

SKIDEGATE BAND COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2022

SKIDEGATE BAND COUNCIL
INDEX TO FINANCIAL STATEMENTS
MARCH 31, 2022

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
NOTES

SKIDEGATE BAND COUNCIL

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2022

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

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, 2022 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, 2022 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.

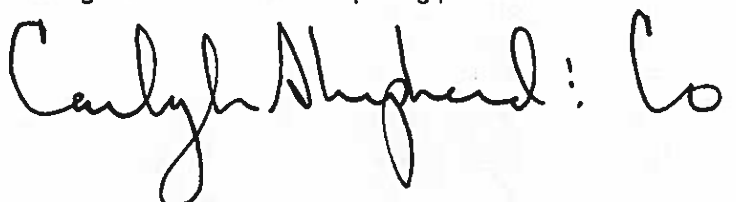
Responsibilities of Management and Council for the Financial Statements

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
August 16, 2022



SKIDEGATE BAND COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash	15,502,481	10,702,517
Accounts receivable (note 2)	1,247,129	1,603,497
Ottawa Trust funds (note 3)	941,040	912,471
	<u>17,690,650</u>	<u>13,218,485</u>
LIABILITIES		
Accounts payable and accruals (note 4)	2,363,722	1,961,098
Replacement reserve (note 5)	124,622	185,232
Long-term debt	-	166,382
	<u>2,488,344</u>	<u>2,312,712</u>
NET FINANCIAL ASSETS	<u>15,202,306</u>	<u>10,905,773</u>
NON-FINANCIAL ASSETS		
Investments (notes 1 and 8)	2,788,298	2,649,928
Prepaid expenses (note 6)	110,148	126,407
Property and equipment (notes 1 and 10)	33,709,599	31,420,081
	<u>36,608,045</u>	<u>34,196,416</u>
	<u>51,810,351</u>	<u>45,102,189</u>
BAND POSITION		
Surplus (note 9)	14,371,206	10,126,185
Equity in Ottawa Trust funds (note 3)	941,040	912,471
Equity in property and equipment (note 11)	33,709,807	31,413,605
Equity in investments (note 8)	2,788,298	2,649,928
	<u>51,810,351</u>	<u>45,102,189</u>
CONTINGENT LIABILITIES (note 7)		

APPROVED ON BEHALF OF COUNCIL

 Councillor
 Councillor

SKIDEGATE BAND COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Budget	2022	2021
	\$	\$	\$
REVENUE			
ISC	11,646,909	11,743,199	12,398,157
First Nations Health Authority	916,000	1,059,106	1,979,371
Ottawa Trust funds	25,000	28,569	21,360
CMHC	1,909	1,909	121,332
Parks Canada	750,000	793,899	383,000
Other	7,094,672	7,162,378	4,321,839
	<u>20,434,490</u>	<u>20,789,060</u>	<u>19,225,059</u>
EXPENDITURE			
Administration	2,991,000	2,718,319	3,432,971
Amortization	675,000	685,844	657,539
Capital projects	4,130,000	1,391,069	1,385,557
Community infrastructure	1,844,000	1,630,792	1,212,803
Education	4,452,000	4,378,616	4,231,770
Health	16,000	16,243	16,231
Other	764,789	785,029	352,627
Parks and recreation	704,000	665,556	355,087
Social housing	23,052	13,532	124,589
Social services	1,278,500	1,225,400	645,087
Youth	627,000	570,498	393,380
	<u>17,505,341</u>	<u>14,080,898</u>	<u>12,807,641</u>
REVENUE OVER EXPENDITURE	2,929,149	6,708,162	6,417,418
OPENING POSITION	<u>45,102,189</u>	<u>45,102,189</u>	<u>38,684,771</u>
CLOSING POSITION	<u>48,031,338</u>	<u>51,810,351</u>	<u>45,102,189</u>

SKIDEGATE BAND COUNCIL

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	6,708,162	6,417,418
Amortization	685,844	657,539
Accounts payable and accruals	402,624	-780,469
Replacement reserve	-60,610	91,069
Accounts receivable	356,368	255,800
Ottawa Trust funds	-28,569	-21,360
Prepaid expenses	16,259	-18,196
	<u>8,080,078</u>	<u>6,601,801</u>
FINANCING ACTIVITIES		
Long-term debt	<u>-166,382</u>	<u>-47,008</u>
INVESTING ACTIVITIES		
Property and equipment additions	-3,119,664	-1,927,120
Property and equipment disposals	144,302	-
Investments	<u>-138,370</u>	<u>-167,139</u>
	<u>-3,113,732</u>	<u>-2,094,259</u>
CHANGE IN CASH	4,799,964	4,460,534
OPENING CASH BALANCE	<u>10,702,517</u>	<u>6,241,983</u>
CLOSING CASH BALANCE	<u>15,502,481</u>	<u>10,702,517</u>

