

**SKATIN NATIONS  
CONSOLIDATED FINANCIAL STATEMENTS  
March 31, 2016**

**SKATIN NATIONS**  
**Index to Consolidated Financial Statements**  
**March 31, 2016**

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## MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Skatin Nations are the responsibility of management and have been approved by Chief and Executive Director on behalf of Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The First Nation 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 consolidated financial statements and the external auditor's report.

The external auditors, Lee & Company, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Skatin Nations and meet when required.

On behalf of Skatin Nations:

  
Peter Klassen  
Chief

  
Michael Williams  
Councillor

  
Louise Williams  
Councillor

  
Acting Band Manager

December 5, 2016



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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF SKATIN NATIONS

#### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of SKATIN NATIONS which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of operations, change in net financial assets and cash flows 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**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### **Basis of Qualified Opinion**

The First Nation operations has not maintained records and supporting documentation that is adequate to provide sufficient evidence regarding existence and completeness of accounts payable and accounts receivable. Consequently, we were not able to determine whether any adjustments might be necessary to accounts receivable, accounts payable, consolidated revenue and expenditures and operating deficit.

*(continues)*

Independent Auditor's Report to the Members of Skatin Nations (*continued*)

In addition, the First Nation was unable to provide a listing of tangible capital assets at historical cost. We were unable to verify the existence, completeness and valuation of the tangible capital assets. We were also unable to verify the existence, completeness and valuation of the opening accumulated surplus as a result of this matter.

**Qualified Opinion**

In our 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 Skatin Nations as at March 31, 2016 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**

We draw attention to Note 16 in the financial statements which indicates that the First Nation has an unfunded financial commitment of \$1,621,639 under a contract for the completion of a building. These conditions, along with the matter as set forth in Note 16, indicate the existence of material uncertainty that may cast a significant doubt about Skatin Nation's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

*Lee & Company*

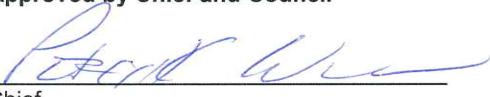
CHARTERED PROFESSIONAL ACCOUNTANTS

Victoria, BC  
December 5, 2016

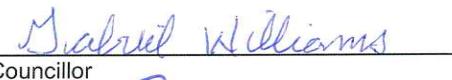
**SKATIN NATIONS**  
**Consolidated Statement of Financial Position**  
**March 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	212,845	415,055
Ottawa Trust (Note 4)	376,093	367,499
Accounts receivable (Note 3)	226,887	251,328
Due from St'at'imc Government Services	9,725	22,225
Investment	500	-
	<b>826,050</b>	1,056,107
<b>FINANCIAL LIABILITIES</b>		
Accounts payable (Note 5)	197,834	322,783
Deferred revenue (Note 6)	208,008	545,378
Deferred capital contributions (Note 7)	1,871,031	1,859,236
Long-term debts (Note 9)	737,639	806,380
	<b>3,014,512</b>	3,533,777
<b>NET FINANCIAL ASSETS (NET DEBT)</b>	<b>(2,188,462)</b>	(2,477,670)
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	77,726	44,693
Tangible capital assets (Note 10)	7,007,923	7,374,867
	<b>7,085,649</b>	7,419,560
<b>ACCUMULATED SURPLUS (DEFICIT) (Note 8)</b>	<b>4,897,187</b>	4,941,890
Contingent liabilities (Note 16)		

