

SKATIN NATION
FINANCIAL STATEMENTS

MARCH 31, 2014

SEIGNEURET & COMPANY
Certified General Accountant

SKATIN NATION

ANNUAL FINANCIAL REPORT

March 31, 2014

Management's Responsibility for Financial Reporting
Independent Auditor's Report

1
2

FINANCIAL STATEMENTS

Statement of Financial Position	4
Statement of Operations	5
Statement of Cash Flow	6
Statement of Changes in Net Debt	7
Notes to Financial Statements	8 - 19
Schedule of Tangible Capital Assets	20

SKATIN NATION

MARCH 31, 2014

April 22, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Skatin Nation for the year ended March 31, 2014 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 generally accepted accounting principles as prescribed by the Public Sector Accounting Board (PSAB). Financial statements are not precise since they include certain 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 Skatin Nation management is responsible for maintaining 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 the Skatin Nation's assets are appropriately accounted for and adequately safeguarded.

The Skatin Nation 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 Council meets 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 financial statements and the external auditor's report.

The accompanying financial statements have been audited by Seigneuret & Company, Certified General Accountant in accordance with Canadian auditing standards on behalf of the members. Seigneuret & Company, Certified General Accountant have full and free access to the books and records of the Band and to the Skatin Nation Council.

Markel Williams Councillor

Janie Williams Councillor



SEIGNEURET & COMPANY
CERTIFIED GENERAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To: The Members of Skatin Nation

I was engaged to audit the Statement of Financial Position of Skatin Nation as at March 31, 2014 and the Statements of Operations, Changes in Net Debt and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Basis for Qualified Opinion

I was unable to obtain sufficient appropriate audit evidence about \$73,285 of expenditures recorded as travel expenses for the year because management was unable to provide invoices or other supporting documentation. Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

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INDEPENDENT AUDITOR'S REPORT, continued

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Skatin Nation as at March 31, 2014 and the results of its operations, net debt and cash flow for the year then ended, in accordance with Canadian public sector accounting standards.

Emphasis of Matter

I draw attention to Note 20 in the financial statements which indicates that the first nation has an accumulated operating deficit of \$397,480 at March 31, 2014 and its current liabilities exceed its current assets by \$96,771. In addition, the Nation has an unfunded financial commitment of \$1,621,639 under a contract for the completion of a building. These conditions, along with other matters as set forth in Note 20, indicate the existence of material uncertainty that may cast a significant doubt about Skatin Nation's ability to continue as a going concern. My opinion is not qualified in respect of this matter.

Lei Gneust & Company
CERTIFIED GENERAL ACCOUNTANT
April 22, 2015

SKATIN NATION

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2014

2014

2013

	<u>2014</u>	<u>2013</u>
FINANCIAL ASSETS		
Cash (Note 2)	\$ 148,431	\$ 197,810
Accounts receivable (Note 3)	69,217	36,906
Due from government agencies	9,993	-
Investments (Note 4)	-	93,902
Restricted cash and deposits (Note 6)	138,233	1,994,196
Due from band members (Note 7)	-	932
Due from councilors (Note 8)	19,598	-
Ottawa trust funds (Note 9)	346,755	326,505
Due from Statimc Government Services	32,475	42,500
	<u>764,702</u>	<u>2,692,751</u>
LIABILITIES		
Bank indebtedness (Note 10)	70,201	116,320
Accounts payable and accrued liabilities (Note 11)	137,098	538,637
Due to government agencies	-	9,410
Deferred revenue (Note 12)	339,449	1,652,042
Deferred contributions (Note 13)	1,665,415	-
Due to AANDC	134,075	99,558
Long term debt (Note 14)	856,397	913,355
	<u>3,202,635</u>	<u>3,329,322</u>
NET DEBT	<u><u>\$ (2,437,933)</u></u>	<u><u>\$ (636,571)</u></u>
NON-FINANCIAL ASSETS		
Prepaid expenses (Note 5)	43,752	39,342
Tangible capital assets (Schedule)	8,017,877	6,746,256
	<u><u>8,061,629</u></u>	<u><u>6,785,598</u></u>
ACCUMULATED SURPLUS		
Deficit - operations	\$ (397,480)	\$ (198,641)
Social housing capital fund	1,043,157	986,199
Replacement and operating reserves	140,538	150,849
Ottawa trust funds	346,756	326,506
Capital fund	4,490,725	4,884,114
	<u><u>\$ 5,623,696</u></u>	<u><u>\$ 6,149,027</u></u>
Commitments and Contingencies (Note 18)		
Going concern (Note 20)		