SKIDEGATE BAND COUNCIL

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	Budget	2022	2021
	\$	\$	\$
Revenue over expenditure	2,929,149	6,708,162	6,417,418
Amortization	675,000	685,844	657,539
Property and equipment additions	-3,200,000	-3,119,664	-1,927,120
Property and equipment disposals	150,000	144,302	-
Prepaid expenses	25,000	16,259	-18,196
Investments	<u>-110,000</u>	<u>-138,370</u>	<u>-167,139</u>
 Change in net financial assets	 469,149	 4,296,533	 4,962,502
 Opening net financial assets	 <u>10,905,773</u>	 <u>10,905,773</u>	 <u>5,943,271</u>
 Closing net financial assets	 <u>11,374,922</u>	 <u>15,202,306</u>	 <u>10,905,773</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

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%

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.

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.

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Investments

Investments are reported using the modified equity method.

2. ACCOUNTS RECEIVABLE

	2022	2021
ISC	\$ 32,285	\$ 159,000
Local	1,032,111	986,401
Other	<u>892,334</u>	<u>1,179,960</u>
	1,956,730	2,325,361
Allowance for doubtful accounts	<u>709,601</u>	<u>721,864</u>
	<u>\$ 1,247,129</u>	<u>\$ 1,603,497</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	\$ 628,117	\$ 284,354	\$ 912,471
Interest and other	<u>28,569</u>	<u>-</u>	<u>28,569</u>
Closing balance	<u>\$ 656,686</u>	<u>\$ 284,354</u>	<u>\$ 941,040</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

4. ACCOUNTS PAYABLE AND ACCRUALS

	2022	2021
Trade accounts and accruals	\$ 2,079,716	\$ 1,718,134
Wages and benefits	<u>284,006</u>	<u>242,964</u>
	<u>\$ 2,363,722</u>	<u>\$ 1,961,098</u>

5. REPLACEMENT RESERVE

Opening balance	\$ 185,232
Current provision	474
Interest	261
Replacement expenditures	<u>-61,345</u>
Closing balance	<u>\$ 124,622</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. The CMHC agreement was completed during the year. The replacement reserve has not yet been released by CMHC.

6. PREPAID EXPENSES

	2022	2021
Post-secondary allowances	\$ 57,895	\$ 62,650
Social services	30,405	32,374
Deposits and other	<u>21,848</u>	<u>31,383</u>
	<u>\$ 110,148</u>	<u>\$ 126,407</u>

7. CONTINGENT LIABILITIES

Guarantor of Band member mortgages to \$6,858,587.

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

8. 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	\$ 2,732,274
Haida Expeditions Ltd.	43,797
Delmas Co-operative	<u>12,227</u>
	<u>\$ 2,788,298</u>

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

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

9. SURPLUS

	2022	2021
Administration	\$ 4,684,108	\$ 3,760,420
Capital Projects	3,757,769	2,664,069
Community Infrastructure	1,817,747	915,507
Education	1,432,302	521,314
Other	1,026,673	1,051,642
Parks and Recreation	386,627	170,691
Social Housing	34,260	1,979
Social Services	375,788	278,251
Youth	<u>855,932</u>	<u>762,312</u>
	<u>\$ 14,371,206</u>	<u>\$ 10,126,185</u>

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

10. PROPERTY AND EQUIPMENT

	PROPERTY AND EQUIPMENT			ACCUMULATED AMORTIZATION			NET BOOK VALUE	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Annual Amortization	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$
Land	650,712	-	-	650,712	-	-	-	650,712
Buildings	20,119,440	2,641,205	120,425	22,640,220	4,905,677	171,011	5,073,677	17,566,543
Infrastructure	38,140,230	-	-	38,140,230	22,788,216	383,800	23,172,016	14,968,214
Equipment	1,253,812	478,459	33,610	1,698,661	1,050,220	131,033	1,174,531	524,130
	60,164,194	3,119,664	154,035	63,129,823	28,744,113	685,844	29,420,224	33,709,599
								31,420,081

