

**SAIK'UZ FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2019**

SAIK'UZ FIRST NATION
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SAIK'UZ FIRST NATION
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2019

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 Chief and Council are 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 meet regularly with management and is available to meet with the external auditor to satisfy themselves that each party is properly discharging their responsibilities. The Chief and 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 Chief and Council.



Chief



Councillor

July 30, 2019

INDEPENDENT AUDITOR'S REPORT

TO CHIEF AND COUNCIL - SAUK'UZ FIRST NATION

Opinion

We have audited the financial statements of Saik'uz First Nation, which comprise the statement of financial position as at March 31, 2019 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 Nation as at March 31, 2019 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 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.

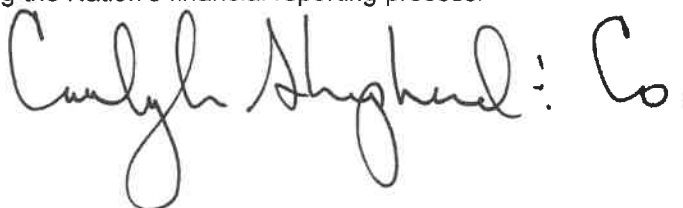
Responsibilities of Management and Council for the Financial Statements

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 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 Nation's financial reporting process.

Prince Rupert, BC
July 30, 2019



SAIK'UZ FIRST NATION

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2019	2018
	\$	\$
FINANCIAL ASSETS		
Cash	2,430,282	1,733,941
Accounts receivable (note 2)	2,414,049	437,002
Ottawa Trust funds (note 3)	<u>1,010,968</u>	<u>1,020,685</u>
	<u>5,855,299</u>	<u>3,191,628</u>
LIABILITIES		
Accounts payable and accruals (note 5)	616,395	419,810
Bank and other loans (note 6)	<u>2,641,095</u>	<u>2,443,097</u>
	<u>3,257,490</u>	<u>2,862,907</u>
NET FINANCIAL ASSETS	<u>2,597,809</u>	<u>328,721</u>
NON-FINANCIAL ASSETS		
Property and equipment (notes 1 and 4)	17,943,998	18,618,073
Prepaid expenses	44,535	34,400
Investments (notes 1 and 7)	<u>1,369,116</u>	<u>1,475,146</u>
	<u>19,357,649</u>	<u>20,127,619</u>
	<u>21,955,458</u>	<u>20,456,340</u>
NATION POSITION		
Operating surplus (note 8)	3,751,868	1,370,960
Equity in property and equipment (note 9)	17,192,622	18,064,695
Ottawa Trust funds (note 3)	<u>1,010,968</u>	<u>1,020,685</u>
CONTINGENT LIABILITY (note 10)	<u>21,955,458</u>	<u>20,456,340</u>

APPROVED ON BEHALF OF COUNCIL

 Chief

 Councillor

CARLYLE SHEPHERD & CO.

CHARTERED PROFESSIONAL ACCOUNTANTS



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

	Budget (Unaudited) \$	2019 \$	2018 \$
REVENUE			
CSFS	350,000	441,368	326,762
CSTC	1,800,000	1,865,534	1,800,531
Government of Canada	250,000	283,386	213,531
INAC	2,600,000	2,561,316	2,878,930
Ottawa Trust funds	25,000	25,283	24,755
PGNAETA	350,000	326,614	378,763
Province of BC	150,000	70,582	361,924
Other	<u>2,500,000</u>	<u>3,562,393</u>	<u>1,563,958</u>
	<u>8,025,000</u>	<u>9,136,476</u>	<u>7,549,154</u>
EXPENDITURE			
Administration	2,000,000	2,289,610	1,566,761
Amortization	680,000	674,075	694,017
Capital Development	100,000	34,007	392,184
Community Health	380,000	404,155	374,542
Economic Development	550,000	532,772	582,933
Education	750,000	991,385	685,570
Housing	300,000	586,350	212,201
Infrastructure	435,000	424,296	460,517
Other	90,000	95,221	84,198
Social Services	1,000,000	1,062,823	1,099,761
Training	<u>400,000</u>	<u>542,664</u>	<u>381,504</u>
	<u>6,685,000</u>	<u>7,637,358</u>	<u>6,534,188</u>
REVENUE OVER EXPENDITURE	1,340,000	1,499,118	1,014,966
OPENING POSITION	<u>20,456,340</u>	<u>20,456,340</u>	<u>19,441,374</u>
CLOSING POSITION	<u>21,796,340</u>	<u>21,955,458</u>	<u>20,456,340</u>

