



Skatin Nations
FINANCIAL STATEMENTS
March 31, 2022

Skatin Nations

INDEX TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2022

Management's Responsibility for Financial Reporting

Independent Auditors' Report

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position	Statement 1
Summary Statement of Operations	Statement 2
Summary Statement of Net Financial Debts	Statement 3
Summary Statement of Cash Flows	Statement 4
Notes to the Statements	

SKATIN NATIONS
March 31, 2022

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 **Qualified Opinion**

We have audited the financial statements of Skatin Nations, which comprise the summary statement of financial position as at March 31, 2022, 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.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of Skatin Nations as at March 31, 2022, 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.

Skatin Nations' note receivable is carried in the summary statement of financial position at \$1,000,000. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Skatin Nations' note receivable as at



March 31, 2022. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

Skatin Nations has a limited partnership interest in the Tsetspa7 Forestry Limited Partnership and would account for this by the modified equity method on the summary statement of financial position as at March 31, 2022. However, its interest in the limited partnership has not been recorded in the summary statement of the financial position. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Skatin Nations' interest in Tsetspa7 Forestry Limited Partnership as at March 31, 2022. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

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.

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.
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- 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.
March 17, 2023

Ribeyre Chang Haylock
Chartered Professional Accountants


Skatin Nations
SUMMARY STATEMENT OF FINANCIAL POSITION
Statement 1


As at March 31, 2022

See Auditors' Report

	2022	2021
Financial assets		
Cash - note 3	\$ 1,281,889	\$ 725,655
Restricted cash - note 3	233,353	220,486
Ottawa Trust - note 4	116,860	113,740
Note receivable - note 5	1,000,000	-
Accounts receivable - note 6	113,839	153,684
Investments - note 7	611	611
Total financial assets	2,746,552	1,214,176
Financial liabilities		
Accounts payable and accrued liabilities - note 8	555,314	639,475
Short-term debt - note 9	3,164,202	465,007
Deferred revenue	650,589	-
Long-term debt - note 10	330,318	400,684
Total liabilities	4,700,423	1,505,166
Net financial debt	(1,953,871)	(290,990)
Non-financial assets		
Prepaid expenses	73,414	51,857
Tangible capital assets - note 11	13,095,656	10,749,529
Total non-financial assets	13,169,070	10,801,386
Accumulated surplus - note 12	\$ 11,215,199	\$ 10,510,396

See accompanying notes


Chief Councillor


Councillor

Skatin Nations

SUMMARY STATEMENT OF OPERATIONS

Statement 2

For the year ended March 31, 2022		2022	2022	2021
	2022 Budget note 13			
See Auditors' Report				
Revenue				
Operating Fund				
Indigenous Services Canada	\$ 2,747,842	\$ 3,048,146	\$ 2,928,565	
First Nation Education Steering Committee	12,000	298,145	372,852	
First Peoples' Cultural Council	-	72,025	159,869	
BC First Nations Gaming Revenue				
Sharing Limited Partnership	-	333,842	587,299	
Tsetsa7 Limited Partnership	-	193,425	-	
Logging income	-	224,680	286,393	
Rental income	12,000	31,438	36,639	
Miscellaneous income	27,708	29,734	46,800	
Social Housing Fund				
Canada Mortgage and Housing Corporation	-	43,173	43,385	
Rental income	12,000	74,136	74,136	
Interest income	-	66	561	
Ottawa Trust Fund	-	3,120	2,241	
	2,811,550	4,351,930	4,538,740	
Expenses - note 14				
Operating Fund				
Local Government Services	330,479	941,705	611,198	
Economic Development	-	5,977	13,535	
Social Services	903,999	659,466	731,179	
Education and Training	1,189,970	1,565,575	1,361,755	
Municipal Services - O&M Programs	195,352	51,853	93,522	
St'at'imc (PC) Trust	-	2,100	4,000	
Capital Projects	150,000	2,438	283,293	
Tangible capital asset depreciation	-	315,933	227,519	
Social Housing Fund	-	102,080	112,692	
	2,769,800	3,647,127	3,438,693	
Annual surplus	41,750	704,803	1,100,047	
Accumulated surplus, beginning of year		10,510,396	9,410,349	
Accumulated surplus, end of year		\$ 11,215,199	\$ 10,510,396	

See accompanying notes

Skatin Nations
SUMMARY STATEMENT OF NET FINANCIAL DEBTS
Statement 3

For the year ended March 31, 2022

See Auditors' Report

	2022	2021
Annual surplus	\$ 704,803	\$ 1,100,047
Changes in tangible capital assets		
Acquisition of tangible capital assets	(2,732,426)	(1,608,895)
Amortization of tangible capital assets	386,299	296,507
	(2,346,127)	(1,312,388)
Changes in other non-financial assets		
Prepaid expenses and deposits	(21,557)	(7,830)
	(21,557)	(7,830)
Decrease in net assets	(1,662,881)	(220,171)
Net financial debts, beginning of year	(290,990)	(70,819)
Net financial debts, end of year	\$ (1,953,871)	\$ (290,990)

