

**SKATIN NATIONS
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2019**

SKATIN NATIONS
index to Consolidated Financial Statements
March 31, 2019

	Page(s)
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS	1
INDEPENDENT AUDITOR'S REPORT	2-3
 STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Financial Assets (Net Debt)	6
Consolidated Statement of Cash Flows	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	3-18

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 the Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Skatin Nations Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for the appointment of the Nation's external auditors.

Lee & Company, an independent firm of Chartered Professional Accountants, is appointed by Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Council and management to discuss their audit findings.

On behalf of Skatin Nations:


Chief


Councillor


Councillor


Recipient appointed Advisor

June 19, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of SKATIN NATIONS

Report on the Consolidated Financial Statements

Qualified Opinion

We have audited the consolidated financial statements of SKATIN NATIONS (the First Nation), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the consolidated results of its operations and consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for 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.

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.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation'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 management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

(continues)

Independent Auditor's Report to the Members of SKATIN NATIONS *(continued)*

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditors Responsibilities for the Auditor the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- * identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Victoria, British Columbia
June 19, 2020

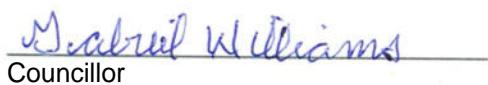
CHARTERED PROFESSIONAL ACCOUNTANTS

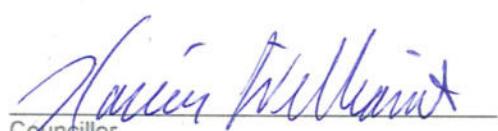
SKATIN NATIONS
Consolidated Statement of Financial Position
March 31, 2019

	2019	2018
FINANCIAL ASSETS		
Cash (<i>Note 2</i>)	239,996	353,987
Ottawa Trust (<i>Note 4</i>)	108,806	105,440
Accounts receivable (<i>Note 3</i>)	253,945	218,199
Investments	501	501
	603,248	678,127
FINANCIAL LIABILITIES		
Short-term debt (<i>Note 6</i>)	492,805	-
Accounts payable (<i>Note 5</i>)	518,449	963,531
Deferred capital contributions (<i>Note 7</i>)	2,468,891	2,323,891
Long-term debts (<i>Note 9</i>)	538,068	605,668
	4,018,213	3,893,090
NET FINANCIAL ASSETS (NET DEBT)	(3,414,965)	(3,214,963)
NON-FINANCIAL ASSETS		
Prepaid expenses	67,524	53,066
Tangible capital assets (<i>Note 10</i>)	9,436,057	7,898,447
	9,503,581	7,951,513
ACCUMULATED SURPLUS (DEFICIT) (<i>Note 8</i>)	6,088,616	4,736,550
Contingent liabilities (<i>Note 16</i>)		

Approved by Chief and Council


 Chief


 Councillor


 Councillor

 Recipient Appointed Advisor

SKATIN NATIONS
Consolidated Statement of Operations
For the year ended March 31, 2019

	<i>Sudae</i>	2019	2018
REVENUE			
Federal - Indigenous Services Canada	-	3,233,032	1414,246
Federal - Canada Mortgage and Housing Corporation	-	43,510	43,510
Provincial funding	-	255,084	220,818
Rental income	-	91,894	74,136
Other income	-	428,970	864,292
Interest Income	-	208	84
Ottawa Trust	-	3,366	3,225
	<hr/>	<hr/>	<hr/>
	4116,044	2,620,311	
EXPENSES			
Band	-	916,514	1,178,428
Education	-	110,889	53,385
Social development	-	265,508	255,789
Health	-	81,723	38,754
Social Housing	-	52,170	35,691
Head-of-the Lake School (OA Skatin Community School)	-	1,005,993	767,657
Amortization	-	331,401	338,668
	<hr/>	<hr/>	<hr/>
	2,763,978	2,668,372	
ANNUAL SURPLUS (DEFICIT)	<hr/>	<hr/>	<hr/>
	1,352,068	(48,061)	
ACCUMULATED SURPLUS (DEFICIT), at beginning of year	4,736,550	4,784,611	
Transfers	<hr/>	<hr/>	<hr/>
ACCUMULATED SURPLUS (DEFICIT), at end of year (Note 8)	8,088,816	4,736,550	