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

	2019	2018
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	1,499,118	1,014,966
Amortization	674,075	694,017
Accounts receivable	-1,977,047	1,267,481
Accounts payable and accruals	196,585	-385,684
Ottawa Trust funds	9,717	10,244
Prepaid expenses	<u>-10,135</u>	<u>-34,400</u>
	<u>392,313</u>	<u>2,566,624</u>
FINANCING ACTIVITIES		
Bank and other loans	<u>197,998</u>	<u>-215,628</u>
INVESTING ACTIVITIES		
Investments	106,030	-335,452
Property and equipment additions	<u>-</u>	<u>-1,195,621</u>
	<u>106,030</u>	<u>-1,531,073</u>
CHANGE IN CASH	696,341	819,923
OPENING CASH BALANCE	<u>1,733,941</u>	<u>914,018</u>
CLOSING CASH BALANCE	<u>2,430,282</u>	<u>1,733,941</u>

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

	Budget (Unaudited)	2019	2018
	\$	\$	\$
Revenue over expenditure	1,340,000	1,499,118	1,014,966
Amortization	680,000	674,075	694,017
Property and equipment additions	-100,000	-	-1,195,621
Prepaid expenses	-20,000	-10,135	-34,400
Investments	<u>-50,000</u>	<u>106,030</u>	<u>-335,452</u>
 Change in net financial assets	 1,850,000	 2,269,088	 143,510
 Opening net financial assets	 <u>328,721</u>	 <u>328,721</u>	 <u>185,211</u>
 Closing net financial assets	 <u>2,178,721</u>	 <u>2,597,809</u>	 <u>328,721</u>

SAIK'UZ FIRST NATION

NOTES

MARCH 31, 2019

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 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, 2019

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:

- 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, 2019

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

	2019	2018
PGNAETA	\$ 120,915	\$ 97,287
Carrier Sekani Family Services Society	157,154	48,838
Member loans and staff advances	19,990	19,990
Nechako Lumber	1,225,000	-
CSTC	572,134	52,017
Other	394,150	238,860
	<u>2,489,343</u>	<u>456,992</u>
Allowance for doubtful accounts	<u>75,294</u>	<u>19,990</u>
	<u>\$ 2,414,049</u>	<u>\$ 437,002</u>

3. OTTAWA TRUST FUNDS

Indigenous Services Canada (ISC) 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 ISC.

	Capital	Revenue	Total 2019	Total 2018
Opening balance	\$ 777,179	\$ 243,506	\$ 1,020,685	\$ 1,030,929
Interest and per capital revenue	-	25,283	25,283	24,756
Withdrawals	-	<u>-35,000</u>	<u>-35,000</u>	<u>-35,000</u>
Closing balance	<u>\$ 777,179</u>	<u>\$ 233,789</u>	<u>\$ 1,010,968</u>	<u>\$ 1,020,685</u>

SAIK'UZ FIRST NATION

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MARCH 31, 2019

4. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions (Disposals)	Closing Balance	Opening Balance	Disposals	Annual Amortization	Closing Balance	
	\$	\$	\$	\$		\$	\$	\$
Land	67,000	-	67,000	-	-	-	-	67,000
Buildings	19,897,704	-	19,897,704	7,312,546	-	503,406	7,815,952	12,081,752
Engineering Structures	9,079,333	-	9,079,333	3,459,973	-	112,387	3,572,360	5,506,973
Equipment	1,678,779	-875,989	802,790	1,332,224	-875,989	58,282	514,517	288,273
	30,722,816	-875,989	29,846,827	12,104,743	-875,989	674,075	11,902,829	17,943,998
								18,618,073

SAIK'UZ FIRST NATION

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MARCH 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUALS

	2019	2018
Trade accounts and accruals	\$ 471,744	\$ 245,313
Due to School District No. 91	-	13,562
Wages and benefits	144,651	105,649
INAC	-	55,286
	<u>\$ 616,395</u>	<u>\$ 419,810</u>

6. BANK AND OTHER LOANS

Royal Bank of Canada loans are secured by a general security agreement covering all property.

Demand loan, \$2,185/month including interest at 2.01% per annum	\$ 30,040
Demand loan, \$4,352/month including interest at 3.21% per annum	196,570
Demand loan, \$4,756/month including interest at 2.09% per annum	79,361
Term loan, \$3,850/month including interest at prime plus 2.65% per annum	24,562
Term loan, \$3,075/month including interest at prime plus 2.65% per annum	19,951
Demand loan, \$2,200/month including interest at 4.65% per annum	400,892

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. The Federal Government has indicated in its 2019 budget that the treaty negotiation loans will be forgiven.

