



**Skatin Nations**

**FINANCIAL STATEMENTS**

**March 31, 2021**



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# Skatin Nations

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For the year ended March 31, 2021

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SKATIN NATIONS  
March 31, 2021

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying summary financial statements of Skatin Nations are the responsibility of management and have been approved by Chief and Council.

The summary 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 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.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the summary financial statements.

Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the summary financial statements and the external auditor's report.

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

  
Chief

  
Councilor

## INDEPENDENT AUDITORS' REPORT

To: The Members of Skatin Nations

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of Skatin Nations, which comprise the statement of financial position as at March 31, 2021, and the statements of changes in band members' equity and funds, statement of revenue and expenditures, statement of changes in financial position for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

### **Qualified Opinion**

Except as noted in the below paragraphs, in our opinion, the financial statements present fairly, in all material respects, the financial position of Skatin Nations as at March 31, 2021, and the consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

### **Basis for Qualified Opinion**

Skatin Nations 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 Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Responsibilities of Management and Those Charged with Governance for the Summary Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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## **Auditor's Responsibilities for the Audit of the Summary Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Entity'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 Entity'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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mike Chang, CPA, CA.

Port Coquitlam, B.C.  
December 15, 2021

*Ribeyre Chang Haylock*  
Chartered Professional Accountants

**Skatin Nations**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**Statement 1**

**As at March 31, 2021**

**See Auditors' Report**

	<b>2021</b>	<b>2020</b>
<b>Financial assets</b>		
Cash - note 3	\$ 725,655	\$ 686,266
Restricted cash - note 3	220,486	194,678
Ottawa Trust - note 4	113,740	111,499
Accounts receivable - note 5	153,684	262,610
Investments - note 6	611	611
<b>Total financial assets</b>	<b>1,214,176</b>	<b>1,255,664</b>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities - note 7	639,475	374,110
Short-term debt - note 8	465,007	482,701
Long-term debt - note 9	400,684	469,672
<b>Total liabilities</b>	<b>1,505,166</b>	<b>1,326,483</b>
<b>Net financial debt</b>	<b>(290,990)</b>	<b>(70,819)</b>
<b>Non-financial assets</b>		
Prepaid expenses	51,857	44,027
Tangible capital assets - note 10	10,749,529	9,437,141
<b>Total non-financial assets</b>	<b>10,801,386</b>	<b>9,481,168</b>
<b>Accumulated surplus - note 11</b>	<b>\$ 10,510,396</b>	<b>\$ 9,410,349</b>

See accompanying notes

  
 Chief

  
 Councillor



**RIBEYRE CHANG HAYLOCK**

**Skatin Nations**  
**SUMMARY STATEMENT OF OPERATIONS**  
**Statement 2**

For the year ended March 31, 2021	See Auditors' Report		
	2021 Budget note 12	2021	2020
<b>Revenue</b>			
<b>Operating Fund</b>			
Indigenous Services Canada	\$ 2,747,842	\$ 2,928,565	\$ 2,232,794
First Nation Education Steering Committee	12,000	372,852	273,002
First Peoples' Cultural Council	-	159,869	-
St'at'imc Trust	-	-	150,000
BC First Nations Gaming Revenue			
Sharing Limited Partnership	-	587,299	550,782
Logging income	-	286,393	189,680
Rental income	12,000	36,639	27,038
Miscellaneous income	27,708	46,800	61,856
<b>Social Housing Fund</b>			
Canada Mortgage and Housing Corporation	-	43,385	43,510
Rental income	12,000	74,136	74,136
Interest income	-	561	260
<b>Ottawa Trust Fund</b>			
	-	2,241	2,693
	<b>2,811,550</b>	<b>4,538,740</b>	3,605,751
<b>Expenses - note 13</b>			
<b>Operating Fund</b>			
Local Government Services	332,979	611,198	611,054
Economic Development	-	13,535	5,565
Social Services	903,999	731,179	307,633
Education and Training	1,189,970	1,361,755	1,276,141
Municipal Services - O&M Programs	195,352	93,522	235,962
St'at'imc (PC) Trust	-	4,000	-
Treaty	-	-	26,583
Capital Projects	150,000	283,293	25,099
Tangible capital asset depreciation	-	227,519	206,266
<b>Social Housing Fund</b>			
	-	112,692	103,382
	<b>2,772,300</b>	<b>3,438,693</b>	2,797,685
<b>Annual surplus</b>	<b>39,250</b>	<b>1,100,047</b>	808,066
<b>Accumulated surplus, beginning of year</b>		<b>9,410,349</b>	8,557,507
<b>(Recoveries) reimbursements</b>		-	44,776
<b>Accumulated surplus, end of year</b>		<b>\$ 10,510,396</b>	\$ 9,410,349

