31, 2015

14. SEGMENT DISCLOSURE (continued)



	Total Budget Administration	Capital Community Development	Health	Economic Development	Education	Housing	Infrastructure	Other Assistance	Training	Amortization	Total 2015	Total 2014
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
Government of Canada	2,645,000	393,520	100,630	-	100,481	400,213	42,776	314,708	-	1,258,533	-	2,981,137
Province of BC	25,000	-	-	-	-	-	-	18,231	-	-	-	25,084
CSFS	200,000	-	195,330	-	-	-	-	-	-	-	-	204,922
PGNAETA	265,000	-	-	-	-	-	-	143,128	128,721	-	195,330	284,492
Kenny Dam Road settlement	-	1,317,000	-	-	-	-	-	-	-	-	-	271,849
Other	2,220,000	1,147,231	-	210,436	485,613	82,098	208,466	28,154	176,197	-	1,317,000	2,089,627
	5,355,000	2,857,751	100,630	405,766	585,094	482,311	251,242	323,530	304,918	-	6,740,268	5,585,262
EXPENDITURE												
AAANDC recovery	35,000	-	15,446	-	-	-	-	19,935	-	-	35,381	96,306
Advances to Band entities	-	-	-	-	-	-	-	-	-	-	-	180,584
Amortization	1,050,000	-	-	-	-	-	-	-	-	1,047,023	1,047,023	-
Contract services	340,000	8,594	386	131,957	350	47,250	7,747	16,454	-	-	325,223	1,026,253
Honoraria	160,000	147,019	-	140	12,500	-	-	-	-	-	199,659	150,105
Insurance	100,000	60,160	318	-	-	31,382	-	2,000	-	-	94,889	84,889
Maintenance and repairs	200,000	37,408	17,672	-	-	76,254	80,829	8,443	-	-	220,606	215,255
Materials and supplies	550,000	108,609	31,921	51,675	48,526	2,582	73,277	29,829	121,374	-	533,235	415,270
Office and other	400,000	151,493	27,055	17,337	34,900	22,796	3,140	32,835	-	-	391,548	356,757
Professional services	235,000	557,721	1,444	6,531	159,569	100	-	31,800	-	-	757,165	145,586
Program allowances	1,300,000	-	28,057	-	411,234	-	-	797,474	10,376	-	1,247,141	1,410,629
Telephone and utilities	200,000	141,989	-	1,742	300	-	36,444	5,191	-	-	185,666	129,166
Travel and training	350,000	206,567	3,134	5,640	35,529	25,163	15,757	31,337	8,218	-	333,345	172,671
Wages and benefits	922,500	143,508	-	258,771	206,431	73,202	7,696	242,313	267,265	-	1,305,522	916,302
	5,842,500	1,669,159	111,785	350,703	687,293	606,277	187,960	1,217,611	407,233	1,047,023	6,635,374	5,311,773
REVENUE OVER EXPENDITURE	-487,500	1,188,592	-11,155	55,063	-121,199	-123,966	63,282	1,354	202,281	-102,315	104,914	273,489
TRANSFERS	-	-117,615	32,956	-81,197	11,250	15,065	21,302	-	3,443	-	-	-
ANNUAL SURPLUS (DEFICIT)	-487,500	1,070,777	21,801	-26,134	-109,949	-106,901	84,584	1,354	205,724	12,681	104,914	273,469

**SAIK'UZ FIRST NATION**  
**STATEMENT OF FINANCIAL POSITION**

**MARCH 31**

	2015	2014
	\$	\$
<b>FINANCIAL ASSETS</b>		
Accounts receivable (note 2)	1,760,366	316,061
Note receivable (note 8)	805,000	790,000
Ottawa Trust funds (note 3)	<u>799,827</u>	<u>798,473</u>
	<u>3,365,193</u>	<u>1,904,534</u>
<b>LIABILITIES</b>		
Bank indebtedness (note 5)	259,423	146,842
Accounts payable and accruals (note 6)	1,580,906	1,574,838
Bank and other loans (note 7)	<u>3,144,460</u>	<u>2,983,359</u>
	<u>4,984,789</u>	<u>4,705,039</u>
<b>NET FINANCIAL LIABILITIES</b>	<u>-1,619,596</u>	<u>-2,800,505</u>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (notes 1 and 4)	18,423,857	19,038,376
Prepaid expenses (note 9)	22,135	636,773
Investments (notes 1 and 10)	<u>1,271,856</u>	<u>1,118,694</u>
	<u>19,717,848</u>	<u>20,793,843</u>
	<u>18,098,252</u>	<u>17,993,338</u>
<b>NATION POSITION</b>		
Operating surplus (deficit) (note 11)	113,530	-776,676
Equity in property and equipment (note 12)	17,184,895	17,971,541
Ottawa Trust funds (note 3)	<u>799,827</u>	<u>798,473</u>
<b>CONTINENT LIABILITY (note 13)</b>	<u>18,098,252</u>	<u>17,993,338</u>

APPROVED ON BEHALF OF COUNCIL

 Councillor  
 Councillor



## SAIK'UZ FIRST NATION

YEAR ENDED MARCH 31, 2015

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Saik'uz First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include some amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Nation 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 relevant, reliable and accurate and that the Nation's assets are appropriately accounted for and adequately safeguarded.

The Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

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 Chief and Council.

  
Chief  
Councillor Cora McIntosh.

Vanderhoof, BC  
June 29, 2015