Approved by the Skatin Nation Council

Mark Williams
See accompanying notes to financial statements.

SKATIN NATION

SUMMARY STATEMENT OF OPERATIONS YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Federal Government:		
Aboriginal Affairs and Northern Development Canada	\$ 1,004,240	\$ 1,098,129
Aboriginal Affairs and Northern Development Canada recoveries	(147,271)	(109,183)
Health Canada, First Nations and Inuit Health Branch	49,017	608
Canada Mortgage and Housing Corporation (CMHC)	42,716	49,017
First Nation Education Steering Committee	38,602	51,818
Southern St'l'atl'imx Health Society	329,831	36,637
Allocation from deferred revenue	-	-
BC Hydro First Nation Community Development Fund	27,708	-
In-Shuck-ch Development	215,054	-
Rental income	74,136	74,151
Propane income	19,493	15,251
Other revenue	<u>112,289</u>	<u>29,634</u>
	<u>1,435,984</u>	<u>1,575,893</u>
EXPENDITURE		
Band	699,573	1,171,037
Education	125,318	182,662
Social development	238,803	268,477
Social housing	130,169	145,500
Head-of-the-Lake school	<u>463,297</u>	<u>554,797</u>
	<u>1,657,160</u>	<u>2,322,473</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENDITURE	(221,176)	(746,580)
ACCUMULATED SURPLUS, beginning of year	(198,641)	533,848
TRANSFER FROM OPERATING RESERVE FUND	<u>22,334</u>	<u>14,091</u>
ACCUMULATED SURPLUS (DEFICIT), end of year	<u>\$ (397,482)</u>	<u>\$ (198,641)</u>

See accompanying notes to financial statements.

SKATIN NATION

STATEMENT OF CASH FLOW YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Shortfall of revenue over expenditures	\$ (221,176)	\$ (746,580)
Non-operating items:		
Appropriations to replacement reserve fund	12,023	7,014
Items not involving cash:		
Amortization included in operations	<u>405</u>	<u>1,637</u>
Other non-operating items:		
Deferred revenue	(208,748)	(737,929)
Deferred contributions	1,665,415	(337,331)
Adjustment for capital and investment transactions included in operations:		
Principal repayments on long-term debt	56,958	55,560
Changes in non-cash operating net assets	(329,243)	587,993
Changes in due from band members	932	-
Changes in due from councilors	<u>(19,598)</u>	<u>-</u>
FINANCING ACTIVITIES		
Loan repayments from St'at'imc Government Services	10,025	7,500
Repayment of long term debt	<u>(56,958)</u>	<u>(55,560)</u>
	<u>(46,933)</u>	<u>(48,060)</u>
INVESTING ACTIVITIES		
Building construction costs	(1,665,415)	-
Proceeds on disposal of tangible capital assets	<u>-</u>	<u>2,471</u>
Decrease in cash and cash equivalents	<u>(1,665,415)</u>	<u>2,471</u>
Cash and Cash Equivalents, beginning of year	<u>(1,859,225)</u>	<u>(477,296)</u>
Cash and Cash Equivalents, end of year	<u>2,075,686</u>	<u>2,552,982</u>
REPRESENTED BY:		
Cash and term deposit	\$ 148,431	\$ 197,810
Bank indebtedness	(70,201)	(116,320)
Restricted cash	<u>\$ 138,233</u>	<u>1,994,196</u>
	<u>\$ 216,463</u>	<u>\$ 2,075,686</u>

See accompanying notes to financial statements.