Approved by Chief and Council

  
 Chief

Councillor

  
 Councillor

Acting Band Manager

**SKATIN NATIONS**  
**Consolidated Statement of Operations**  
**For the year ended March 31, 2016**

	Budget	2016	2015
<b>REVENUE</b>			
Indigenous and Northern Affairs Canada	-	1,195,155	1,170,615
Canada Mortgage and Housing Corporation Subsidy	-	48,421	49,017
Provincial funding	-	69,101	48,519
Rental income	-	74,136	74,136
Other income	-	685,677	463,179
Interest income	-	220	294
Ottawa Trust	<u>-</u>	<u>8,594</u>	<u>20,744</u>
	<u>-</u>	<u>2,081,304</u>	<u>1,826,504</u>
<b>EXPENSES</b>			
Band	-	782,299	761,070
Education	-	102,913	100,688
Social development	-	230,217	252,235
Health	-	31,507	28,597
Capital projects	-	-	-
Social Housing	-	48,394	63,140
Head-of-the Lake School	-	538,397	432,776
Amortization	<u>-</u>	<u>392,280</u>	<u>405,730</u>
	<u>-</u>	<u>2,126,007</u>	<u>2,044,236</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>-</u>	<u>(44,703)</u>	<u>(217,732)</u>
<b>ACCUMULATED SURPLUS (DEFICIT), at beginning of year</b>	<b>4,941,890</b>	<b>5,191,594</b>	
Prior period adjustments (Note 14)	-	(43,980)	
Transfers	<u>-</u>	<u>12,008</u>	
<b>ACCUMULATED SURPLUS (DEFICIT), at end of year (Note 8)</b>	<b>4,897,187</b>	<b>4,941,890</b>	

**SKATIN NATIONS**  
**Consolidated Statement of Changes in Net Financial Assets (Net Debt)**  
**For the year ended March 31, 2016**

	2016	2015
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>(44,703)</b>	<b>(217,732)</b>
Tangible capital assets		
Acquisition of tangible capital assets	(13,542)	(1,000)
Proceeds on disposal of tangible capital assets	-	-
Amortization of tangible capital assets	392,280	405,730
Write-downs on tangible capital assets	-	-
(Gain) loss on disposal of tangible capital assets	-	-
	<b>378,738</b>	<b>404,730</b>
Assets under construction	(11,794)	(193,821)
Acquisition of prepaid expense	(77,726)	(44,693)
Use of prepaid expense	<b>44,693</b>	<b>43,752</b>
	<b>(44,827)</b>	<b>(194,762)</b>
<b>CHANGE IN NET FINANCIAL ASSETS (NET DEBT)</b>	<b>289,208</b>	<b>(7,764)</b>
<b>NET FINANCIAL ASSETS (NET DEBT), at beginning of year</b>	<b>(2,477,670)</b>	<b>(2,437,934)</b>
<b>Prior period adjustments (Note 14)</b>	<b>-</b>	<b>(43,980)</b>
<b>Transfers from Reserves</b>	<b>-</b>	<b>12,008</b>
<b>NET FINANCIAL ASSETS (NET DEBT), at end of year</b>	<b>(2,188,462)</b>	<b>(2,477,670)</b>

**SKATIN NATIONS**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>OPERATING ACTIVITIES</b>		
Annual surplus (deficit)	(44,703)	(217,732)
Items not affecting cash		
Amortization of tangible capital assets	392,280	405,730
(Gain) loss on disposal of tangible capital assets	-	-
Prior period adjustments	-	(43,980)
Change in non-cash charges to operations		
Ottawa Trust	(8,594)	(20,744)
Accounts receivable	24,439	(149,932)
Due from St'at'imc Government Services	12,500	10,250
Investments	(500)	-
Prepaid expenses	(33,033)	(939)
Accounts payable	(124,947)	49,019
Deferred revenue	(337,370)	205,929
Deferred capital contributions	11,795	193,821
	<hr/>	<hr/>
	(108,133)	431,422
<b>CAPITAL TRANSACTIONS</b>		
Proceeds on disposal of tangible capital assets	-	-
Acquisition of tangible capital assets	(13,542)	(1,000)
Assets under construction	(11,794)	(193,821)
	<hr/>	<hr/>
	(25,336)	(194,821)
<b>INVESTING TRANSACTIONS</b>		
Long term Investments	-	-
<b>FINANCING TRANSACTIONS</b>		
Mortgages payable	(68,741)	(50,017)
Transfers from Reserves	-	12,008
	<hr/>	<hr/>
	(68,741)	(38,009)
<b>INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>(202,210)</b>	<b>198,592</b>
<b>CASH, at beginning of year</b>	<b>415,055</b>	<b>216,463</b>
<b>CASH, at end of year</b>	<b>212,845</b>	<b>415,055</b>

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Basis of accounting**

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**b. Reporting Entity and Principles of Financial Reporting**

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 Nations Government Administration
- Skatin Nations Trusts Fund
- Skatin Nations CMHC Housing Program Fund
- Head-of-the-Lake School Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not

**c. Cash and cash equivalents**

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short term cash commitments.

