

**SAIK'UZ FIRST NATION  
FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**SAIK'UZ FIRST NATION**  
**INDEX TO FINANCIAL STATEMENTS**  
**MARCH 31, 2018**

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 (LIABILITIES)  
NOTES

**SAIK'UZ FIRST NATION**  
**YEAR ENDED MARCH 31, 2018**  
**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

**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, 2018 and the statements of financial activities, cash flows and changes in net financial assets (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**

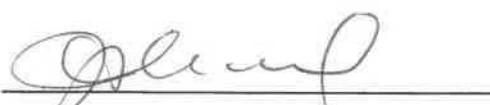
In our opinion, these financial statements present fairly, in all material respects, the financial position of the Nation as at March 31, 2018 and the results of its operations, cash flows, and changes in net financial assets (liabilities) for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert, BC  
July 30, 2018

*Carlyle Shepherd & Co.*

**SAIK'UZ FIRST NATION**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31**

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash	1,733,941	914,018
Accounts receivable (note 2)	437,002	1,704,483
Ottawa Trust funds (note 3)	<u>1,020,685</u>	<u>1,030,929</u>
	<u>3,191,628</u>	<u>3,649,430</u>
<b>LIABILITIES</b>		
Accounts payable and accruals (note 5)	419,810	805,494
Bank and other loans (note 6)	<u>2,443,097</u>	<u>2,658,725</u>
	<u>2,862,907</u>	<u>3,464,219</u>
<b>NET FINANCIAL ASSETS</b>	<u>328,721</u>	<u>185,211</u>
<b>NON-FINANCIAL ASSETS</b>		
Property and equipment (notes 1 and 4)	18,618,073	18,116,469
Prepaid expenses	34,400	-
Investments (notes 1 and 8)	<u>1,475,146</u>	<u>1,139,694</u>
	<u>20,127,619</u>	<u>19,256,163</u>
	<u>20,456,340</u>	<u>19,441,374</u>
<b>NATION POSITION</b>		
Operating surplus (deficit) (note 9)	1,370,960	1,062,982
Equity in property and equipment (note 10)	18,064,695	17,347,463
Ottawa Trust funds (note 3)	<u>1,020,685</u>	<u>1,030,929</u>
<b>CONTINTENT LIABILITY (note 11)</b>	<u>20,456,340</u>	<u>19,441,374</u>
APPROVED ON BEHALF OF COUNCIL		

 Chief

 Councillor

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

	<b>Budget (Unaudited)</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$
<b>REVENUE</b>			
CSFS	350,000	326,762	378,580
CSTC	1,900,000	1,800,531	2,145,307
Government of Canada	60,000	213,531	19,514
INAC	2,878,930	2,878,930	3,928,448
Ottawa Trust funds	23,000	24,755	21,803
PGNAETA	325,000	378,763	302,491
Province of BC	100,000	361,924	26,690
Other	<u>1,800,000</u>	<u>1,563,958</u>	<u>2,158,810</u>
	<u>7,436,930</u>	<u>7,549,154</u>	<u>8,981,643</u>
<b>EXPENDITURE</b>			
Administration	1,600,000	1,566,761	1,690,825
Amortization	750,000	694,017	970,917
Capital Development	350,000	392,184	326,545
Community Health	355,000	374,542	346,702
Economic Development	400,000	582,933	317,132
Education	550,000	685,570	448,466
Housing	200,000	212,201	187,604
Infrastructure	425,000	460,517	380,763
Other	55,000	84,198	42,804
Social Services	1,000,000	1,099,761	996,271
Training	<u>375,000</u>	<u>381,504</u>	<u>392,516</u>
	<u>6,060,000</u>	<u>6,534,188</u>	<u>6,100,545</u>
<b>REVENUE OVER EXPENDITURE</b>	<b>1,376,930</b>	<b>1,014,966</b>	<b>2,881,098</b>
<b>OPENING POSITION</b>	<b><u>19,441,374</u></b>	<b><u>19,441,374</u></b>	<b><u>16,560,276</u></b>
<b>CLOSING POSITION</b>	<b><u>20,818,304</u></b>	<b><u>20,456,340</u></b>	<b><u>19,441,374</u></b>