1,889,719

\$ 2,641,095

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

2020	\$ 180,836
2021	1,973,738
2022	58,379
2023	60,411
2024	10,417
	<u>\$ 2,283,781</u>

SAIK'UZ FIRST NATION

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MARCH 31, 2019

7. INVESTMENTS

Investment in the following Nation entities is as follows:

	2019	2018
	\$	\$
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	1,219,362	1,326,190
Saik'uz Development Corporation		
Investment in shares, at cost	120	120
Jaboon Holdings Ltd.	-	120
Saik'uz Yun K Ut		
Investment in shares, at cost	2	2
Four Rivers Co-operative		
Investment in shares, at equity value	<u>80,722</u>	<u>79,804</u>
	<u>1,369,116</u>	<u>1,475,146</u>

8. OPERATING SURPLUS (DEFICIT)

	2019	2018
Administration	\$ 1,999,770	\$ 2,376,243
Capital Development	912,712	-296,344
Community Health	425,382	264,292
Education	211,309	548,206
Other	1,613,386	-75,524
Social Services	302,361	267,139
Treaty	<u>-1,713,052</u>	<u>-1,713,052</u>
	<u>\$ 3,751,868</u>	<u>\$ 1,370,960</u>

SAIK'UZ FIRST NATION

NOTES

MARCH 31, 2019

9. EQUITY IN PROPERTY AND EQUIPMENT

	2019	2018
Opening balance	\$ 18,064,695	\$ 17,347,463
Contributions from operations	-	1,195,621
Principal repayment	209,869	215,628
Amortization	-674,075	-694,017
Loan proceeds	<u>-407,867</u>	<u>-</u>
Closing balance	<u>\$ 17,192,622</u>	<u>\$ 18,064,695</u>

10. CONTINGENT LIABILITY

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

Line of credit	\$ 240,000
Lease facility	\$ 100,000

11. COMMITMENT

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

12. 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

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MARCH 31 2019

12. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Development	Capital	Community	Economic	Housing	Infrastructure	Other	Social	Training	Amortization	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	2019	2018
REVENUE														
Government of Canada	2,850,000	555,170	-	-	130,840	48,281	490,739	179,331	501,394	-	937,947	-	2,844,702	3,092,461
Provinces of BC	150,000	10,000	-	-	-	40,000	-	-	-	-	20,582	-	70,582	361,924
CSFS	350,000	21,516	-	-	414,852	-	5,000	-	-	-	-	-	441,368	326,762
CSTC	1,800,000	154,952	-	-	-	1,685,090	-	-	25,492	-	-	-	1,865,534	1,800,531
PGNAETA	350,000	-	-	-	7,189	784,095	158,749	51,381	-	129,720	145,513	-	326,614	378,763
Other	2,525,000	1,196,782	1,000,000	-	-	-	-	235,033	515	9,796	193,380	-	3,587,676	1,588,713
	8,025,000	1,938,420	1,000,000	-	552,881	2,558,466	654,488	466,745	501,909	1,088,045	338,893	-	9,136,476	7,549,154
EXPENDITURE														
INAC recovery	680,000	-	-	-	-	-	-	-	-	-	-	-	-	55,286
Amortization	625,000	436,332	27,440	-	13,951	168,224	84,057	54,230	14,240	-	118,897	674,075	674,075	694,017
Contract services	195,000	191,700	-	-	-	-	2,250	-	-	1,181	-	-	918,552	575,167
Honoraria	100,000	125,239	-	-	289	-	-	-	-	-	-	-	193,950	198,115
Insurance	200,000	23,346	70	-	-	-	-	83,931	64,441	-	-	-	125,528	82,592
Maintenance and repairs	650,000	59,616	-	-	28,678	72,976	46,459	369,059	56,038	12,063	-	-	183,851	549,838
Materials and supplies	175,000	127,103	5,518	-	9,189	47	945	5,586	4,116	63,955	165,977	-	897,918	545,598
Office and other	550,000	575,742	-	-	-	-	-	-	-	15,669	-	-	168,173	526,155
Professional services	1,400,000	101,189	-	-	374	-	619,448	-	-	731,889	-	-	575,742	302,473
Program allowances	250,000	98,217	979	-	39,183	500	43,991	-	150,808	6,512	-	-	1,452,526	1,274,652
Telephone and utilities	250,000	99,351	-	-	312,491	14,727	276,298	2,874	24,074	4,223	92,846	-	257,390	241,626
Travel and training	1,610,000	451,775	-	-	-	276,298	194,235	70,670	110,579	227,331	164,944	-	325,886	155,988
Wages and benefits	6,685,000	2,289,610	34,007	-	404,155	532,772	991,385	586,350	424,296	1,062,823	542,664	674,075	7,637,358	6,534,188
	1,340,000	-351,190	965,993	-	148,726	2,025,694	-336,897	-120,605	77,613	35,222	-203,771	-674,075	1,499,118	1,014,966
REVENUE OVER EXPENDITURE														
TRANSFERS														
ANNUAL SURPLUS (DEFICIT)	1,340,000	-351,190	965,993	-	148,726	2,025,694	-336,897	-120,605	77,613	35,222	-203,771	-674,075	1,499,118	1,014,966