See accompanying notes

Skatin Nations
SUMMARY STATEMENT OF CASH FLOWS
Statement 4

For the year ended March 31, 2022

See Auditors' Report

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 704,803	\$ 1,100,047
Items not affecting cash		
Depreciation	386,299	296,507
Changes in non-cash working capital items	(415,284)	366,461
Cash provided by operating activities	675,818	1,763,015
INVESTING ACTIVITIES		
Purchase and construction of capital assets	(2,732,426)	(1,608,895)
Cash used in investing activities	(2,732,426)	(1,608,895)
FINANCING ACTIVITIES		
Proceed of (repayment) of short-term debt	2,699,195	(17,694)
Repayment of Social Housing Fund loans	(70,366)	(68,988)
Cash provided by (used in) financing activities	2,628,829	(86,682)
Increase in cash during the year	572,221	67,438
Cash, beginning of year	1,059,881	992,443
Cash, end of year	\$ 1,632,102	\$ 1,059,881
Represented by		
Cash	\$ 1,281,889	\$ 725,655
Restricted Cash	350,213	334,226
Cash, end of year	\$ 1,632,102	\$ 1,059,881

See accompanying notes

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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, and
- 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)

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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.

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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.

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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. In the 2022 fiscal year, the Skatin Nations was authorized for an overdraft facility of \$500,000 at a rate of prime plus 1%. At March 31, 2022, the balance on the facility was nil and the prime rate was 2.70%.

	2022	2021
Unrestricted		
Bank funds - Band operations	\$ 1,265,682	\$ 677,161
Bank funds - CMHC Social Housing	4,409	36,696
Bank funds - Skatin Community School	11,798	11,798
	\$ 1,281,889	\$ 725,655
Restricted		
CMHC - Operating Reserve	\$ 31,356	\$ 31,290
CMHC - Replacement Reserve	201,711	188,910
St'at'imc (PC) 2011 Trust Funds	286	286
	\$ 233,353	\$ 220,486

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

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, 2022, \$31,356 (2021 - \$31,290) has been set aside to fund this reserve. The Operating Reserve Fund was fully funded as of March 31, 2022.

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, 2022, \$201,711 (2021 - \$188,910) has been set aside to fund this reserve. The Replacement Reserve Fund was fully funded as of March 31, 2022.

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.

5. NOTE RECEIVABLE

\$1,000,000 loan receivable advance on January 25, 2022 at the rate of interest of 8.00% per annum for a 5 year term.

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

6. ACCOUNTS RECEIVABLE

	2022	2021
Due from band members:		
Rent receivable	\$ 541,802	\$ 541,802
Less: allowance for doubtful accounts	(541,802)	(541,802)
Member loans	88	5,223
	88	5,223
Due from Government and other Government Organizations:		
Indigenous Services Canada	-	29,750
Canada Mortgage and Housing Corporation	3,598	3,595
Canada Revenue Agency	82,329	43,013
First Nations Education Steering Committee	500	13,189
First Peoples' Heritage, Language & Culture Council	16,810	44,823
	103,237	134,370
Due from others:		
Other amounts owing to Band	19,564	12,464
Less: allowance for doubtful accounts	(9,550)	-
Employee loans	500	1,627
	10,514	14,091
	\$ 113,839	\$ 153,684

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

7. INVESTMENTS

	2022	2021
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
	\$ 611	\$ 611

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

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2022	2021
Basic Needs	\$ 172,452	\$ 172,452

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

9. SHORT-TERM DEBT

	2022	2021
Bank of Montreal - Variable rate demand loan with payments of \$6,610 per month including interest at prime + 1% per annum. Matures on July 31, 2043 and renews on July 31, 2023. As at March 31, 2022, prime was 2.70%.	\$ 1,189,990	\$ 465,007
Bank of Montreal - Variable rate demand loan with payments of \$4,979 per month including interest at prime + 1% per annum. Matures on October 27, 2046 and renews on October 27, 2026. As at March 31, 2022, prime was 2.70%.	989,509	-
Bank of Montreal - Variable rate demand loan with interest-only payments at prime + 1% per annum until January 11, 2023. Matures on January 11, 2047 and renews on January 11, 2027. As at March 31, 2022, prime was 2.70%.	984,703	-
	\$ 3,164,202	\$ 465,007
Future principal payments for subsequent years are as follows:		
2023	\$ 59,432	
2024	1,178,520	
2025	25,343	
2026	26,297	
2027	1,874,610	
	3,164,202	

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

10. LONG-TERM DEBT

	2022	2021
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.	\$ 99,485	\$ 127,428
Post 96 - Phase 3 - All Nations Trust - Mortgage payable with payments of \$3,775 (2021 - \$3,772) per month including interest at 1.13% (2021 - 1.14%) per annum, secured by a ministerial guarantee from Indigenous Services Canada. Matures on June 1, 2027 and renews on June 1, 2026.	230,833	273,256
	\$ 330,318	\$ 400,684

