

SKIDEGATE BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2021

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SKIDEGATE BAND COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2021

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.

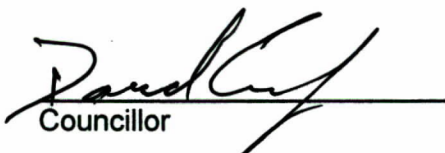
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include some amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems 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
June 25, 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, 2021 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, 2021 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 is responsible for overseeing the Band's financial reporting process.

Prince Rupert, BC
June 25, 2021

Carlyle Shepherd: Co.

SKIDEGATE BAND COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash	10,702,517	6,241,983
Accounts receivable (note 2)	1,603,497	1,859,297
Ottawa Trust funds (note 3)	912,471	891,111
	<u>13,218,485</u>	<u>8,992,391</u>
LIABILITIES		
Accounts payable and accruals (note 4)	1,961,098	2,741,567
Replacement reserve (note 5)	185,232	94,163
Long-term debt (note 8)	166,382	213,390
	<u>2,312,712</u>	<u>3,049,120</u>
NET FINANCIAL ASSETS	<u>10,905,773</u>	<u>5,943,271</u>
NON-FINANCIAL ASSETS		
Investments (notes 1 and 9)	2,649,928	2,482,789
Prepaid expenses (note 6)	126,407	108,210
Property and equipment (notes 1 and 10)	31,420,081	30,150,501
	<u>34,196,416</u>	<u>32,741,500</u>
	<u>45,102,189</u>	<u>38,684,771</u>
BAND POSITION		
Surplus (note 11)	10,126,185	5,208,296
Equity in Ottawa Trust funds (note 3)	912,471	891,111
Equity in property and equipment (note 12)	31,413,605	30,102,575
Equity in investments (note 9)	2,649,928	2,482,789
	<u>45,102,189</u>	<u>38,684,771</u>

CONTINGENT LIABILITIES (note 7)

APPROVED ON BEHALF OF COUNCIL

 Councillor

Councillor

SKIDEGATE BAND COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Budget	2021	2020
	\$	\$	\$
REVENUE			
ISC	10,784,000	12,398,157	8,133,083
First Nations Health Authority	2,726,500	1,979,371	2,152,071
Ottawa Trust funds	22,000	21,360	24,755
CMHC	22,912	121,332	22,912
Parks Canada	383,000	383,000	428,000
Other	3,159,500	4,321,839	4,380,860
	<u>17,097,912</u>	<u>19,225,059</u>	<u>15,141,681</u>
EXPENDITURE			
Administration	2,101,000	3,432,971	1,463,984
Amortization	660,000	657,539	668,811
Capital projects	3,640,000	1,385,557	1,405,023
Community infrastructure	1,331,000	1,212,803	1,374,824
Education	4,234,000	4,231,770	3,929,763
Health	16,500	16,231	16,237
Other	363,500	352,627	521,126
Parks and recreation	592,000	355,087	670,061
Social housing	66,460	124,589	29,717
Social services	627,500	645,087	671,331
Youth	446,000	393,380	450,221
	<u>14,077,960</u>	<u>12,807,641</u>	<u>11,201,098</u>
REVENUE OVER EXPENDITURE	3,019,952	6,417,418	3,940,583
OPENING POSITION	<u>38,684,771</u>	<u>38,684,771</u>	<u>34,744,188</u>
CLOSING POSITION	<u>41,704,723</u>	<u>45,102,189</u>	<u>38,684,771</u>

SKIDEGATE BAND COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	6,417,418	3,940,583
Amortization	657,539	668,811
Accounts payable and accruals	-780,469	-247,224
Replacement reserve	91,069	-7,823
Accounts receivable	255,800	-337,189
Ottawa Trust funds	-21,360	-24,755
Prepaid expenses	-18,196	11,639
	<u>6,601,801</u>	<u>4,004,042</u>
FINANCING ACTIVITIES		
Long-term debt	<u>-47,008</u>	<u>-45,680</u>
INVESTING ACTIVITIES		
Property and equipment additions	-1,927,120	-4,986,094
Investments	<u>-167,139</u>	<u>6,913</u>
	<u>-2,094,259</u>	<u>-4,979,181</u>
CHANGE IN CASH	4,460,534	-1,020,819
OPENING CASH BALANCE	<u>6,241,983</u>	<u>7,262,802</u>
CLOSING CASH BALANCE	<u>10,702,517</u>	<u>6,241,983</u>

