

SKIDEGATE BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2020

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



SKIDEGATE BAND COUNCIL
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MARCH 31, 2020

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SKIDEGATE BAND COUNCIL
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
YEAR ENDED MARCH 31, 2020

The accompanying financial statements of the Skidegate Band Council 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 Skidegate Band Council 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 Band's assets are appropriately accounted for and adequately safeguarded.

The Band 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 Band'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

Skidegate, BC
January 26, 2021

INDEPENDENT AUDITOR'S REPORT

TO CHIEF AND COUNCIL - SKIDEGATE BAND COUNCIL

Opinion

We have audited the financial statements of Skidegate Band Council, which comprise the statement of financial position as at March 31, 2020 and the statements of financial activities, cash flows and changes in net financial assets 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 Band 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 Band 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.

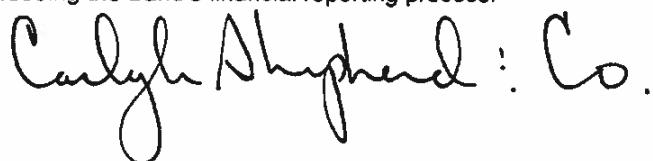
Responsibilities of Management and Council for the Financial Statements

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 Band'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 are responsible for overseeing the Band's financial reporting process.

Prince Rupert, BC
January 26, 2021



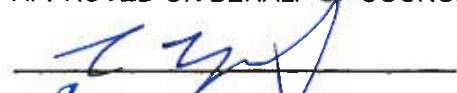
SKIDEgate BAND COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash	6,241,983	7,262,802
Accounts receivable (note 2)	1,859,297	1,522,108
Ottawa Trust funds (note 3)	<u>891,111</u>	<u>866,356</u>
	<u>8,992,391</u>	<u>9,651,266</u>
LIABILITIES		
Accounts payable and accruals (note 4)	2,741,567	2,988,791
Replacement reserve (note 5)	94,163	101,986
Long-term debt (note 8)	<u>213,390</u>	<u>259,070</u>
	<u>3,049,120</u>	<u>3,349,847</u>
NET FINANCIAL ASSETS		
	<u>5,943,271</u>	<u>6,301,419</u>
NON-FINANCIAL ASSETS		
Investments (notes 1 and 9)	2,482,789	2,489,702
Prepaid expenses (note 6)	108,210	119,849
Property and equipment (notes 1 and 10)	<u>30,150,501</u>	<u>25,833,218</u>
	<u>32,741,500</u>	<u>28,442,769</u>
	<u>38,684,771</u>	<u>34,744,188</u>
BAND POSITION		
Surplus (note 11)	5,208,296	5,643,323
Equity in Ottawa Trust funds (note 3)	891,111	866,356
Equity in property and equipment (note 12)	30,102,575	25,744,807
Equity in investments (note 9)	<u>2,482,789</u>	<u>2,489,702</u>
	<u>38,684,771</u>	<u>34,744,188</u>
CONTINGENT LIABILITIES (note 7)		

APPROVED ON BEHALF OF COUNCIL





Councillor
Councillor

CARLYLE SHEPHERD & CO.

CHARTERED PROFESSIONAL ACCOUNTANTS



SKIDEgate BAND COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Budget	2020	2019
	\$	\$	\$
REVENUE			
ISC	7,901,262	8,133,083	9,665,192
First Nations Health Authority	2,197,000	2,152,071	1,288,884
Ottawa Trust funds	29,000	24,755	30,456
CMHC	23,000	22,912	22,912
Parks Canada	383,000	428,000	383,000
Other	4,565,280	4,380,860	3,935,394
	<u>15,098,542</u>	<u>15,141,681</u>	<u>15,325,838</u>
EXPENDITURE			
Administration	1,588,611	1,463,984	1,579,517
Amortization	600,000	668,811	603,691
Capital projects	6,000,000	1,405,023	1,394,646
Community infrastructure	1,368,000	1,374,824	1,116,115
Education	3,948,000	3,929,763	3,912,040
Health	17,000	16,237	15,922
Other	495,500	521,126	785,785
Parks and recreation	654,000	670,061	664,377
Social housing	70,780	29,717	28,240
Social services	676,000	671,331	655,793
Youth	435,500	450,221	458,491
	<u>15,853,391</u>	<u>11,201,098</u>	<u>11,214,617</u>
REVENUE OVER EXPENDITURE	-754,849	3,940,583	4,111,221
OPENING POSITION	<u>34,744,188</u>	<u>34,744,188</u>	<u>30,632,967</u>
CLOSING POSITION	<u>33,989,339</u>	<u>38,684,771</u>	<u>34,744,188</u>