SKATiN NATIONS
Consolidated Statement of Changes in Net Financial Assets {Net Debt}
For the year ended March 31, 2019

	<i>Budget</i>	2013	2018
ANNUAL SURPLUS {DEFICIT}	-	1,352,066	(48,081)
Tangible capital assets			
Acquisition of tangible capital assets	-	(135,724)	(28,334)
Proceeds on disposal of tangible capital assets	-	-	-
Amortization of tangible capital assets	-	331,401	338,668
Write-downs on tangible capital assets	-	-	-
(Gain) loss on disposal of tangible capital assets	-	-	-
	-	195,877	310,334
Assets under construction	-	(1,733,288)	(30,454)
Acquisition of prepaid expense	-	(67,524)	(53,066)
Use of prepaid expense	-	53,087	31,211
	-	(1,747,745)	(52,309)
CHANGE IN NET FINANCIAL ASSETS (NET DEBT)	-	(200,002)	209,964
NET FINANCIAL ASSETS (NET DEBT), at beginning of year	(3,214,983)	(3,424,927)	
Transfers from Reserves	-	-	-
NET FINANCIAL ASSETS (NET DEBT), at end of year	(3,414,965)	(3,214,963)	

SKATIN NATIONS
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2019	2018
OPERATING ACTIVITIES		
Annual surplus (deficit)	1,352,066	(48,061)
Items not affecting cash		
Amortization of tangible capital assets	331,401	338,668
Change in non-cash charges to operations		
Ottawa Trust	(3,366)	(3,225)
Accounts receivable	(35,745)	436,269
investments	-	(1)
Prepaid expenses	(14,458)	(21,855)
Accounts payable	492,805	(610,239)
Deferred revenue	(445,082)	-
Deferred capital contributions	<u>145,000</u>	<u>150,000</u>
	<u>1,322,621</u>	<u>241,556</u>
CAPITAL TRANSACTIONS		
Proceeds on disposal of tangible capital assets	-	-
(Gain) loss on disposal of tangible capital assets	-	-
Acquisition of tangible capital assets	(135,724)	(28,334)
Assets under construction	<u>(1,733,288)</u>	<u>(30,454)</u>
	<u>(1,869,012)</u>	<u>(58,788)</u>
INVESTING TRANSACTIONS		
Long term investments	-	-
FINANCING TRANSACTIONS		
Mortgages payable	(67,600)	(66,789)
Transfers from Reserves	-	-
	<u>(67,600)</u>	<u>(66,789)</u>
INCREASE (DECREASE) IN CASH DURING YEAR	(113,931)	115,979
CASH, at beginning of year	<u>353,987</u>	<u>238,008</u>
CASH, at end of year	<u>233,996</u>	<u>353,987</u>

SKAIIN NATIONS
Notes to Consolidated Financial Statements
For the year ended march 31, 201S

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.

far 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:

- Skaiin Nations Government Administration
- Skaiin 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. The financial information for Nation-owned companies and partnerships was unavailable during the completion of the engagement, and accordingly we were unable to verify the balances or transactions with these entities, nor were we able to assess the valuation of amounts due to these entities. As a result, the investment in First Nation partnerships and business entities and accumulated surplus for the years ended March 31, 2018 and March 31, 2019 may be understated or overstated.

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
Furniture and fixtures	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, 2019

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:

	2019	2018
Unrestricted - Operating	63,590	169,610
Unrestricted - CMHC Operating	5,189	40,564
Restricted - CMHC Replacement reserve	125,885	101,885
Restricted - CMHC Operating reserve	33,273	29,869
Restricted - St'at'lmc (PC) 2011 Trust funds		
Cash	286	286
Cashable GIG	-	-
Restricted - Head-of-the-Lake School	11,773	11,773
	<hr/>	<hr/>
	239,996	353,987

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

3. ACCOUNTS RECEIVABLE

	2019	2018
Federal government		
indigenous Services Canada	8,116	28,245
Other government organizations	25,381	3,626
Canada Mortgage and Rousing Corporation	33,497	31,871
Other		
Employees	4,201	3,982
Members	22,260	24,609
Head-of-the-Lake School amounts	2,841	2,841
Skatin Nations Treaty Resource Inc.	26,583	26,583
Other agencies	184,563	128,313
	220,448	186,328
	253,945	218,199

4. OTTAWA TRUST FUNDS

	March 31, 2018	Additions	Withdrawals	March 31, 2019
Capital	85,826	-	-	85,826
Revenue	19,614	3,366	-	22,980
	105,440	3,366	-	108,806

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 S3 of the Indian Act.