See accompanying notes

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**Skatin Nations**  
**SUMMARY STATEMENT OF NET FINANCIAL DEBTS**  
**Statement 3**

For the year ended March 31, 2021

See Auditors' Report

	2021	2020
<b>Annual surplus</b>	<b>\$ 1,100,047</b>	\$ 808,066
<b>Reimbursements in the year</b>	<b>-</b>	<b>44,776</b>
	<b>1,100,047</b>	<b>852,842</b>
 <b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(1,608,895)	(275,410)
Amortization of tangible capital assets	296,507	274,324
	<b>(1,312,388)</b>	<b>(1,086)</b>
 <b>Changes in other non-financial assets</b>		
Prepaid expenses and deposits	(7,830)	23,499
	<b>(7,830)</b>	<b>23,499</b>
(Decrease) increase in net assets	(220,171)	875,255
Net financial debts, beginning of year	(70,819)	(946,074)
 <b>Net financial debts, end of year</b>	<b>\$ (290,990)</b>	<b>\$ (70,819)</b>

See accompanying notes

**Skatin Nations**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**Statement 4**

For the year ended March 31, 2021

See Auditors' Report

	2021	2020
<b>OPERATING ACTIVITES</b>		
Annual surplus	\$ 1,100,047	\$ 808,066
(Recoveries) reimbursements	-	44,776
Items not affecting cash		
Depreciation	296,507	274,324
Changes in non-cash working capital items	366,461	(129,505)
<b>Cash provided by operating activities</b>	<b>1,763,015</b>	<b>997,661</b>
<b>INVESTING ACTIVITIES</b>		
Investment in BCFN GRS GP Inc.	-	(10)
Investment in BC First Nations Gaming Revenue Sharing Limited Partnership	-	(100)
Purchase and construction of capital assets	(1,608,895)	(275,410)
<b>Cash used in investing activities</b>	<b>(1,608,895)</b>	<b>(275,520)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of short-term debt	(17,694)	(10,104)
Repayment of Social Housing Fund loans	(68,988)	(68,396)
<b>Cash used in financing activities</b>	<b>(86,682)</b>	<b>(78,500)</b>
<b>Increase in cash during the year</b>	<b>67,438</b>	<b>643,641</b>
Cash, beginning of year	992,443	348,802
<b>Cash, end of year</b>	<b>\$ 1,059,881</b>	<b>\$ 992,443</b>
<b>Represented by</b>		
Cash	\$ 725,655	\$ 686,266
Restricted Cash	334,226	306,177
<b>Cash, end of year</b>	<b>\$ 1,059,881</b>	<b>\$ 992,443</b>

See accompanying notes

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

See Auditors' Report

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The Skatin Nations (the "First Nation") is located in Skookumchuck, British Columbia, and provides various services to its members.

These Summary Financial Statements have been prepared in accordance with Canadian public sector accounting standards for local government entities, as defined in the Canadian Institute of Chartered Professional Accountants Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

#### a) Fund accounting

The Skatin Nations 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 Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Skatin Nations maintains the following funds:

- The Operating Fund which reports the general activities of the First Nation administration,
- The Social Housing Fund which reports the social housing assets of the First Nation,
- The Trust Fund which reports on trust funds owned by the First Nation and held by a third party.