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS

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SKIDEgate BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	3,940,583	4,111,221
Amortization	668,811	603,691
Accounts payable and accruals	-247,224	1,435,447
Replacement reserve	-7,823	-22,117
Subsidy surplus reserve	-	-5,000
Accounts receivable	-337,189	-502,486
Ottawa Trust funds	-24,755	-30,456
Prepaid expenses	<u>11,639</u>	<u>-13,485</u>
	<u>4,004,042</u>	<u>5,576,815</u>
FINANCING ACTIVITIES		
Long-term debt	<u>-45,680</u>	<u>-57,983</u>
INVESTING ACTIVITIES		
Property and equipment additions	-4,986,094	-3,665,419
Investments	<u>6,913</u>	<u>-126,459</u>
	<u>-4,979,181</u>	<u>-3,791,878</u>
CHANGE IN CASH	-1,020,819	1,726,954
OPENING CASH BALANCE	<u>7,262,802</u>	<u>5,535,848</u>
CLOSING CASH BALANCE	<u>6,241,983</u>	<u>7,262,802</u>

CARLYLE SHEPHERD & CO.

CHARTERED PROFESSIONAL ACCOUNTANTS



SKIDEGATE BAND COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	Budget	2020	2019
	\$	\$	\$
Revenue over expenditure	-754,849	3,940,583	4,111,221
Amortization	600,000	668,811	603,691
Property and equipment additions	-3,000,000	-4,986,094	-3,665,419
Prepaid expenses	15,000	11,639	-13,485
Investments	<u>-150,000</u>	<u>6,913</u>	<u>-126,459</u>
Change in net financial assets	-3,289,849	-358,148	909,549
Opening net financial assets	<u>6,301,419</u>	<u>6,301,419</u>	<u>5,391,870</u>
Closing net financial assets	<u>3,011,570</u>	<u>5,943,271</u>	<u>6,301,419</u>

SKIDEGATE BAND COUNCIL

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 which includes compliance with Canadian public sector accounting standards.

b) Revenue Recognition

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. Investment revenue is recognized when earned.

c) Property and Equipment

Property and equipment purchases with a value greater than \$5,000 are reported on the statement of financial position. Property and equipment are reported at cost and are amortized using the declining balance method at the following annual rates:

Buildings	2.5%
Infrastructure	2.5%
Equipment	20%

Social Housing asset purchases under the CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in the related debt, as required for CMHC reporting purposes.

d) Accrual Accounting

Revenue and expenditures are reported in the period which the services are rendered or products received.

e) Use of Estimates

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

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Financial Instruments

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

g) Investments

Investments are reported using the modified equity method.

2. ACCOUNTS RECEIVABLE

	2020	2019
ISC	\$ -	\$ 120,212
Receiver General	-	16,869
Local	1,394,560	1,357,169
Other	<u>1,195,235</u>	<u>741,875</u>
	2,589,795	2,236,125
Allowance for doubtful accounts	<u>730,498</u>	<u>714,017</u>
	<u>\$ 1,859,297</u>	<u>\$ 1,522,108</u>

3. OTTAWA TRUST FUNDS

Indigenous Services Canada (ISC) holds funds in trust for the Band. These funds are designated as revenue or capital funds as is required by the Indian Act. The Band is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Band 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.