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2013	2018
Indigenous Services Canada	254,406	20,740
Accrued salaries and benefits payable	48,195	8,458
Other accrued liabilities	<u>215,848</u>	<u>334,333</u>
	<u>518,449</u>	<u>963,531</u>

6. SHORT-TERM DEBT

	2019	2018
Bank of Montreal - Demand loan repayable at \$2,836 per month including interest at prime plus 1% per annum.	<u>492,805</u>	-

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent the contributions from the Sfatiimc (PC) 2011 Trust, ISC, and 8C 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	2019 Total	2018
Accumulated Surplus (Deficit), at the beginning of year	3,619,328	105,440	803,723	208,059	4,736,550	4,784,611
Annual Surplus (Deficit)	1,391,877	3,366	(1,915)	(41,262)	1,352,066	(48,061)
Prior Period Adjustments	-	-	-	-	-	-
Transfers	<u>(86,641)</u>	<u>-</u>	<u>-</u>	<u>86,641</u>	<u>-</u>	<u>-</u>
Accumulated Surplus (Deficit), at the end of year	<u>4,924,564</u>	<u>108,806</u>	<u>801,808</u>	<u>253,438</u>	<u>3,088,616</u>	<u>4,736,550</u>

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

9. LONG TERM DEBT

	2019	2018
GMHC ~ mortgage repayable at \$2,432 per month including interest @ 1.30%, maturing September 1, 2025. Secured by a ministerial guarantee from indigenous Services Canada and a first mortgage on Phases 1 housing units.	181,838	208,485
CMHC - mortgage repayable at \$3,772 per month including interest @ 1.14%. maturing June 1, 2027. Secured by a ministerial guarantee from indigenous Services Canada and a first mortgage on Phases 3 housing units.	<u>356,230</u>	<u>397,183</u>
	<u>538,088</u>	<u>605,668</u>

Anticipated annual principal repayments over the next five years and thereafter are as follows:

	2020	2019	2018
2021	68,398		
2022	69,239		
2023	70,074		
2024	70,919		
Thereafter	71,768		
	187,670		
interest expense for the year on long-term debt	<u>6,777</u>	<u>7,589</u>	

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

10. TANGIBLE CAPITAL ASSETS

	Balance March 31, 2018	COST		Balance March 31, 2019	ACCUMULATED AMORTIZATION			NET BOOK VALUE	
		Additions	Disposals		Balance March 31, 2018	Disposals	Amortization	Balance March 31, 2019	March 31, 2019
Land development costs	643,243	-	-	643,243	-	-	-	-	643,243
Buildings	6,262,021	-	-	6,262,021	4,105,547	-	215,648	4,321,195	1,940,826
Building under construction	3,420,498	1,733,288	-	5,153,786	-	-	-	-	5,153,786
Equipment	22,650	10,023	-	32,673	11,907	-	4,726	16,633	16,040
Canoes	13,000	-	-	13,000	13,000	-	-	13,000	-
Dyking	364,618	-	-	364,618	309,417	-	5,520	314,937	49,681
Furniture & fixtures	-	19,443	-	19,443	-	-	1,945	1,945	17,498
Power systems	491,572	-	-	491,572	193,224	-	11,934	205,158	286,414
Water systems	164,300	-	-	164,300	82,588	-	3,269	85,857	78,443
Housing	1,889,402	-	-	1,889,402	682,832	-	67,600	750,432	1,138,970
Computer equipment	20,036	28,194	-	48,230	7,865	-	11,377	19,242	28,988
Motor vehicles	17,680	78,064	-	95,744	4,194	-	9,382	13,576	82,168
TOTAL	13,309,020	1,869,012	-	15,178,032	5,410,574	-	331,401	5,741,975	9,436,057
									7,898,447