SKIDEGATE BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	Budget	2021	2020
	\$	\$	\$
Revenue over expenditure	3,019,952	6,417,418	3,940,583
Amortization	660,000	657,539	668,811
Property and equipment additions	-2,000,000	-1,927,120	-4,986,094
Prepaid expenses	-20,000	-18,196	11,639
Investments	<u>-150,000</u>	<u>-167,139</u>	<u>6,913</u>
 Change in net financial assets	 1,509,952	 4,962,502	 -358,148
 Opening net financial assets	 <u>5,943,271</u>	 <u>5,943,271</u>	 <u>6,301,419</u>
 Closing net financial assets	 <u>7,453,223</u>	 <u>10,905,773</u>	 <u>5,943,271</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2021

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, 2021

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

	2021	2020
ISC	\$ 159,000	\$ -
Local	986,401	1,394,560
Other	1,179,960	1,195,235
	<u>2,325,361</u>	<u>2,589,795</u>
Allowance for doubtful accounts	<u>721,864</u>	<u>730,498</u>
	<u>\$ 1,603,497</u>	<u>\$ 1,859,297</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	\$ 606,757	\$ 284,354	\$ 891,111
Interest and other	<u>21,360</u>	<u>-</u>	<u>21,360</u>
Closing balance	<u>\$ 628,117</u>	<u>\$ 284,354</u>	<u>\$ 912,471</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2021

4. ACCOUNTS PAYABLE AND ACCRUALS

	2021	2020
Trade accounts and accruals	\$ 1,718,134	\$ 2,493,052
Wages and benefits	242,964	248,515
	<u>\$ 1,961,098</u>	<u>\$ 2,741,567</u>

5. REPLACEMENT RESERVE

Opening balance	\$ 94,163
Current provision	5,680
CMHC contribution	98,420
Interest	2,684
Replacement expenditures	<u>-15,715</u>
Closing balance	<u>\$ 185,232</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

	2021	2020
Post-secondary allowances	\$ 62,650	\$ 51,496
Social services	32,374	27,299
Deposits and other	<u>31,383</u>	<u>29,415</u>
	<u>\$ 126,407</u>	<u>\$ 108,210</u>

7. CONTINGENT LIABILITIES

Guarantor of Band member mortgages to \$6,519,328.

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2021

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. \$ 6,684

Bank of Montreal, term loan, \$852/month including interest at 2.99%; secured by Band Council guarantee. 159,698

\$ 166,382

Both loans were repaid in the 2022 fiscal year.

9. INVESTMENTS

The investments in associated entities are reported using the modified equity method. The investment in the Co-op is reported at cost.

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	\$ 2,595,664
Haida Expeditions Ltd.	42,037
Delmas Co-operative	<u>12,227</u>
	<u>\$ 2,649,928</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, 2021

10. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Annual Amortization	Disposals	Closing Balance	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Land	620,712	30,000	-	650,712	-	-	-	-	650,712	620,712
Buildings	18,255,930	1,863,510	-	20,119,440	4,692,677	213,000	-	4,905,677	15,213,763	13,563,253
Infrastructure	38,140,230	-	-	38,140,230	22,394,575	393,641	-	22,788,216	15,352,014	15,745,655
Equipment	<u>1,220,202</u>	<u>33,610</u>	<u>-</u>	<u>1,253,812</u>	<u>999,322</u>	<u>50,898</u>	<u>-</u>	<u>1,050,220</u>	<u>203,592</u>	<u>220,881</u>
	<u>58,237,074</u>	<u>1,927,120</u>	<u>-</u>	<u>60,164,194</u>	<u>28,086,574</u>	<u>657,539</u>	<u>-</u>	<u>28,744,113</u>	<u>31,420,081</u>	<u>30,150,501</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2021

11. SURPLUS

	2021	2020
Administration	\$ 3,760,420	\$ 1,871,581
Capital Projects	2,664,069	1,141,232
Community Infrastructure	915,507	356,776
Education	521,314	215,650
Other	1,051,642	1,012,509
Parks and Recreation	170,691	9,219
Social Housing	1,979	-
Social Services	278,251	64,098
Youth	762,312	537,231
	<u>\$ 10,126,185</u>	<u>\$ 5,208,296</u>

12. EQUITY IN PROPERTY AND EQUIPMENT

	2021	2020
Opening balance	\$ 30,102,575	\$ 25,744,807
Contributions from operations	1,927,120	4,986,094
Loan repayment	41,449	40,485
Amortization	<u>-657,539</u>	<u>-668,811</u>
Closing balance	<u>\$ 31,413,605</u>	<u>\$ 30,102,575</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, 2021

13. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Projects	Community Infrastructure	Education	Health	Other	Parks and Recreation	Social Housing	Social Services	Youth	Amortization	Total 2021	Total 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE														
Government of Canada	13,916,412	4,037,780	3,481,027	1,619,293	4,053,720	16,231	128,540	483,000	121,332	661,459	279,478	-	14,881,860	10,736,066
Province of BC	1,350,000	92,127	230,271	-	-	-	-	-	-	-	201,721	-	524,119	2,022,136
Other	1,831,500	1,519,738	1,129,230	127,165	445,914	-	219,672	33,559	46,685	159,855	137,262	-	3,819,080	2,383,479
	<u>17,097,912</u>	<u>5,649,645</u>	<u>4,840,528</u>	<u>1,746,458</u>	<u>4,499,634</u>	<u>16,231</u>	<u>348,212</u>	<u>516,559</u>	<u>168,017</u>	<u>821,314</u>	<u>618,461</u>	<u>-</u>	<u>19,225,059</u>	<u>15,141,681</u>
EXPENDITURE														
Administration	95,500	-	-	-	-	2,436	-	57,450	-	-	27,228	-	87,114	107,417
Advances to Band entities	127,000	-	-	-	-	-	128,540	-	-	-	-	-	128,540	171,973
Amortization	660,000	-	-	-	-	-	-	-	-	-	-	657,539	657,539	668,811
Contract services	6,967,500	120,413	1,040,097	278,119	3,152,335	-	45,528	2,994	-	31,100	54,254	-	4,724,840	4,617,306
Council operations	375,000	388,384	-	-	-	-	-	8,542	-	-	-	-	396,926	397,169
Insurance	166,100	12,082	-	133,004	2,630	-	5,900	-	6,782	1,941	4,578	-	166,917	184,862
Maintenance and repairs	160,000	-	-	65,190	-	-	48,532	-	11,238	-	-	-	124,960	318,204
Materials and supplies	1,536,000	2,284,026	340,557	101,033	66,140	13,795	1,936	50,482	-	133,398	21,961	-	3,013,328	671,085
Office and other	281,460	93,206	-	-	13,460	-	-	4,971	104,769	-	12,000	-	228,406	288,961
Professional services	76,900	53,200	4,903	-	-	-	-	-	1,800	-	-	-	59,903	188,154
Program allowances	1,193,500	-	-	-	789,235	-	-	-	-	346,585	-	-	1,135,820	1,169,310
Telephone and utilities	193,500	24,059	-	104,442	11,652	-	11,315	13,516	-	6,686	15,683	-	187,353	195,658
Travel and training	31,500	1,312	-	107	364	-	-	2,096	-	268	313	-	4,460	72,173
Wages and benefits	2,214,000	456,289	-	530,908	195,954	-	110,876	215,036	-	125,109	257,363	-	1,891,535	2,150,015
	<u>14,077,960</u>	<u>3,432,971</u>	<u>1,385,557</u>	<u>1,212,803</u>	<u>4,231,770</u>	<u>16,231</u>	<u>352,627</u>	<u>355,087</u>	<u>124,589</u>	<u>645,087</u>	<u>393,380</u>	<u>657,539</u>	<u>12,807,641</u>	<u>11,201,098</u>
REVENUE OVER EXPENDITURE	<u>3,019,952</u>	<u>2,216,674</u>	<u>3,454,971</u>	<u>533,655</u>	<u>267,864</u>	<u>-</u>	<u>-4,415</u>	<u>161,472</u>	<u>43,428</u>	<u>176,227</u>	<u>225,081</u>	<u>-657,539</u>	<u>6,417,418</u>	<u>3,940,583</u>
TRANSFERS	<u>-</u>	<u>-75,726</u>	<u>-68,624</u>	<u>25,076</u>	<u>37,800</u>	<u>-</u>	<u>43,548</u>	<u>-</u>	<u>-</u>	<u>37,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>3,019,952</u>	<u>2,140,948</u>	<u>3,386,347</u>	<u>558,731</u>	<u>305,664</u>	<u>-</u>	<u>39,133</u>	<u>161,472</u>	<u>43,428</u>	<u>214,153</u>	<u>225,081</u>	<u>-657,539</u>	<u>6,417,418</u>	<u>3,940,583</u>