	Revenue	Capital	Total
Opening balance	\$ 582,002	\$ 284,354	\$ 866,356
Interest and other	<u>24,755</u>	-	<u>24,755</u>
Closing balance	<u>\$ 606,757</u>	<u>\$ 284,354</u>	<u>\$ 891,111</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2020

4. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
Trade accounts and accruals	\$ 2,493,052	\$ 2,700,890
Receiver General	3,448	7,564
Wages and benefits	<u>245,067</u>	<u>280,337</u>
	<u><u>\$ 2,741,567</u></u>	<u><u>\$ 2,988,791</u></u>

5. REPLACEMENT RESERVE

Opening balance	\$ 101,986
Current provision	5,680
Replacement expenditures	-15,715
Interest	<u>2,212</u>
Closing balance	<u><u>\$ 94,163</u></u>

A replacement reserve is maintained to provide for future asset replacement and is funded by an annual charge against earnings. The reserve is fully funded and in a separate bank account as specified in an agreement with Canada Mortgage and Housing Corporation.

6. PREPAID EXPENSES

	2020	2019
Post-secondary allowances	\$ 51,496	\$ 59,670
Social services	27,299	31,446
Deposits and other	<u>29,415</u>	<u>28,733</u>
	<u><u>\$ 108,210</u></u>	<u><u>\$ 119,849</u></u>

7. CONTINGENT LIABILITIES

Guarantor of Band member mortgages to \$5,627,858.

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2020

8. LONG-TERM DEBT

Royal Bank of Canada, \$3,511/month including interest at 2.33% per annum; secured by a mortgage on specified houses.	\$ 48,133
Bank of Montreal, term loan, \$852/month including interest at 2.99%; secured by Band Council guarantee.	<u>165,257</u>
	<u>\$ 213,390</u>

Principal repayment during the next five years is as follows:

2021	\$ 46,926
2022	12,117
2023	5,694
2024	5,867
2025	<u>6,045</u>
	<u>\$ 76,649</u>

9. INVESTMENTS

The investments are reported using the modified equity method.

Losses are recorded to the extent of the Band's investment. The investment value is nil for Taaw Naay Enterprises Ltd.

Investment book values are as follows:

Gwaalagaa Naay Corporation	\$ 2,428,469
Haida Expeditions Ltd.	42,093
Delmas Co-operative, at cost	<u>12,227</u>
	<u>\$ 2,482,789</u>

The Band controls, with 100% ownership, the following entities:

Gwaalagaa Naay Corporation
Taaw Naay Enterprises Ltd.
Haida Expeditions Ltd.

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2020

10. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE		
	Opening Balance	Additions	Disposals	Closing Balance	Annual Amortization	Disposals	Closing Balance	2020	2019
Land	620,712	-	-	620,712	-	-	-	620,712	620,712
Buildings	13,284,836	4,971,094	-	18,255,930	4,482,821	209,856	-	4,692,677	13,563,253
Infrastructure	38,140,230	-	-	38,140,230	21,990,840	403,735	-	22,394,575	15,745,655
Equipment	<u>1,455,583</u>	<u>15,000</u>	<u>250,379</u>	<u>1,220,204</u>	<u>1,194,482</u>	<u>55,220</u>	<u>250,379</u>	<u>999,323</u>	<u>220,881</u>
	<u>53,501,361</u>	<u>4,986,094</u>	<u>250,379</u>	<u>58,237,076</u>	<u>27,668,143</u>	<u>668,811</u>	<u>250,379</u>	<u>28,086,575</u>	<u>30,150,501</u>
									<u>25,833,218</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2020

11. SURPLUS

	2020	2019
Administration	\$ 1,871,581	\$ 507,603
Capital Projects	1,141,232	3,010,453
Community Infrastructure	356,776	495,397
Education	215,650	122,412
Other	1,012,509	1,013,884
Parks and Recreation	9,219	67,286
Social Housing	64,098	-
Youth	<u>537,231</u>	<u>426,288</u>
	<u><u>\$ 5,208,296</u></u>	<u><u>\$ 5,643,323</u></u>