SKATIN NATION

STATEMENT OF CHANGES IN NET DEBT YEAR ENDED MARCH 31, 2014

	<u>2014</u>	<u>2013</u>
Annual surplus (deficit)	\$ (221,174)	\$ (746,580)
Change in equity - Operating fund	(381,472)	(379,863)
Change in equity - Social Housing	63,974	62,575
Change in equity - Head of the Lake School fund	386,480	379,863
Change in equity - Ottawa trust funds	20,250	4,693
Change in equity - Capital fund	<u>(393,389)</u>	<u>(435,866)</u>
Acquisition of tangible capital assets	(525,331)	(1,115,178)
Disposal of tangible capital assets	(1,665,415)	-
Amortization of tangible capital assets	<u>393,794</u>	<u>437,503</u>
Prepaid expenses	(1,796,952)	(675,204)
(Increase) decrease in net debt	<u>(4,411)</u>	<u>21,988</u>
Net debt, beginning of year	(1,801,363)	(653,216)
Net debt, end of year	<u><u>\$ (2,437,934)</u></u>	<u><u>\$ (636,571)</u></u>

See accompanying notes to financial statements.

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

OPERATIONS:

The Skatin Nation's principal activity is the provision of local government services to band members. These include administrative, social development, education, municipal services and certain housing and capital services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments, as defined in the CPA Canada Public Sector Accounting Handbook.

b) Fund Accounting

The Skatin Nation uses fund accounting procedures which result in a self balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Financial Statements.

c) Reporting Entity and Principles of Financial Reporting

The Skatin Nation reporting entity includes the Skatin Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Skatin Nation Operating Fund
- Skatin Nation Social Housing Fund
- Skatin Nation Capital Fund
- Skatin Nation Trust Fund
- Head-of-the-Lake School Fund

The Skatin Nation does not own any incorporated or unincorporated government business enterprises.

d) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued tangible capital assets and prepaid expenses.

e) Cash

Cash includes cash on hand and balances with banks net of bank overdraft.

f) Tangible Capital Assets

Acquired Prior to 2012:

Property, equipment and infrastructure expenditures are valued at acquisition cost or estimated cost and recorded in the Capital Fund. The acquisition costs of tangible capital assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Capital Fund with a corresponding increase in Equity in Capital Assets. Amortization is charge to Capital Fund.

Acquired After 2011:

Tangible capital assets are recorded at cost and the related amortization is charge to the Operating Fund. Contributions for the acquisition of tangible capital assets are recorded as Deferred Contributions and amortized into income on the same basis as the amortization of the tangible capital asset.

g) Amortization

Tangible capital assets are recorded and amortized annually. Assets are amortized over their expected useful life using the declining balance method at the following rates:

Buildings	10%
Power and water systems	4%
Dyking	10%
Computer equipment	30%
Equipment	30%
Vehicles	30%
Canoes	30%

No amortization is taken in the year of acquisition.

Social Housing assets acquired under C.M.H.C. sponsored housing programs are not being amortized.

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

h) Net Debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its liabilities less its financial assets. Net debt is comprised of two components, non-financial assets and accumulated surplus.

i) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

j) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 expense during the reporting period. Significant areas requiring the use of management estimates relate to the impairment of assets and amortization rates. Actual results could differ from those reported.

k) Tangible capital assets - Adoption of PS 3150

In September 2006, the Canadian Institute of Chartered Accountants issued amendments to the recommendations in Section PS 3150 Tangible Capital Assets. PS 3150 establishes standards on how to account for and report tangible capital assets in government financial statements. The amendments to this Section consisted of expanding its scope to include local governments. Revised PS 3150 is effective for interim and annual financial statements of local governments with fiscal years beginning on or after January 1, 2009.