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

	<b>2018</b>	<b>2017</b>
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Revenue over expenditure	1,014,966	2,881,098
Amortization	694,017	970,917
Accounts receivable	1,267,481	-1,556,109
Accounts payable and accruals	-385,684	-551,291
Note receivable	-	100,000
Ottawa Trust funds	10,244	13,197
Prepaid expenses	<u>-34,400</u>	<u>7,800</u>
	<u>2,566,624</u>	<u>1,865,612</u>
<b>FINANCING ACTIVITIES</b>		
Bank and other loans	<u>-215,628</u>	<u>-238,277</u>
<b>INVESTING ACTIVITIES</b>		
Investments	-335,452	6,439
Property and equipment additions	<u>-1,195,621</u>	<u>-1,110,774</u>
	<u>-1,531,073</u>	<u>-1,104,335</u>
<b>CHANGE IN CASH</b>	819,923	523,000
<b>OPENING CASH BALANCE</b>	<u>914,018</u>	<u>391,018</u>
<b>CLOSING CASH BALANCE</b>	<u>1,733,941</u>	<u>914,018</u>

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

	<b>Budget (Unaudited)</b>	<b>2018</b>	<b>2017</b>
	\$	\$	\$
Revenue over expenditure	1,376,930	1,014,966	2,881,098
Amortization	750,000	694,017	970,917
Property and equipment additions	-1,100,000	-1,195,621	-1,110,774
Prepaid expenses	-34,400	-34,400	7,800
Investments	<u>-250,000</u>	<u>-335,452</u>	<u>6,439</u>
Change in net financial assets (liabilities)	742,530	143,510	2,755,480
Opening net financial assets (liabilities)	<u>185,211</u>	<u>185,211</u>	<u>-2,570,269</u>
Closing net financial assets (liabilities)	<u>927,741</u>	<u>328,721</u>	<u>185,211</u>

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous and Northern Affairs Canada (INAC) 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, 2018

### 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 Four Rivers Co-operative 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	2% & 4%
Equipment	Declining balance	20%

#### 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, 2018

### 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

	2018	2017
PGNAETA	\$ 97,287	\$ 202,893
Carrier Sekani Family Services Society	48,838	45,864
Member loans and staff advances	19,990	19,956
CSTC	52,017	1,012,000
Other	238,860	443,626
	<hr/>	<hr/>
Allowance for doubtful accounts	456,992	1,724,339
	19,990	19,856
	<hr/>	<hr/>
	\$ 437,002	\$ 1,704,483

### 3. OTTAWA TRUST FUNDS

INAC 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 INAC.

	Capital	Revenue	Total 2018	Total 2017
Opening balance	\$ 777,179	\$ 253,750	\$ 1,030,929	\$ 1,044,126
Interest and per capital revenue	-	24,756	24,756	21,803
Withdrawals	-	-35,000	-35,000	-35,000
	<hr/>	<hr/>	<hr/>	<hr/>
Closing balance	\$ 777,179	\$ 243,506	\$ 1,020,685	\$ 1,030,929

**SAIK'UZ FIRST NATION**

**NOTES**

**MARCH 31, 2018**

**4. PROPERTY AND EQUIPMENT**

<b>PROPERTY AND EQUIPMENT</b>			<b>ACCUMULATED AMORTIZATION</b>			<b>NET BOOK VALUE</b>		
<b>Opening Balance</b>	<b>Additions</b>	<b>Closing Balance</b>	<b>Opening Balance</b>	<b>Annual Amortization</b>	<b>Closing Balance</b>	<b>2018</b>	<b>2017</b>	<b>\$</b>
Land	67,000	67,000	-	-	-	67,000	67,000	
Buildings	18,966,045	931,659	19,897,704	6,806,062	506,484	12,585,158	12,159,983	
Engineering Structures	9,047,429	31,904	9,079,333	3,345,292	114,681	5,619,360	5,702,137	
Equipment	1,446,721	232,058	1,678,779	1,259,372	72,852	1,332,224	346,555	187,349
	<u>29,527,195</u>	<u>1,195,621</u>	<u>30,722,816</u>	<u>11,410,726</u>	<u>694,017</u>	<u>12,104,743</u>	<u>18,618,073</u>	<u>18,116,469</u>

