

SKATIN NATIONS

FINANCIAL STATEMENTS

March 31, 2023

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SKATIN NATIONS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2023

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

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

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

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

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

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

On behalf of Skatin Nations:

Malcolm Williams
Chief
Naomi Williams
Councillor

27 March 2024
Date
March 26/24
Date

Independent Auditors' Report

To the Members of
Skatin Nations

Qualified Opinion

We have audited the financial statements of Skatin Nations, which comprise the statement of financial position as at March 31, 2023, and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2023, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with PSAB.

Basis for Qualified Opinion

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, 2023. 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 Testspa7 Forestry Limited Partnership as at March 31, 2023. Consequently, we were not able 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation 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.

Other Matter

The financial statements of the First Nation for the year ended March 31, 2022 were audited by another auditor who expressed a qualified opinion on those financial statements.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAB, 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 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.

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

Auditors' Responsibilities for the Audit of the 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 auditors' 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 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 auditors' 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 auditors' 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 financial statements, including the disclosures, and whether the 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.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
MARCH 27, 2024

SKATIN NATIONS

STATEMENT OF FINANCIAL POSITION

As at March 31	2023	2022
FINANCIAL ASSETS		
Cash	\$ 1,102,998	\$ 1,281,889
Restricted cash (Note 2)	367,499	350,213
Accounts receivable (Note 3)	352,202	113,839
Loans receivable (Note 4)	2,000,000	1,000,000
Long-term investments (Note 5)	611	611
	3,823,310	2,746,552
LIABILITIES		
Accounts payable (Note 6)	718,466	555,314
Deferred revenue (Note 7)	910,501	650,589
Long-term debt (Note 8)	5,654,619	3,164,202
Replacement Reserve Fund (Notes 9 and 18)	343,734	193,734
CMHC Mortgage (Note 10)	259,242	330,318
	7,886,562	4,894,157
NET DEBT (Note 18)	(4,063,252)	(2,147,605)
NON-FINANCIAL ASSETS		
Capital assets (Note 14)	15,781,889	13,095,656
Prepaid expenses	171,540	73,414
	15,953,429	13,169,070
ACCUMULATED SURPLUS (Note 18)	\$ 11,890,177	\$ 11,021,465

APPROVED ON BEHALF OF THE SKATIN NATIONS

Michael Williams, Chief Councillor
Tawn Williams, Councillor

SKATIN NATIONS

STATEMENT OF CHANGE IN NET DEBT

For the year ended March 31	2023 Budget	2023 Actual	2022
ANNUAL SURPLUS	\$ 595,334	\$ 868,712	\$ 692,803
Acquisition of tangible capital assets (Note 14)	-	(3,253,928)	(2,732,426)
Amortization of tangible capital assets (Note 14)	-	567,695	386,299
	-	(2,686,233)	(2,346,127)
Acquisition of prepaid asset	(98,126)	(171,540)	(73,414)
Use of prepaid asset	-	73,414	51,857
	(98,126)	(98,126)	(21,557)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	497,208	(1,915,647)	(1,674,881)
NET DEBT AT BEGINNING OF YEAR (Note 18)	-	(2,147,605)	(472,724)
NET DEBT AT END OF YEAR (Note 18)	\$ -	\$ (4,063,252)	\$ (2,147,605)

SKATIN NATIONS

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
REVENUE			
Indigenous Services Canada	\$ 1,435,972	\$ 3,484,872	\$ 3,048,646
Province of BC	40,000	1,166,958	373,842
Other (Reversal) (Note 11)	1,406,814	628,898	(12,025)
First Nations Education Steering Committee	125,274	488,972	288,145
Logging income, net	-	228,254	194,680
Interest	-	140,689	66
Rental	74,136	101,861	105,574
First Nations Health Authority	-	68,000	-
BC Hydro	27,708	45,208	22,235
Canada Mortgage and Housing Corporation	43,510	43,181	43,173
First Peoples' Cultural Council	-	20,000	84,050
Ottawa Trust Funds	-	4,532	3,120
Share of income (loss) from controlled entities	-	-	193,425
BC Aboriginal Child Care Society	-	-	6,000
New Relationship Trust	-	-	1,000
	3,153,414	6,421,425	4,351,931
EXPENSES			
Local Government Services	553,478	1,043,556	941,705
Economic Development	-	45,184	5,977
Social Services	36,020	662,881	659,466
Education and Training	423,443	2,148,782	1,565,575
Municipal Services - O&M Programs	83,948	303,669	51,853
Capital Projects	-	332,111	2,439
St'at'imc (PC) Trust	-	-	2,100
Capital Fund	-	491,781	315,933
Social Housing Fund (Note 18)	10,000	264,837	114,080
	1,106,889	5,292,801	3,659,128
ANNUAL SURPLUS BEFORE PROCEEDS FROM LONG-TERM DEBT			
	595,334	1,128,624	692,803
PROCEEDS FROM LONG-TERM DEBT			
Transfer to deferred revenue	-	(259,912)	-
ANNUAL SURPLUS (Note 18)			
	595,334	868,712	692,803
ACCUMULATED SURPLUS AT BEGINNING OF YEAR (Note 18)			
	-	11,021,465	10,328,662
ACCUMULATED SURPLUS AT END OF YEAR (Note 18)			
	\$ 595,334	\$ 11,890,177	\$ 11,021,465