In February 2007, the CICA revised PSG-7 Tangible Capital Assets of Local Governments to provide local governments with transitional guidance on reporting tangible capital assets information in their financial statements prior to the adoption of PS 3150. This Guideline requires local governments to disclose the cost, additions, disposals, impairment, amortization, and accumulated amortization for each major category of tangible capital assets.

The Skatin Nation is in the process of accumulating all of the relevant information required for identifying and reporting tangible capital assets in accordance with the guidance of PS 3150. Therefore, The Skatin Nation cannot provide the disclosure requirements under PSG-7 related to tangible capital assets acquired prior to April 1, 1996.

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

1) Economic Dependence

The Skatin Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

m) Replacement Reserve

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus. Interest earnings and approved expenditures are charged against the Reserve.

2. CASH

Cash consists of the following

	<u>2014</u>	<u>2013</u>
BNS - Forestry account	\$ 44,336	\$ 128
Social Housing program	42,234	54,400
Head-of-the-Lake School	<u>61,861</u>	<u>143,282</u>
	<u>\$ 148,431</u>	<u>\$ 197,810</u>

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following

	<u>2014</u>	<u>2013</u>
Head-of-the-Lake School amounts	\$ 2,222	\$ 2,316
CMHC subsidy receivable	4,085	4,085
Other funding receivable	<u>62,910</u>	<u>30,505</u>
	<u>\$ 69,217</u>	<u>\$ 36,906</u>

4. INVESTMENTS

	<u>2014</u>	<u>2013</u>
Non-redeemable GIC with interest at 1.55% p.a.	<u>\$ -</u>	<u>\$ 93,902</u>

SKATIN NATION**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014****5. PREPAID EXPENSES**

Prepaid expenses consists of the following:

	<u>2014</u>	<u>2013</u>
Band administration - prepaid insurance	\$ 7,641	\$ 10,057
Prepaid social assistance	13,408	6,889
Social Housing - prepaid insurance	4,970	4,992
Head-of-the-Lake School - prepaid insurance	<u>17,733</u>	<u>17,403</u>
	<u><u>\$ 43,752</u></u>	<u><u>\$ 39,341</u></u>

6. RESTRICTED CASH & DEPOSITS

	<u>2014</u>	<u>2013</u>
C.M.H.C. replacement reserve	\$ 30,019	\$ 30,018
C.M.H.C. operating reserve	-	1,385
Státimc (PC) 2011 Trust funds:		
Cashable GIC with interest at 1.8% p.a. maturing		
January 14, 2015	98,120	1,011,333
Cash	<u>10,094</u>	<u>951,460</u>
	<u><u>\$ 138,233</u></u>	<u><u>\$ 1,994,196</u></u>

7. DUE FROM BAND MEMBERS

	<u>2014</u>	<u>2013</u>
Housing rent arrears	\$ 389,018	\$ 342,028
Miscellaneous receivables	-	932
Less: Allowance for uncollectible rent	<u>(389,018)</u>	<u>(342,028)</u>
	<u><u>\$ -</u></u>	<u><u>\$ 932</u></u>

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

8. DUE FROM COUNCILORS

	<u>2014</u>	<u>2013</u>
Due from Gabe Williams	\$ 19,495	\$ -
Due from Xavier Williams	<u>103</u>	<u>-</u>
	<u><u>\$ 19,598</u></u>	<u><u>\$ -</u></u>

The amount due from Gabe Williams is a result of cash advances taken on the Skatin Nation credit card of \$16,903 and for which no documentation or explanation has been provided and \$2,592 of cellular phone bill payments in excess of the monthly cellular phone allowance.

The amount due from Xavier Williams is a result of a cash advance taken on the Skatin Nation credit card.