**d. Financial Instruments**

The carrying amounts for accounts receivable, grants receivable and accounts payable and accrued liabilities approximate fair value because of the short-term nature of these instruments.

**e. Investments**

Investments are recorded at cost. Investments are written down where there has been a loss in value that is other than a temporary decline.

**f. Tangible capital assets**

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

Building	10% declining method
Power and water systems	4% declining method
Equipment	30% declining method
Canoes	30% declining method
Social Housing	Equal to loan principal payment
Computer equipment	3 years straight line
Motor vehicles	5 years straight line

In the year of acquisition, 50% of the normal amortization is recorded.

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**g. Reserve funds**

Reserve funds represent the replacement and operating reserve funds required under the terms of the agreement with Canada Mortgage and Housing Corporation.

**h. Revenue Recognition**

Government transfers are recognized in the financial statements as revenues in the period that the events giving rise to the transfer occurred, providing that the transfers are authorized, all eligibility criteria have been met by the Nation, and reasonable estimates of the amounts can be made. Government transfers received for which the Nation has not met all eligibility requirements are recorded as revenue. Government transfers include financial transfer agreement payments, band trust revenue payments, contribution arrangements, and other federal and provincial grants.

Grant revenue is recognized in the financial statements as the related expenditures are incurred and when the terms and conditions of the funding are satisfied. Other income is recorded as revenue when earned.

**i. 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumption used in estimating provisions for accrued liabilities and estimating the useful lives of tangible capital assets. Actual results could differ from those estimates.

**2. CASH AND CASH EQUIVALENTS**

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Skatin Nations must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement and Operating Fund. Cash and cash equivalents is comprised of the following:

	2016	2015
Unrestricted - Operating	47,064	281,809
Unrestricted - CMHC Operating	21,652	2,157
Restricted - CMHC Replacement reserve	53,924	-
Restrictied - St'at'imc (PC) 2011 Trust funds		
Cash	211	102
Cashable GIC	90,015	90,008
Restrictied - Head-of-the-Lake School	(21)	40,979
	<hr/>	<hr/>
	212,845	415,055

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**3. ACCOUNTS RECEIVABLE**

	2016	2015
Federal government		
Indigenous and Northern Affairs Canada	-	108,533
Other government organizations	26,502	18,954
Canada Mortgage and Housing Corporation	<u>77,014</u>	<u>28,593</u>
	<u>103,516</u>	<u>156,080</u>
Other		
Employees	1	371
Members	33,477	28,524
Head-of-the-Lake School amounts	591	3,193
Other agencies	<u>89,302</u>	<u>63,160</u>
	<u>123,371</u>	<u>95,248</u>
	<u>226,887</u>	<u>251,328</u>

**4. OTTAWA TRUST FUNDS**

	March 31, 2015	Additions	Withdrawals	March 31, 2016
Capital	85,795	8,562	-	94,357
Revenue	<u>281,704</u>	<u>32</u>	<u>-</u>	<u>281,736</u>
	<u>367,499</u>	<u>8,594</u>	<u>-</u>	<u>376,093</u>

The trust funds 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2016	2015
Indigenous and Northern Affairs Canada	27,300	-
Accrued salaries and benefits payable	20,807	65,657
Other accrued liabilities	<u>149,727</u>	<u>257,126</u>
	<u>197,834</u>	<u>322,783</u>

**6. DEFERRED REVENUE**

The changes in the deferred contributions balance for the year are as follows:

	Balance March 31, 2015	Funding Received 2016	Revenue Recognized 2016	Loan Repayment	Balance March 31, 2016
St'at'imc (PC) 2011 Trust	336,245	-	(115,737)	(12,500)	208,008
BC Hydro	<u>209,133</u>	<u>-</u>	<u>(209,133)</u>	<u>-</u>	<u>-</u>
	<u>545,378</u>	<u>-</u>	<u>(324,870)</u>	<u>(12,500)</u>	<u>208,008</u>

**7. DEFERRED CONTRIBUTIONS**

Deferred contributions represent the contributions from the St'at'imc (PC) 2011 Trust, INAC, and BC Hydro 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.