SKATIN NATIONS

STATEMENT OF CASH FLOWS

For the year ended March 31, 2023	2023	2022
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 868,712	\$ 692,803
Amortization of tangible capital assets	<u>567,695</u>	<u>386,299</u>
	1,436,407	1,079,102
Change in non-cash operating working capital		
Accounts receivable	(238,363)	39,845
Prepaid expenses	(98,126)	(21,557)
Accounts payable	163,152	(84,161)
Deferred revenue	259,912	650,589
Replacement Reserve Fund	<u>150,000</u>	<u>12,000</u>
	1,672,982	1,675,818
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	<u>(3,253,928)</u>	<u>(2,732,426)</u>
FINANCING ACTIVITIES		
Proceed of (repayment) of short-term debt	<u>2,490,417</u>	<u>2,699,195</u>
Repayment of CMHC Mortgage	<u>(71,076)</u>	<u>(70,366)</u>
	2,419,341	2,628,829
INVESTING ACTIVITIES		
Loan receivable	(1,000,000)	(1,000,000)
Restricted cash	<u>(17,286)</u>	<u>(15,987)</u>
	(1,017,286)	(1,015,987)
INCREASE IN CASH AND CASH EQUIVALENTS	(178,891)	556,234
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,281,889	725,655
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,102,998	\$ 1,281,889

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The Skatin Nations reporting entity includes the Skatin Nations government and all related entities that are controlled by the First Nation.

(b) Reporting Entity Principles of Financial Reporting

These financial statements report only on the activities of the Skatin Nations.

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

The First Nation also prepares Financial Statements that consolidate the assets, liabilities and results of operations for the following entities which lend themselves to consolidation:

1. Skatin Nations Operating Fund
2. Skatin Nations Capital Fund
3. Skatin Nations Social Housing Fund
4. Skatin Nations Trust 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 necessarily been eliminated on the individual schedules.

Readers of the Financial Statements should refer to the consolidated Financial Statements.

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:

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

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

(d) 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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Skatin Nations's incremental cost of borrowing.

Amortization is provided for on a straight-line basis or declining basis over their estimated useful lives as follows:

Buildings	4 % Declining balance
Automotive equipment	5 years Straight line
Computer equipment	3 years Straight line
Furniture and fixtures	5 years Straight line
Equipment	30% Declining balance
Power and water system	4% Declining balance

The amortization method and estimate of the useful life of the remaining unamortized portion of tangible capital assets are reviewed on a regular basis and revised when the appropriateness of a change can be clearly demonstrated. Assets under construction is not amortized until the asset is available to be put into services.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Skatin Nations's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(e) 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.

(f) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(g) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(h) Financial Instruments

Measurement of financial instruments

The First Nation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The First Nation subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash, accounts receivable, loans receivable, and advances to related parties.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable, amounts due to/from related parties.

Impairment

For financial assets measured at cost or amortized cost, the First Nation determines whether there are indications of possible impairment. When there is an indication of impairment, and the partnership determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

(i) Asset classification

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

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Measurement Uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include the collectability of accounts receivable, useful life of tangible capital assets, accounts payable and accrued liabilities. Actual results could differ from these estimates.

(k) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

2. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds 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.

Operating Reserve Fund:

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

Ottawa Trust Fund:

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

	2023	2022
Operating Reserve Fund - restricted cash	\$ 32,045	\$ 31,356
Replacement Reserve Fund - restricted cash	213,776	201,711
St'at'imc (PC) 2011 Trust Funds - restricted cash	286	286
Ottawa Trust Fund - restricted cash	121,392	116,860
	<hr/> \$ 367,499	<hr/> \$ 350,213

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

3. ACCOUNTS RECEIVABLE

	2023	2022
Indigenous Services Canada	\$ 34,212	\$ -
GST receivable	115,207	82,329
First Peoples' Heritage, Language & Culture Council	-	16,810
First Nations Education Steering Committee	32,737	500
Canada Mortgage and Housing Corporation	141,598	3,598
Rent receivable	541,802	541,802
Black Mount Logging Inc.	8,574	-
Other	29,424	20,152
	903,554	665,191
Allowance for doubtful accounts	(551,352)	(551,352)
	\$ 352,202	\$ 113,839

4. LOANS RECEIVABLE

	2023	2022
Note receivable advance on January 25, 2022 at the interest rate of 8.00% per annum for a 5 year term.	\$ 1,000,000	\$ 1,000,000
Note receivable advance on November 17, 2022 at the interest rate of 12.00% per annum for a 1 year term.	1,000,000	-
	\$ 2,000,000	\$ 1,000,000