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

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 & School		Social Development		Health	
	2019	2018	2019	2018	2019	2018	2019	2018
REVENUES								
Indigenous Services Canada	686,672	465,292	917,719	705,769	58,851	243,185	40,000	-
Rental	17,758	-	-	-	-	-	-	-
Other	329,135	773,531	255,874	240,156	-	-	102,391	2,125
	1,033,565	1,238,823	1,173,593	945,925	58,851	243,185	142,391	2,125
EXPENSES								
Salaries and benefits	203,394	267,441	553,107	419,578	28,902	17,827	16,421	15,803
Consultants and Professional fees	60,028	262,249	7,500	7,500	-	-	-	-
Interest and bank charges	2,622	2,294	-	225	-	-	-	-
Amortization	263,801	263,834	-	8,046	-	-	-	-
Other	650,470	646,444	556,055	393,738	236,606	237,962	65,302	22,951
	1,180,315	1,442,262	1,116,662	829,087	265,508	255,789	81,723	38,754
ANNUAL SURPLUS (DEFICIT)	(146,750)	(203,439)	56,931	116,838	(206,657)	(12,604)	60,668	(36,629)

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

11. SEGMENT DISCLOSURE (Continued)

	Capital Project		Social Housing	
	2019	2018	2019	2018
REVENUES				
Indigenous Services Canada	1,589,790	-	-	-
Rental	-	-	74,136	74,136
Other	-	72,523	43,718	43,594
	1,589,790	72,523	117,854	117,730
EXPENSES				
Salaries and benefits	-	-	-	-
Consultants and Professional fees	-	-	2,000	2,000
Debt servicing	-	-	6,910	7,779
Amortization	-	-	67,600	66,788
Other	-	-	43,260	25,913
	-	-	119,770	102,480
ANNUAL SURPLUS (DEFICIT)	1,589,790	72,523	(1,916)	15,250

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

12. EXPENSES BY OBJECT

The following is a summary of expenses by object

	2019	2018
Amortization	331,401	338,668
Recipient Appointed Advisor	421,392	381,586
Interest and bank charges	2,756	2,709
Materials and supplies	146,327	76,243
Professional fees	69,528	271,749
Salaries and benefits	801,824	720,649
Other	990,750	876,769
	<u>2,763,978</u>	<u>2,668,373</u>

13. RELATED PARTY TRANSACTIONS

Skatin Nations paid \$32,920 during the year for legal fees to Rex Grant & Company, a related party through the Recipient Appointed Advisor (RAA).

Skatin Nations paid \$421,392 for general management services, accounting and bookkeeping fees to Tyhee Financial Services Ltd., a related party through the Recipient Appointed Advisor (RAA).

Skatin Nations paid \$9,576 for moving services to Barry's Moving, a related party through the Recipient Appointed Advisor (RAA).

14. ANNUAL SURPLUS NET OF CAPITAL RELATED REVENUES AND AMORTIZATION

	2019	2018
Annual surplus (deficit)	1,352,066	(48,061)
Less capital related revenues included in annual surplus:		
Federal government transfers for capital	(1,625,434)	-
Other funding agency transfers for capital	-	(72,523)
	(1,625,434)	(72,523)
Add amortization expense included in annual surplus	331,401	338,668
Annual surplus (deficit) net of capital related revenues and amortization	58,033	218,084

SKATIN NATIONS
Notes to Consolidated Financial Statements
For the year ended March 31, 2019

15. STATIMC (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.

\$303,505 - Annual Payment (2017) from St'at'imc (PC) 2011 Trust

- Restricted to additional costs associated with the new administration building and Recipient Appointed Advisor fees.

\$150,000 - Annual Payment (2018) from St'at'imc (PC) 2011 Trust

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

\$145,000 - Annual Payment (2019) 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, 2019

16. CONTINGENT LIABILITIES

Skatin Nations has a contingent liability of \$538,068 for various on-reserve housing loan guarantees.

17. ECONOMIC DEPENDENCE

Skatin Nations receives a majority portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada.

18. BUDGET FIGURES

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

19. COMPARATIVE FIGURES

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