**8. ACCUMULATED SURPLUS (DEFICIT)**

	Operating	Trust	Housing	School	2016 Total	2015
Accumulated Surplus (Deficit), at the beginning of year	3,785,792	367,499	766,581	22,018	4,941,890	5,191,594
Annual Surplus (Deficit)	424,408	8,594	(6,579)	(471,126)	(44,703)	(217,732)
Prior Period Adjustments	-	-	-	-	-	(43,980)
Transfers	<u>(508,535)</u>	<u>-</u>	<u>-</u>	<u>508,535</u>	<u>-</u>	<u>12,008</u>
Accumulated Surplus (Deficit), at the beginning of year	3,701,665	376,093	760,002	59,427	4,897,187	4,941,890

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**9. LONG TERM DEBT**

	<b>2016</b>	<b>2015</b>
CMHC - mortgage repayable at \$2,432 per month including interest @ 1.30%, maturing December 1, 2020. Secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on Phases 1 housing units.	<b>260,750</b>	288,301
CMHC - mortgage repayable at \$4,081 per month including interest @ 2.63%, maturing June 1, 2016. Secured by a ministerial guarantee from Indigenous and Northern Affairs Canada and a first mortgage on Phases 3 housing units.	<b>476,889</b>	518,079
	<b>737,639</b>	806,380
Anticipated annual principal repayments over the next five years and thereafter are as follows:		
2017	62,910	
2018	64,226	
2019	65,572	
2020	66,920	
2021	68,357	
Thereafter	409,654	
	<b>2016</b>	<b>2015</b>
Interest expense for the year on long-term debt	<b>18,876</b>	23,273

**SKATIN NATIONS**

**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**10. TANGIBLE CAPITAL ASSETS**

	<b>COST</b>			<b>ACCUMULATED AMORTIZATION</b>			<b>NET BOOK VALUE</b>
	<b>Balance March 31, 2015</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance March 31, 2016</b>	<b>Disposals</b>	<b>Amortization</b>	<b>Balance March 31, 2016</b>
Land development costs	643,243	-	-	643,243	-	-	643,243
Buildings	6,262,021	-	-	6,262,021	3,303,893	295,813	2,662,315
Building under construction	1,859,236	11,794	-	1,871,030	-	-	1,859,236
Equipment	8,487	3,199	-	11,686	8,212	563	8,775
Canoes	13,000	-	-	13,000	12,957	13	12,970
Dyking	364,618	-	-	364,618	288,897	7,572	296,469
Power systems	491,572	-	-	491,572	154,355	13,489	167,844
Water systems	164,300	-	-	164,300	71,942	3,695	75,637
Housing	1,889,402	-	-	1,889,402	482,119	68,742	550,861
Computer equipment	4,937	4,972	-	9,909	3,574	1,856	5,430
Motor vehicles	-	5,371	-	5,371	-	537	537
<b>TOTAL</b>	<b>11,700,816</b>	<b>25,336</b>	<b>-</b>	<b>11,726,152</b>	<b>4,325,949</b>	<b>392,280</b>	<b>4,718,229</b>
						<b>7,007,923</b>	<b>7,374,867</b>

## SKATIN NATIONS

### Notes to Consolidated Financial Statements

For the year ended March 31, 2016

#### 11. SEGMENT DISCLOSURE

Skatin Nations provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by function. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. 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 segment results for the period are as follows:

	Band	Government	Education	Social Development	Health
	2016	2015	2016	2015	2016
<b>REVENUES</b>					
Indigenous and Northern Affairs Canada	357,604	273,701	609,696	639,438	227,855
Rental	-	-	-	-	257,476
Other	688,949	459,746	69,664	64,508	-
	<b>1,046,553</b>	<b>733,447</b>	<b>679,360</b>	<b>703,946</b>	<b>227,855</b>
<b>EXPENSES</b>					
Salaries and benefits	118,076	70,654	334,314	268,789	6,890
Consultants and Professional fees	377,653	208,333	15,100	11,394	-
Interest and bank charges	8,514	11,014	1,790	1,213	-
Amortization	321,145	355,130	2,393	584	-
Other	278,056	471,070	290,106	252,067	223,327
	<b>1,103,444</b>	<b>1,116,201</b>	<b>643,703</b>	<b>534,047</b>	<b>230,217</b>
					252,235
ANNUAL SURPLUS (DEFICIT)	(56,891)	(382,754)	35,657	169,899	(2,362)
					5,241
					<b>(26,528)</b>
					<b>(20,115)</b>
					28,597

**SKATIN NATIONS****Notes to Consolidated Financial Statements****For the year ended March 31, 2016****11. SEGMENT DISCLOSURE (Continued)**

	<b>Capital Project</b>		<b>Social Housing</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>REVENUES</b>				
Indigenous and Northern Affairs Canada	-	-	-	-
Rental	-	-	74,136	74,136
Other	-	-	48,421	49,017
	<b>-</b>	<b>-</b>	<b>122,557</b>	<b>123,153</b>
<b>EXPENSES</b>				
Salaries and benefits	-	-	9,540	3,896
Consultants and Professional fees	-	-	2,000	2,000
Debt servicing	-	-	19,664	24,241
Amortization	-	-	68,742	50,016
Other	-	-	17,190	33,003
	<b>-</b>	<b>-</b>	<b>117,136</b>	<b>113,156</b>
<b>ANNUAL SURPLUS (DEFICIT)</b>			<b>5,421</b>	<b>9,997</b>

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**12. EXPENSES BY OBJECT**

The following is a summary of expenses by object.

	<b>2016</b>	<b>2015</b>
Depreciation	392,280	405,730
Interest and bank charges	11,092	13,194
Materials and supplies	23,549	26,796
Professional fees	394,753	221,727
Wages and benefits	484,023	380,545
Other	820,310	996,244
	<b>2,126,007</b>	<b>2,044,236</b>

**13. ST'AT'IMC (PC) 2011 TRUST**

The St'at'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'at'imc lands and people in respect of past, present and future hydro development in the St'at'imc territory; as a result, the St'at'imc (PC) 2011 Trust was established to receive the settlement funds.

Skatin Nations 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.

\$1,000,000 - Signing Bonus (2012) from BC Hydro

- 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) from BC Hydro

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

\$421,924 - One Time Payment (2013) from St'at'imc (PC) 2011 Trust

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

\$410,000 - Annual Payment (2015) from St'at'imc (PC) 2011 Trust

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

**SKATIN NATIONS**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2016**

**14. PRIOR PERIOD ADJUSTEMENT**

In reviewing the First Nation's financial records, management discovered unrecorded employee benefits related to Head-of-the-Lake School's salaries and wages during 2013 through 2015, totalling \$43,980, which was recorded as a prior period adjustment and included in accounts payable at March 31, 2015.

**15. MOTOR VEHICLE USAGE**

During the year, Skatin Nations has assumed payments of an automobile loan registered to another entity. In return, Skatin Nations has the use of the motor vehicle.

**16. CONTINGENT LIABILITIES**

Skatin Nations has a contingent liability of \$737,638 for various on-reserve housing loan guarantees.

Skatin Nations 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, Skatin Nations has a commitment under the contract as at March 31, 2014 of \$1,621,639. Settlement of this matter remains uncertain.

**17. ECONOMIC DEPENDENCE**

Skatin Nation receives a majority portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

**18. GOING CONCERN**

The costs of the administration building under construction are \$1,871,031 up to March 31, 2016. The project is significantly over-budget 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, may be unable to realize its assets and discharge its liabilities in the normal course of business.

**19. BUDGET FIGURES**

Budget figures have not been presented as information was not available from management.

**20. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.