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2018

### 5. ACCOUNTS PAYABLE AND ACCRUALS

	2018	2017
Trade accounts and accruals	\$ 296,916	\$ 123,375
Due to School District No. 91	13,562	589,760
Wages and benefits	54,046	92,359
INAC	55,286	-
	<u>\$ 419,810</u>	<u>\$ 805,494</u>

### 6. 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, \$2,185/month including interest at 2.01% per annum	\$ 55,382
Demand loan, \$4,322/month including interest at 2.82% per annum	241,760
Demand loan, \$4,756/month including interest at 2.09% per annum	134,141
Term loan, \$3,850/month including interest at prime plus 2.65% per annum	67,705
Term loan, \$3,075/month including interest at prime plus 2.65% per annum	54,390
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, 2021.	<u>1,889,719</u>
	<u>\$ 2,443,097</u>

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

2019	\$ 203,566
2020	173,028
2021	1,965,588
2022	49,656
2023	51,075
	<u>\$ 2,442,913</u>

# SAIK'UZ FIRST NATION

## NOTES

MARCH 31, 2018

### 7. NOTE RECEIVABLE

The terms of the note receivable were not adhered to and the \$100,000 balance owing has been allowed for.

### 8. INVESTMENTS

Investment in the following Nation entities is as follows:

	2018	2017
	\$	\$
Tin Toh Forest Products Ltd.		
Investment in shares, at cost	100	100
Net equity	<u>68,810</u>	<u>68,810</u>
	<u>68,910</u>	<u>68,910</u>
Tin Toh Forest Products LLP		
Advances	<u>1,326,190</u>	<u>960,816</u>
Saik'uz Development Corporation		
Investment in shares, at cost	<u>120</u>	<u>120</u>
Jaboon Holdings Ltd.		
Investment in shares, at cost	120	120
Advances	<u>-</u>	<u>31,000</u>
	<u>120</u>	<u>31,120</u>
Saik'uz Yun K Ut		
Investment in shares, at cost	<u>2</u>	<u>2</u>
Four Rivers Co-operative		
Investment in shares, at equity value	<u>79,804</u>	<u>78,726</u>
	<u>1,475,146</u>	<u>1,139,694</u>

**SAIK'UZ FIRST NATION**

**NOTES**

**MARCH 31, 2018**

**9. OPERATING SURPLUS (DEFICIT)**

	<b>2018</b>	<b>2017</b>
Administration	\$ 2,376,243	\$ 594,204
Capital Development	-296,344	438,017
Community Health	264,292	190,776
Education	548,206	610,365
Other	-75,524	844,738
Social Services	267,139	97,934
Treaty	<u>-1,713,052</u>	<u>-1,713,052</u>
	<hr/> <u>\$ 1,370,960</u>	<hr/> <u>\$ 1,062,982</u>

**10. EQUITY IN PROPERTY AND EQUIPMENT**

	<b>2018</b>	<b>2017</b>
Opening balance	\$ 17,347,463	\$ 16,973,369
Contributions from operations	1,195,621	1,110,774
Principal repayment	215,628	234,237
Amortization	<u>-694,017</u>	<u>-970,917</u>
	<hr/> <u>\$ 18,064,695</u>	<hr/> <u>\$ 17,347,463</u>

**11. CONTINGENT LIABILITY**

Guarantor on behalf of Tin Toh Forest Products LLP as follows:

Line of credit	\$ 240,000
Credit card facility	10,000
Lease facility	100,000

**12. COMMITMENTS**

Office equipment leases to June 2022, \$7,487 per annum.