9. OTTAWA TRUST FUNDS

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditors General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

10. BANK INDEBTEDNESS

Bank line of credit bears interest at prime plus 1.5% and has a limit of \$90,000.

11. ACCOUNTS PAYABLE

Accounts payable is comprised of the following

	<u>2014</u>	<u>2013</u>
Accounts payable	\$ 135,704	\$ 527,778
Wages and vacation pay	<u>1,394</u>	<u>10,859</u>
	<u><u>\$ 137,098</u></u>	<u><u>\$ 538,637</u></u>

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

12. DEFERRED REVENUE

Deferred revenue is comprised of the following

	<u>2014</u>	<u>2013</u>
St'át'imc (PC) 2011 Trust contributions	<u>\$ 339,449</u>	<u>\$ 1,652,042</u>

13. DEFERRED CONTRIBUTIONS

Deferred contributions represent the contributions from the St'át'imc (PC) 2011 Trust that have been designated for the construction of the Administration building. The contributions will be recognized as revenue on the same basis as the building amortization is recognized as expense.

14. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
(i) Mortgage payable to All Nations Trust Company with payments of \$2,581 per month including interest at 2.56% per annum with a term of five years renewable on December 1, 2015. The loan matures on September 1, 2025, and is secured by a Ministerial Guarantee and a first mortgage on six housing units.	\$ 308,487	\$ 331,289

(ii) Mortgage payable to All Nations Trust Company with payments of \$4,082 per month including interest at 2.63% per annum with a term of five years renewable on June 1, 2016. The loan matures on June 1, 2027, and is secured by a Ministerial Guarantee and a first mortgage on six housing units.

	<u>547,910</u>	<u>582,066</u>
	<u><u>\$ 856,397</u></u>	<u><u>\$ 913,355</u></u>

Principal amounts due in each of the next five years are approximately as follows:

2015	\$ 58,455
2016	\$ 59,987
2017	\$ 61,557
2018	\$ 63,170
2019	\$ 64,824

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

15. OPERATIONS FUND DEFICIT

	<u>2014</u>	<u>2013</u>
Opening balance	\$ (96,771)	\$ 524,749
Excess (shortfall) of revenue over expenditure	<u>(215,415)</u>	<u>(621,520)</u>
Closing balance	<u><u>\$ (312,186)</u></u>	<u><u>\$ (96,771)</u></u>

16. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repairs, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the Audit Report date, the Fund is underfunded by \$91,170 (2013 - \$79,148).

17. OPERATING RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, the Program is permitted to set aside any surplus to an operating reserve for the purpose of meeting future requirements of the income listed occupants over and above the maximum federal assistance. The fund may be replenished to its original limit from subsequent operating surpluses.

These funds are to be held in a separate interest-bearing account or term deposit with any interest earned to be credited as revenue to the Operating Reserve Fund. As at the Balance Sheet date, the Fund is underfunded by \$19,349 (2013 - \$40,297).

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

18. COMMITMENTS AND CONTINGENCIES

Commitments

The Skatin Nation has an agreement dated September 16, 2013 with Freeport Industries Ltd. for the design and construction of an administration building. The original cost estimate was \$1.844 million however costs have escalated to \$2,267,900 up to October 28, 2014.

As a result, the Skatin Nation has a commitment under the contract as at March 31, 2014 of \$1,621,639.

Contingent liabilities

The Skatin Nation is contingently liable to AANDC for surpluses funded as "Contribution" funding and capital projects as follows:

• Child Out of Parental Home	\$ 2,736
• In-Home Care	9,205
• Special Needs	<u>9,072</u>
<u>\$ 21,013</u>	

19. ST'ÁT'IMC (PC) 2011 TRUST

The St'át'imc Authority reached a comprehensive settlement with the Province of British Columbia and BC Hydro on May 10, 2011. The Settlement Agreement provides compensation for impacts to St'át'imc lands and people in respect of past, present and future hydro development in the St'át'imc territory; as a result, the St'át'imc (PC) 2011 Trust was established to receive the settlement funds.