Future principal payments for subsequent years are as follows:

2023	\$ 71,074
2024	71,780
2025	72,488
2026	58,771
2027	44,902
Subsequent years	11,303
	330,318

Skatin Nations
NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

11. TANGIBLE CAPITAL ASSETS

	2022									2021
	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
Buildings under construction	1,151	1,761,998	-	1,763,149	-	-	-	-	1,763,149	1,151
Buildings	13,080,385	770,352	-	13,850,737	4,599,569	192,737	-	4,792,306	9,058,431	8,480,816
Computer equipment	115,188	10,849	-	126,037	57,561	29,873	-	87,434	38,603	57,627
Equipment	31,767	69,025	-	100,792	23,907	21,338	-	45,245	55,547	7,860
Furniture and fixtures	44,244	-	-	44,244	18,522	8,848	-	27,370	16,874	25,722
Dyking	364,618	-	-	364,618	321,694	1,717	-	323,411	41,207	42,924
Power systems	491,572	-	-	491,572	227,613	10,559	-	238,172	253,400	263,959
Water systems	164,300	-	-	164,300	92,006	2,892	-	94,898	69,402	72,294
Motor vehicles	222,558	120,202	-	342,760	70,549	47,969	-	118,518	224,242	152,009
Social Housing Fund										
Residential buildings	1,889,402	-	-	1,889,402	887,478	70,366	-	957,844	931,558	1,001,924
	\$17,048,428	\$ 2,732,426	\$ -	\$19,780,854	\$ 6,298,899	\$ 386,299	\$ -	\$ 6,685,198	\$13,095,656	\$10,749,529

Buildings under construction and costs incurred up to March 31, 2022 totalled \$1,763,149 (2021 - \$5,140,003). Included in this amount are capitalized borrowing costs related to the construction of the 5 housing units of \$5,754 (2021 - \$17,341). During the year, construction on a building was completed and \$5,910,355 was moved from buildings under construction to buildings.

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

12. ACCUMULATED SURPLUS

Accumulated surplus is comprised of the following:

	2022	2021
OPERATING FUND	\$ 10,261,323	\$ 9,574,935
ON-RESERVE NON-PROFIT HOUSING PROGRAM		
Operating Fund	32,228	28,933
Replacement Reserve Fund	193,734	181,734
Equity in Housing Facilities	611,054	611,054
OTTAWA TRUST FUND	116,860	113,740
	\$ 11,215,199	\$ 10,510,396

13. 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.

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

14. EXPENSES BY OBJECT

Summary of expenses by object is as follows:

	2022	2021
Administration fees	\$ 282,325	\$ 253,381
Auditing and accounting	37,391	38,900
Bad debts (recovery)	(17,886)	2,837
Bank charges and interest	5,457	2,085
Consulting	10,095	24,380
Depreciation	386,299	296,507
Fuel	123,775	88,534
Garbage disposal	-	2,400
Honoraria	55,125	56,833
Insurance	73,988	56,042
Interest on long-term debt	3,680	4,899
Legal	6,688	10,535
Miscellaneous	16,255	19,139
Office and other	22,111	32,371
Program specific	508,236	532,218
Rent	5,850	5,850
Repairs and maintenance	127,133	409,923
Replacement reserve	-	7,186
Subcontract	255,158	78,526
Supplies and materials	59,513	127,473
Telephone	13,096	13,463
Tuition and training	76,772	34,549
Travel	143,011	76,487
Uncollectible housing rents	50,401	43,523
Utilities	26,757	21,204
Wages and benefits	1,375,897	1,199,448
	\$ 3,647,127	\$ 3,438,693

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

15. RELATED PARTY TRANSACTIONS

The First Nation charged \$12,000 (2021 - \$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 \$18,054 (2021 - \$11,950) during the year for travel expenditures to Rex Grant, a related party through the Recipient Appointed Advisor.

The First Nation paid \$527,035 (2021 - \$404,348) 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 \$13,052 (2021 - \$7,392) 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 nil (2021 - \$2,400) 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.

16. 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, 2022.

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.

Skatin Nations

NOTES TO FINANCIAL STATEMENTS

March 31, 2022

See Auditors' Report

16. 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, 2022.

	Carrying Amount	Contractual cash flows	Within 1 year	2 to 5 years	Subsequent
Accounts payable and accrued expenses	\$ 555,314	\$ 555,314	\$ 555,314	\$ -	\$ -
Short-term debt	3,164,202	3,164,202	59,432	3,104,770	-
Long-term debt	330,318	330,318	71,074	247,941	11,303
	<u>\$ 4,049,834</u>	<u>\$ 4,049,834</u>	<u>\$ 685,820</u>	<u>\$ 3,352,711</u>	<u>\$ 11,303</u>

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.