**13. 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:

SAIK'UZ FIRST NATION  
NOTES  
MARCH 31 2018

13. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital	Community	Economic	Housing	Infrastructure	Other	Social	Training	Amortization	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	2018	2017	
<b>REVENUE</b>														
Government of Canada	2,938,930	516,316	621,003	89,389	49,482	494,102	-	343,015	978,154	-	-	3,092,461	3,978,098	
Province of BC	100,000	286,500	-	295,762	-	17,000	-	-	75,424	-	-	361,924	26,690	
CSFS	350,000	-	-	-	172,259	-	-	-	-	-	-	326,762	378,580	
CSTC	1,900,000	1,618,272	-	-	-	-	-	-	-	-	-	1,800,531	2,145,307	
PGNAETA	325,000	-	-	-	62,907	18,478	112,309	225,104	254,195	124,568	-	302,491	302,491	
Other	1,823,000	1,010,812	-	-	-	-	-	-	6,505	112,011	-	1,588,713	2,150,477	
	<b>7,436,930</b>	<b>3,431,900</b>	<b>621,003</b>	<b>448,058</b>	<b>240,219</b>	<b>623,411</b>	<b>225,104</b>	<b>345,633</b>	<b>61,969</b>	<b>1,315,278</b>	<b>236,579</b>	<b>-</b>	<b>7,549,154</b>	<b>8,981,643</b>
<b>EXPENDITURE</b>														
INAC recovery	-	-	-	-	-	-	-	-	-	-	-	55,286	-	
Amortization	750,000	312,062	28,669	57,219	15,538	6,539	-	2,572	8,825	1,280	142,453	694,017	970,917	
Contact services	700,000	176,500	-	-	1,900	19,540	-	-	-	275	-	575,187	668,137	
Honoraria	160,000	-	82,309	-	383	-	-	-	-	-	-	198,115	152,230	
Insurance	85,000	-	-	-	10,907	590	147,626	134,178	-	32,218	-	82,692	82,692	
Maintenance and repairs	36,346	187,973	-	-	7,963	48,871	1,463	45,866	3,432	-	-	549,838	326,470	
Materials and supplies	400,000	187,975	118,449	30,547	45	100,000	47,533	810	24,447	9,649	-	545,988	361,599	
Office and other	350,000	322,495	9,218	-	144,366	20,493	164	-	-	-	-	526,155	288,102	
Professional services	300,000	134,080	3,370	-	68,206	430,981	-	-	-	752,205	23,280	-	302,473	270,208
Program allowances	1,300,000	-	-	-	2,350	400	-	130,603	-	-	-	1,274,652	1,215,237	
Telephone and utilities	225,000	95,310	-	-	26,277	13,958	2,451	-	23,679	2,078	11,545	241,628	177,972	
Travel and training	200,000	45,529	42,155	280,054	219,812	108,572	50,990	122,809	45,416	225,477	83,141	-	155,988	271,875
Wages and benefits	1,080,000	174,155	-	-	-	-	-	-	-	-	-	1,332,581	1,292,012	
	<b>6,080,000</b>	<b>1,566,761</b>	<b>392,184</b>	<b>374,542</b>	<b>582,933</b>	<b>685,570</b>	<b>212,201</b>	<b>460,517</b>	<b>84,198</b>	<b>1,089,761</b>	<b>381,504</b>	<b>694,017</b>	<b>6,534,188</b>	<b>6,100,545</b>
<b>REVENUE OVER EXPENDITURE</b>	<b>1,376,930</b>	<b>1,865,139</b>	<b>228,819</b>	<b>73,516</b>	<b>-342,714</b>	<b>62,158</b>	<b>12,903</b>	<b>-114,884</b>	<b>-22,228</b>	<b>215,517</b>	<b>-144,925</b>	<b>-694,017</b>	<b>1,014,966</b>	<b>2,881,098</b>
<b>TRANSFERS</b>				<b>-83,100</b>	<b>83,100</b>	-	-	-	-	-	-	-	-	-
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>1,376,930</b>	<b>1,946,239</b>	<b>145,719</b>	<b>73,516</b>	<b>-342,714</b>	<b>-62,159</b>	<b>12,903</b>	<b>-114,884</b>	<b>-22,229</b>	<b>215,517</b>	<b>-144,925</b>	<b>-694,017</b>	<b>1,014,966</b>	<b>2,881,098</b>