Skatin Nation is a beneficiary of the Trust and in accordance with the Settlement Agreement and Trust Indenture, the Nation is entitled to receive certain sums of monies from the trust each year to be used for specific purposes as outlined in a Band Council Resolution.

Available Trust Revenues shall consist of funding received in a fiscal year and unused funding received in previous fiscal years. Expenditures shall consist only of expenses incurred for the purposes stated in the Band Council Resolution which shall be consistent with the purposes specified in the Indenture. The Nation is permitted to expend Trust monies on a basis other than as specified in the Band Council Resolution provided that the expenditures are consistent with the purposes specified in the Indenture.

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

19. ST'AT'IMC (PC) 2011 TRUST, continued

\$1,000,000 - Signing Bonus (2012)

- voted by Band membership for distribution to band members registered on Band list as at October 25, 2011. The payments were \$1,000 per band member. The balance of the bonus payment has been restricted for development and construction of a new administration building on the reserve.

\$ 864,000 (2012)

- restricted for development and construction of a new administration building on reserve.

\$ 421,924 - One Time Payment (2013)

- restricted to additional costs associated with the new administration building.

20. GOING CONCERN

The Skatin Nation has an accumulated operating deficit of \$397,480 at March 31, 2014 and its current liabilities exceed its current assets by \$96,771 as at that date. The costs of the administration building under construction are \$1,665,415 up to March 31, 2014. The contractor has invoiced an additional \$1,621,639 subsequent to the year end. The project is significantly overbudget and work has ceased due to non-payment of invoices.

As a result there is material uncertainty related to these conditions that cast doubt on the nation's ability to continue as a going concern and, therefore, that may be unable to realize its assets and discharge its liabilities in the normal course of business.

21. FAIR VALUE ESTIMATION

The Skatin Nation's financial instruments consists of cash, receivable, loans and advances, bank indebtedness and accounts and mortgages payable. It is management's opinion that the First Nation is not exposed to significant interest risk arising from these financial instruments. Exposure to credit risk is also not significant with the exception of Rents Receivable which have a higher risk due to the nature of the social housing program. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

22. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the current year presentation.

23. 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 1. 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 period are as follows:

	Band Government			Social Services			Economic Development		
	<u>2014</u>	<u>2013</u>	<u>BUDGET</u> <u>2014</u>	<u>2014</u>	<u>2013</u>	<u>BUDGET</u> <u>2014</u>	<u>2014</u>	<u>2013</u>	<u>BUDGET</u> <u>2014</u>
Revenues									
Federal Government	\$ 254,813	\$ 319,842	\$ -	\$ 88,226	\$ 130,279	\$ -	\$ -	\$ -	\$ -
Provincial Government	-	-	-	-	-	-	-	-	-
Economic Activities	19,493	15,251	-	-	-	-	-	-	-
Net income from investments in government business enterprises	-	-	-	-	-	-	-	-	-
BC Hydro	27,708	329,831	1,443	-	-	-	-	-	-
Other revenue	303,556	605,570	666,367	-	-	38,602	45,049	-	-
Total Revenue	605,570	666,367	666,367	-	-	126,828	175,328	-	-
Expenses									
Wages, benefits & subcontracts	163,552	277,576	-	34,540	34,458	-	-	-	-
Program expenses	233,308	756,210	-	185,246	233,519	-	-	-	-
Travel & Honoraria	125,160	61,365	-	16,815	500	-	-	-	-
Professional fees	150,176	75,887	-	-	-	236,601	268,477	-	-
Total Expenses	672,196	1,171,038	1,171,038	-	-	236,601	268,477	-	-
Annual Surplus (Deficit)	\$ (66,626)	\$ (504,671)	\$ -	\$ (109,773)	\$ (93,149)	\$ -	\$ -	\$ -	\$ -