#### b) Reporting entity and principles of financial reporting

The Skatin Nations reporting entity includes the Skatin Nations 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 Nations Operating Fund
- Skatin Nations Social Housing Fund
- Skatin Nations Trust Fund

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

Incorporated business entities, which are controlled by Skatin Nations and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Skatin Nations Treaty Resource Inc. (100% interest)

Investments in incorporated business entities and unincorporated business partnerships where the Skatin Nations does not have significant influence or control are included in the summary financial statements using the lower of cost or net realizable value method. These include:

- 1020376 B.C. Ltd. (33.3% interest)
- BC FN GRS GP Ltd. (nominal interest)
- BC First Nations Gaming Revenue Sharing Limited Partnership (nominal interest)

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

See Auditors' Report

### 1. Continued...

#### c) Financial assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are consumed in the normal course of operations. The indicator of net debt is determined by deducting the financial assets of the Skatin Nations from its liabilities. Financial assets are primarily measured at historical cost.

#### d) 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.

#### e) Non-financial assets

Tangible capital assets and other non-financial assets are accounted for as assets by the Skatin Nations because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Skatin Nations unless they are sold.

#### f) Tangible capital assets

Tangible capital assets are recorded at either acquisition cost or estimated cost. Tangible capital assets acquired as part of the Operating Fund and Social Housing Fund, are recorded as assets of the respective Funds.

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 Operating Fund with a corresponding increase in Operating Fund - unrestricted equity.

#### g) Depreciation

Tangible capital assets are recorded and depreciated with a corresponding reduction in capital equity within the Operating Fund. Tangible capital assets, excluding land and assets under construction, are depreciated over their expected useful life as follows:

Buildings and renovations	4% Declining balance
Power and water systems	4% Declining balance
Equipment	30% Declining balance
Computer equipment	3 years straight line
Automotive equipment	5 years straight line
Furniture and equipment	5 years straight line

Social Housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are depreciated at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting purposes.

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

See Auditors' Report

### 1. Continued...

#### h) Reserve funds

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

#### i) Revenue recognition

##### *Government Funding*

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

##### *First Nation Capital and Revenue Trust Funds*

The First Nation recognizes revenues of the Capital and Revenue Trust Fund at the time funds are contributed from the accounts held in Ottawa. Interest revenue is recognized when earned.

##### *Rental Income*

Rental revenue is recorded in the year it is earned. At the end of each year management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.

##### *Other*

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### j) Financial instruments

Financial instruments are initially classified upon initial recognition as a fair value or an amortized cost instrument. The fair value category includes investments in equity instruments that are quoted in an active market, and any other items elected by the First Nation to be recorded at fair value. All other financial instruments, including financial instruments with related parties for which fair value cannot be estimated, are recorded at amortized cost. Transaction costs directly attributable to the acquisition or issue of a financial instrument are added to the amortized cost or expensed if related to instruments recorded on a fair value basis. The effective interest rate method is used to measure interest for financial instruments recorded at amortized cost.

All financial assets are assessed for impairment on an annual basis.

The First Nation's financial instruments consist of cash and cash equivalents, accounts receivable, due from and to related entities, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, credit or currency risks arising from these financial instruments and the fair value of these financial instruments approximates their carrying values.

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

See Auditors' Report

### 1. Continued...

#### k) 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 at the date of the schedules and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

### 2. ECONOMIC DEPENDENCE

The Skatin Nations receives major portions of its revenue pursuant to funding arrangements with Indigenous Services Canada.

### 3. CASH AND RESTRICTED CASH

Cash and cash equivalents include cash on hand, balances with banks net of outstanding cheques and deposits.

	2021	2020
Unrestricted		
Bank funds - Band operations	\$ 677,161	\$ 669,135
Bank funds - CMHC Social Housing	36,696	5,333
Bank funds - Skatin Community School	11,798	11,798
	<hr/> <b>\$ 725,655</b>	<hr/> <b>\$ 686,266</b>
Restricted		
CMHC - Operating Reserve	31,290	44,532
CMHC - Replacement Reserve	188,910	149,860
St'at'imc (PC) 2011 Trust Funds	286	286
	<hr/> <b>\$ 220,486</b>	<hr/> <b>\$ 194,678</b>

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

See Auditors' Report

### 3. Continued...

#### **CMHC - Operating Reserve:**

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation (CMHC), any annual operating surplus must be set aside in an operating reserve, to be drawn against in the event of any future deficits.