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

11. EQUITY IN PROPERTY AND EQUIPMENT

	2022	2021
Opening balance	\$ 31,413,605	\$ 30,102,575
Contributions from operations (net)	2,975,362	1,927,120
Loan repayment	6,684	41,449
Amortization	<u>-685,844</u>	<u>-657,539</u>
Closing balance	<u>\$ 33,709,807</u>	<u>\$ 31,413,605</u>

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:

SKIDEGATE BAND COUNCIL

NOTES

MARCH 31, 2022

12. SEGMENT DISCLOSURE (continued)

	Budget	Administration	Capital Projects	Community Infrastructure	Education	Health	Other	Parks and Recreation	Social Housing	Social Services	Youth	Amortization	Total 2022	Total 2021
REVENUE	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government of Canada	13,312,909	2,821,066	2,070,189	2,368,448	4,162,507	16,243	130,152	868,899	1,908	985,498	231,512	-	13,658,431	14,881,860
Province of BC	622,000	631,081	515,784	-	228,586	-	545,394	-	-	30,000	200,019	-	2,150,864	524,119
Other	6,489,581	407,415	2,847,432	421,205	898,511	-	56,546	12,563	50,588	-	287,475	-	4,981,765	3,819,080
	<u>20,434,490</u>	<u>3,859,562</u>	<u>5,433,415</u>	<u>2,789,653</u>	<u>5,289,604</u>	<u>16,243</u>	<u>732,092</u>	<u>881,492</u>	<u>52,487</u>	<u>1,015,498</u>	<u>719,008</u>	<u>-</u>	<u>20,769,060</u>	<u>19,225,059</u>
EXPENDITURE														
Administration	131,000	3,879	53,450	-	-	2,432	942	34,511	-	-	30,610	-	125,824	87,114
Advances to Band entities	130,000	-	-	-	-	-	130,152	-	-	-	-	-	130,152	128,540
Amortization	675,000	-	-	-	-	-	-	-	-	-	-	685,844	685,844	657,539
Contract services	8,346,788	233,478	1,328,524	659,968	2,811,321	-	370,836	21,954	-	1,570	152,233	-	5,579,882	4,724,840
Council operations	1,025,000	349,089	-	-	-	-	-	-	-	-	-	-	349,089	398,926
Insurance	121,000	18,989	-	52,151	3,739	-	5,285	8,239	7,179	2,053	3,198	-	100,843	168,917
Maintenance and repairs	462,000	-	-	114,339	-	-	-	93,133	5,787	-	-	-	120,108	124,960
Materials and supplies	1,574,500	-	9,095	133,147	15,748	13,811	42,873	11,128	-	4,954	38,689	-	1,121,816	3,013,328
Office and other	182,252	104,072	-	-	264,821	-	-	-	586	-	18,250	-	428,955	228,408
Professional services	101,800	121,119	-	-	-	-	-	-	-	985,089	-	-	121,119	58,903
Program allowances	2,051,500	732,376	-	-	1,041,854	-	-	-	-	-	21,347	-	2,739,299	1,135,620
Telephone and utilities	189,000	22,814	-	108,908	8,082	-	10,117	9,596	-	8,597	-	-	188,349	187,353
Travel and training	95,500	2,364	-	1,134	8,593	-	3,094	46,113	-	21,882	-	-	84,180	4,460
Wages and benefits	2,410,000	357,585	-	563,247	182,458	-	222,120	440,894	-	221,275	308,161	-	2,305,740	1,891,535
	<u>17,505,341</u>	<u>2,718,319</u>	<u>1,391,089</u>	<u>1,630,792</u>	<u>4,376,616</u>	<u>16,243</u>	<u>785,029</u>	<u>965,558</u>	<u>13,532</u>	<u>1,225,400</u>	<u>570,488</u>	<u>685,844</u>	<u>14,080,898</u>	<u>12,807,641</u>
REVENUE OVER EXPENDITURE														
	2,928,149	1,141,243	4,042,346	1,158,861	910,888	-	-52,837	215,936	38,965	-209,904	148,508	-885,844	6,708,162	6,417,418
TRANSFERS														
	-	-72,100	-	61,472	-	-	27,989	-	-	-	-17,340	-	-	-
ANNUAL SURPLUS (DEFICIT)														
	<u>2,928,149</u>	<u>1,069,143</u>	<u>4,042,346</u>	<u>1,220,333</u>	<u>910,888</u>	<u>-</u>	<u>-24,869</u>	<u>215,936</u>	<u>38,965</u>	<u>-209,904</u>	<u>131,168</u>	<u>-885,844</u>	<u>6,708,162</u>	<u>6,417,418</u>