SKATIN NATION

NOTES TO FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2014

23. SEGMENT DISCLOSURE, continued

	2014	Capital Projects	2013	BUDGET	2014	Education	2013	BUDGET	2014	Health	2013	BUDGET
Revenues												
Federal Government	\$ -	\$ -	\$ -	\$ -	\$ 513,930	\$ 538,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Provincial Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net income from investments in government business enterprises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BC Hydro	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ 66,506	\$ 72,206	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 580,436	\$ 611,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses												
Wages, benefits & subcontracts					321,415	352,822						
Program expenses					224,281	337,578						
Travel & Honouraria					33,054	34,582			2,200			
Professional fees					9,865	12,475						
Total Expenses	\$ -	\$ -	\$ -	\$ -	\$ 588,615	\$ 737,457	\$ -	\$ -	\$ 2,200	\$ -	\$ -	\$ -
Annual Surplus (Deficit)	\$ -	\$ -	\$ -	\$ -	\$ (8,179)	\$ (126,426)	\$ -	\$ -	\$ (2,200)	\$ -	\$ -	\$ -
		Housing			Culture					Total		
	2014	2013	BUDGET	2014	2013	BUDGET	2014	2013		2013	BUDGET	2014
Revenues												
Federal Government	\$ 49,017	\$ 49,017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 905,986	\$ 1,037,963	\$ -	\$ -	\$ -
Provincial Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Economic Activities	74,136	74,151						93,629	89,402			
Net income from investments in government business enterprises	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
BC Hydro	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 123,153	\$ 123,168	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 408,664	\$ 118,698	\$ -	\$ -	\$ -
Expenses												
Wages, benefits & subcontracts	25,955	28,749						545,465	693,605			
Program expenses	102,214	114,752						745,051	1,442,060			
Travel & Honouraria	\$ -	\$ -						177,229	96,447			
Professional fees	\$ 2,000	2,000						162,041	90,362			
Total Expenses	\$ 130,169	\$ 145,501	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,629,786	\$ 2,322,474	\$ -	\$ -	\$ -
Annual Surplus (Deficit)	\$ (7,016)	\$ (22,333)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (193,799)	\$ (746,580)	\$ -	\$ -	\$ -

SKATIN NATION
SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED MARCH 31, 2014

	COST				ACCUMULATED AMORTIZATION				Net Book Value March 31, 2014	Net Book Value March 31, 2013
	Balance March 31, 2013	Disposals	Additions	Balance March 31, 2014	Balance March 31, 2013	Disposals	Amortization	Balance March 31, 2014		
Land Development Costs	\$ 643,243	\$ -	\$ -	\$ 643,243	\$ -	\$ -	\$ -	\$ -	\$ 643,243	\$ 643,243
Buildings	6,262,021	-	-	6,262,021	2,610,010	-	365,202	2,975,212	3,286,809	3,652,011
Building under construction	-	-	1,665,415	1,665,415	-	-	-	-	1,665,415	-
Equipment	8,487	-	-	8,487	7,927	-	168	8,095	392	560
Canoes	13,000	-	-	13,000	12,912	-	26	12,938	62	88
Dyking	364,618	-	-	364,618	271,134	-	9,349	280,483	84,135	93,484
Power Systems	491,572	-	-	491,572	125,668	-	14,636	140,304	351,268	365,904
Water Systems	164,300	-	-	164,300	64,086	-	4,008	68,094	96,206	100,214
Housing	1,889,402	-	-	1,889,402	-	-	-	-	1,889,402	1,889,402
Computer equipment	3,936	-	-	3,936	2,586	-	405	2,991	945	1,350
Total	\$ 9,840,579	\$ -	\$ 1,665,415	\$ 11,505,994	\$ 3,094,323	\$ -	\$ 393,794	\$ 3,488,117	\$ 8,017,877	\$ 6,746,256