12. EQUITY IN PROPERTY AND EQUIPMENT

	2020	2019
Opening balance	\$ 25,744,807	\$ 22,629,727
Contributions from operations	4,986,094	3,665,419
Loan repayment	40,485	53,352
Amortization	<u>-668,811</u>	<u>-603,691</u>
Closing balance	<u><u>\$ 30,102,575</u></u>	<u><u>\$ 25,744,807</u></u>

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:

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2020

13. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Projects	Community Infrastructure	Education	Health	Other	Parks and Recreation	Social Housing	Social Services	Youth	Authorization	Total 2020	Total 2019	
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Government of Canada	7,901,262	1,445,284	2,901,616	1,165,835	3,654,878	16,237	171,973	513,000	22,912	612,803	231,518	-	10,736,066	11,259,988	
Province of BC	400,000	901,197	807,221	-	-	-	116,550	-	-	-	197,168	-	2,022,135	144,809	
Other	6,797,280	324,912	557,248	68,348	458,453	-	158,817	98,994	47,290	122,426	145,991	-	2,383,479	3,821,041	
15,086,542	2,671,403	4,666,085	1,234,183	4,114,331	16,237	447,340	611,994	70,202	735,229	574,677	-	15,141,681	15,325,838		
EXPENDITURE															
Administration	104,500	2,470	-	-	-	-	2,388	-	72,025	3,840	-	26,694	-	107,417	
Advances to Band entities	175,000	-	-	-	-	-	171,973	-	-	-	-	-	-	171,973	
Amortization	600,000	-	-	-	-	-	-	-	-	-	-	-	-	125,586	
Contract services:	9,187,111	26,251	1,176,088	389,495	2,908,597	-	13,729	26,043	400	2,853	-	668,811	668,811	603,691	
Council operations	400,000	397,169	-	-	-	-	-	-	-	-	-	-	-	4,623,046	
Insurance	111,500	18,594	-	-	137,705	2,463	-	4,676	9,000	6,321	1,816	-	387,169	473,015	
Maintenance and repairs	270,000	133,052	-	150,150	-	-	-	-	143	9,669	24,390	-	-	146,343	
Materials and supplies	815,500	815,175	81,529	50,560	13,849	142,621	-	122,851	-	22,264	30,917	-	318,204	161,808	
Office and other	279,280	164,009	22,333	77,567	-	-	-	5,565	7,487	-	-	-	-	671,085	
Professional services	177,000	138,727	47,427	-	-	-	-	-	2,000	-	452,012	-	288,961	489,882	
Program allowances	1,174,000	-	-	-	-	-	-	-	-	-	-	-	-	188,154	
Telephone and utilities	188,500	28,300	-	-	108,913	9,780	-	9,593	15,660	8,983	14,429	-	1,169,310	1,096,773	
Travel and training	101,000	39,131	-	-	1,510	20,592	-	4,620	-	5,889	431	-	195,658	190,675	
Wages and benefits	2,260,000	468,162	-	-	427,985	219,473	-	178,534	414,154	-	153,124	-	72,173	145,108	
15,853,391	1,463,584	1,405,023	1,374,824	3,929,763	16,237	521,126	670,061	29,717	671,331	450,221	-	668,811	11,201,088	11,214,617	
REVENUE OVER EXPENDITURE	-754,849	1,207,419	3,261,062	-140,641	184,568	-	-73,786	-	-58,067	40,485	63,698	124,456	-	4,111,221	
TRANSFERS	-	174,401	-144,189	2,020	-91,330	-	-	-	56,549	-	-	200	349	-	-
ANNUAL SURPLUS (DEFICIT)	-754,849	1,381,820	3,116,873	-138,621	93,238	-	-15,237	-58,067	40,485	64,098	124,605	-668,811	3,940,583	4,111,221	

CARLYLE SHEPHERD & CO.

CHARTERED PROFESSIONAL ACCOUNTANTS