The reserve is to be comprised of monies deposited in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as otherwise be approved by CMHC from time to time.

As at March 31, 2021, \$31,290 (2020 - \$44,532) has been set aside to fund this reserve. The Operating Reserve Fund was fully funded as of March 31, 2021.

#### **CMHC - Replacement Reserve:**

In accordance with the terms and conditions of the Operating Agreement with Canada Mortgage and Housing Corporation (CMHC), Skatin Nations must set aside \$12,000 annually for the non-annual expenditures of the Program for the repair, 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 March 31, 2021, \$188,910 (2020 - \$149,860) has been set aside to fund this reserve. The Replacement Reserve Fund was fully funded as of March 31, 2021.

### 4. OTTAWA TRUST

The Ottawa Trust accounts arise from moneys 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 Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

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**Skatin Nations**  
**NOTES TO FINANCIAL STATEMENTS**

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March 31, 2021

See Auditors' Report

**5. ACCOUNTS RECEIVABLE**

	<b>2021</b>	<b>2020</b>
<b>Due from band members:</b>		
Rent receivable	\$ 541,802	\$ 541,802
Less: allowance for doubtful accounts	(541,802)	(541,802)
Member loans	5,223	1,578
	<b>5,223</b>	1,578
<b>Due from Government and other Government Organizations:</b>		
Indigenous Services Canada	29,750	215,524
Canada Mortgage and Housing Corporation	3,595	21,755
Canada Revenue Agency	43,013	2,943
First Nations Education Steering Committee	13,189	10,862
First Peoples' Heritage, Language & Culture Council	44,823	-
	<b>134,370</b>	251,084
<b>Due from others:</b>		
Other amounts owing to Band	12,464	9,100
Employee loans	1,627	848
	<b>14,091</b>	9,948
	<b>\$ 153,684</b>	\$ 262,610

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## Skatin Nations

### NOTES TO FINANCIAL STATEMENTS

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**March 31, 2021** **See Auditors' Report**

**6. INVESTMENTS**

	<b>2021</b>	<b>2020</b>
Skatin Holdings Ltd. (100% interest)		
Shares	\$ 1	\$ 1
1020376 B.C. Ltd. (33.3% interest)		
Shares	500	500
BCFN GRS GP Inc. (nominal interest)		
Shares	10	10
BC First Nations Gaming Revenue Sharing Limited Partnership (nominal interest)		
Units	100	100
	<b>\$ 611</b>	<b>\$ 611</b>

Shares are held in trust by certain band members under trust agreements.

Financial information for the controlled entity for its respective year ending March 31, 2021 is as follows:

	<b>Assets</b>	<b>Liabilities</b>	<b>Revenue</b>	<b>Net Income</b>
Skatin Holdings Ltd.				
March 31, 2021	\$ 430	\$ 47	\$ 637	\$ 26,893

**7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are the following recoveries owing to Indigenous Services Canada:

	<b>2021</b>	<b>2020</b>
Basic Needs	\$ 172,452	\$ 136,508

**Skatin Nations**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2021**

**See Auditors' Report**

**8. SHORT-TERM DEBT**

	<b>2021</b>	2020
Bank of Montreal - Variable rate demand loan with payments of \$2,836 per month including interest at prime + 1% per annum, for the refinancing of the Band Administration Building (under construction). Matures on July 31, 2043 and renews on July 31, 2023. As at March 31, 2021, prime was 2.45%.	\$ 465,007	\$ 482,701
Less: current portion	<b>18,279</b>	11,595
	<b>\$ 446,728</b>	<b>\$ 471,106</b>

Future principal payments for subsequent years are as follows:

2022	<b>\$ 18,279</b>
2023	<b>18,920</b>
2024	<b>427,808</b>
2025	-
2026	-

**9. LONG-TERM DEBT**

	<b>2021</b>	2020
Post 96 - Phase 1 - All Nations Trust - Mortgage payable with payments of \$2,401 per month including interest at 0.76% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on September 1, 2025 and no renewal until the maturity.	\$ 127,428	\$ 154,855
Post 96 - Phase 3 - All Nations Trust - Mortgage payable with payments of \$3,772 per month including interest at 1.14% per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on June 1, 2027 and renews on June 1, 2021.	<b>273,256</b>	314,817
Less: current portion	<b>400,684</b>	469,672
	<b>301,199</b>	196,751
	<b>\$ 99,485</b>	<b>\$ 272,921</b>

Future principal payments for subsequent years are as follows:

2022	<b>\$ 301,199</b>
2023	<b>28,156</b>
2024	<b>28,371</b>
2025	<b>28,587</b>
2026	<b>14,371</b>

**Skatin Nations**  
**NOTES TO FINANCIAL STATEMENTS**

March 31, 2021

See Auditors' Report

**10. TANGIBLE CAPITAL ASSETS**

	2021							2020		
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Operating Fund										
Land	\$ 643,243	\$ -	\$ -	\$ 643,243	\$ -	\$ -	\$ -	\$ 643,243	\$ 643,243	
Building under construction	3,700,116	1,439,887	-	5,140,003	-	-	-	-	5,140,003	3,700,116
Buildings	7,940,382	1,151	-	7,941,533	4,460,368	139,201	-	4,599,569	3,341,964	3,480,014
Computer equipment	26,014	3,275	-	29,289	13,007	8,896	-	21,903	7,386	13,007
Equipment	26,411	-	906	25,505	18,909	2,251	906	20,254	5,251	7,502
Furniture and fixtures	20,081	-	-	20,081	3,170	4,015	-	7,185	12,896	16,911
Dyking	364,618	-	-	364,618	319,905	1,789	-	321,694	42,924	44,713
Power systems	491,572	-	-	491,572	216,615	10,998	-	227,613	263,959	274,957
Water systems	164,300	-	-	164,300	88,994	3,012	-	92,006	72,294	75,306
Skatin Community School										
Computer equipment	48,132	37,767	-	85,899	20,115	15,543	-	35,658	50,241	28,017
Motor vehicles	95,744	126,814	-	222,558	34,685	35,864	-	70,549	152,009	61,059
Furniture and fixtures	24,163	-	-	24,163	6,505	4,832	-	11,337	12,826	17,658
Equipment	6,262	-	-	6,262	2,536	1,117	-	3,653	2,609	3,726
Social Housing Fund										
Residential buildings	1,889,402	-	-	1,889,402	818,490	68,988	-	887,478	1,001,924	1,070,912
	<b>\$15,440,440</b>	<b>\$ 1,608,894</b>	<b>\$ 906</b>	<b>\$17,048,428</b>	<b>\$ 6,003,299</b>	<b>\$ 296,506</b>	<b>\$ 906</b>	<b>\$ 6,298,899</b>	<b>\$10,749,529</b>	<b>\$ 9,437,141</b>

Building under construction and costs incurred up to March 31, 2021 totalled \$5,140,003 (2020 - \$3,700,116). Included in this amount are capitalized borrowing costs related to the construction of the Administration Building of \$17,341 (2020 - \$25,581).

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

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### 11. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2021	2020
<b>OPERATING FUND</b>	<b>\$ 9,574,935</b>	\$ 8,482,519
<b>ON-RESERVE NON-PROFIT HOUSING PROGRAM</b>		
Operating Fund	28,933	28,357
Replacement Reserve Fund	181,734	176,920
Equity in Housing Facilities	611,054	611,054
<b>OTTAWA TRUST FUND</b>	<b>113,740</b>	111,499
	<b>\$ 10,510,396</b>	\$ 9,410,349

### 12. BUDGET INFORMATION

Budgeted figures are unaudited and have been derived from the estimates approved by the Chief and Council for comparison purposes. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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**March 31, 2021**

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### **13. EXPENSES BY OBJECT**

Summary of expenses by object is as follows:

	<b>2021</b>	<b>2020</b>
Administration fees	\$ 253,381	\$ 304,878
Auditing and accounting	38,900	32,600
Bad debts	2,837	70,679
Bank charges and interest	2,085	1,616
Consulting	24,380	31,211
Depreciation	296,507	274,324
Fuel	88,534	26,863
Garbage disposal	2,400	32,304
Honoraria	56,833	21,477
Insurance	56,042	46,439
Interest on long-term debt	4,899	5,979
Legal	10,535	2,713
Miscellaneous	19,139	21,411
Office and other	32,371	25,999
Program specific	532,218	351,709
Rent	5,850	2,925
Repairs and maintenance	409,923	88,450
Replacement reserve	7,186	-
Subcontract	78,526	68,370
Supplies and materials	127,473	40,383
Telephone	13,463	14,120
Tuition and training	34,549	111,015
Travel	76,487	117,737
Uncollectible housing rents	43,523	35,941
Utilities	21,204	20,302
Wages and benefits	1,199,448	1,048,240
	<hr/> <b>\$ 3,438,693</b>	<hr/> <b>\$ 2,797,685</b>

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

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### 14. RELATED PARTY TRANSACTIONS

The First Nation charged \$12,000 (2020 - \$12,000) for rent to Skatin Samahquam Negotiations Incorporated, a related entity for an office in the Community Building on reserve.

The First Nation paid \$11,950 (2020 - \$35,708) during the year for travel expenditures to Rex Grant, a related party through the Recipient Appointed Advisor.

The First Nation paid \$404,348 (2020 - \$304,878) during the year for accounting and bookkeeping fees to Tyhee Financial Services Ltd., a related party through the Recipient Appointed Advisor.

The First Nation paid \$7,392 (2020 - \$7,093) during the year for moving services to Barry's Moving and Storage Ltd., a related party through the Recipient Appointed Advisor.

The First Nation paid \$2,400 (2020 - \$48,950) during the year for garbage collection and recycling fees to 1020376 B.C. Ltd., a partner in a corporate partnership.

These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties.

### 15. FINANCIAL INSTRUMENTS

#### *Risk management policy*

The First Nation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2021.

#### *Credit risk*

The carrying value of the First Nation's main financial assets represents the maximum credit risk to which the band is exposed.

The First Nation's credit risk is due mainly to its loans receivable. The balance sheet amounts are presented net of the allowance for impaired loans, which management estimates based on past experience and its assessment of current economic conditions. The First Nation believes that its loans receivable credit risk is limited because:

- Majority of its receivables are due from Canadian government agencies.
- The First Nation recognizes a specific allowance for accounts receivable when the management considers the expected amount to be collected is lower than the actual amount receivable.

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# Skatin Nations

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2021

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### 15. Continued...

#### *Liquidity risk*

The First Nation considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

#### *Market risk*

The First Nation is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the band to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2021.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 639,475	\$ 639,475	\$ 639,475	\$ -	\$ -
Short-term debt	465,007	465,007	18,279	446,728	-
Long-term debt	400,684	400,684	301,199	99,489	-
	<hr/> \$ 1,505,166	<hr/> \$ 1,505,166	<hr/> \$ 958,953	<hr/> \$ 546,217	<hr/> \$ -

#### *Fair value*

The carrying value of Skatin Nations' main financial assets represents the maximum credit risk to which the organization is exposed.

The fair value of a financial instrument corresponds to the amount of the consideration agreed upon by two willing parties in a non-arm's length transaction. Skatin Nations uses the following methods and assumptions to estimate the fair value of each category of financial instruments, the carrying amounts of which are included in the summary statement of financial position as follows:

*Cash, accounts receivables and restricted cash* – The carrying amounts included in the balance sheet approximate fair values.

*Accounts payable and accrued expenses* – The carrying amount included in the balance sheet approximates fair value, given the short-term maturity of the instrument.

*Short-term debt and long-term debt* – The carrying amount of loans payable is measured at unamortized cost based on initial fair value established using market rates for the same or similar debt instruments. The fair value approximates its carrying value.