5. LONG-TERM INVESTMENTS

	2023	2022
Investment in 1020376 BC Ltd.	\$ 500	\$ 500
Investment in BCFN GRS GP Inc.	10	10
Investment in BCFN GRS LP	100	100
Investment in SN Treaty Resource Inc.	1	1
	\$ 611	\$ 611

6. ACCOUNTS PAYABLE

	2023	2022
Accounts payable - general	\$ 431,489	\$ 317,105
ISC Payable - Basic Needs	172,452	172,452
Wages and benefits payable	114,525	65,757
	\$ 718,466	\$ 555,314

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

7. DEFERRED REVENUE

	March 31, 2022	Funding received, 2023	March 31, 2023
Federal government			
Indigenous Services Canada	\$ 650,589	\$ 259,912	\$ 910,501

8. LONG-TERM DEBT

	2023	2022
Bank of Montreal - Variable rate demand loan with payments of \$8,963 per month including interest at prime + 1% per annum. Matures on July 31, 2043 and renews on July 31, 2023. As at March 31, 2023, prime was 6.70%.	\$ 1,168,990	\$ 1,189,990
Bank of Montreal - Variable rate demand loan with payments of \$7,035 per month including interest at prime + 1% per annum. Matures on October 27, 2046 and renews on October 27, 2026. As at March 31, 2023, prime was 6.70%.	977,850	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, 2023, prime was 6.70%.	3,094,836	984,703
Bank of Montreal - Variable rate demand loan with interest-only payments at prime rate until June 27, 2027. Matures on June 27, 2047 and renews on June 27, 2027. As at March 31, 2023, prime was 6.70%.	412,943	-
	\$ 5,654,619	\$ 3,164,202

The mortgages are secured by a Ministerial Guarantee and are guaranteed by the First Nation.

The estimated principal repayments for the next 5 years are:

2024	\$ 1,178,445
2025	10,209
2026	11,023
2027	4,041,999
2028 and thereafter	412,943
	\$ 5,654,619

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

9. REPLACEMENT RESERVE FUND

The Replacement Reserve is established in accordance with the Operating Agreements with CMHC for on-reserve housing. Funds are required to be set aside annually and held for future replacements of capital items related to the homes.

	2023	2022
Balance, beginning of year	\$ 331,734	\$ 181,734
Contributions, required during the year	12,000	12,000
	\$ 343,734	\$ 193,734

10. CMHC MORTGAGES

	Phase number	Maturity date	Interest rate	Monthly payment	2023	2022
19-360-387-001	1	9/1/2025	0.76%	\$ 2,401	\$ 71,331	\$ 99,485
19-360-387-003	3	6/1/2027	1.13%	\$ 3,775	\$ 187,911	\$ 230,833
					259,242	330,318
					\$ 259,242	\$ 330,318

The mortgages are secured by a Ministerial Guarantee and are guaranteed by the First Nation.

The estimated principal repayments for the next 4 years are:

	\$
2024	71,992
2025	72,486
2026	58,728
2027	56,036
Total	259,242

11. OTHER REVENUE

	2023	2022
St'at'imc (PC) 2011 Trust	\$ 477,078	\$ -
CMHC - Special contribution	138,000	-
In-SHUCK-ch Management Services Limited Partnership	5,078	-
Other	8,742	-
FPHL&C Culture - Lang. Gathering (Reversal)	-	(12,025)
	\$ 628,898	\$ (12,025)

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

12. RELATED PARTY TRANSACTIONS

During the year, the First Nation entered into the following transactions with related parties:

The First Nation charged \$ nil (2022 - \$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 \$8,734 (2022 - \$18,054) during the year for travel expenditures and \$2,100 (2022 - nil) for honoraria expenditures to Rex Grant, a related party through the Recipient Appointed Advisor.

The First Nation paid \$299,001 (2022 - \$291,757) during the year for accounting and bookkeeping fees and \$346,925 (2022 - \$236,599) for project management fees to Tyhee Financial Services Ltd., a related party through the Recipient Appointed Advisor.

The First Nation paid \$17,450 (2022 - \$13,052) during the year for moving services to Barry's Moving and Storage Ltd., a related party through the Recipient Appointed Advisor.

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.

13. ECONOMIC DEPENDENCE

Skatin Nations receives a significant portion (2023 - 55% and 2022 - 70%) of its revenue pursuant to a funding agreement with Indigenous Services Canada. This agreement has been entered into by the Skatin Nations and Indigenous Services Canada. It is expected that the agreement will be renewed on an annual basis.

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

14. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2023 net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Land	\$ 643,243	\$ -	\$ 643,243	\$ 4,792,306	\$ -	\$ -	\$ 643,243	\$ 643,243
Buildings	13,850,737	354,730	14,205,467	365,732	365,732	5,158,038	9,047,429	9,047,429
Automotive equipment	342,760	70,330	413,090	118,518	80,913	199,431	213,659	213,659
Computer equipment	126,037	7,977	134,014	87,434	28,529	115,963	18,051	18,051
Furniture and fixtures	44,244	-	44,244	27,370	8,848	36,218	8,026	8,026
Equipment	100,792	109,266	210,058	45,245	31,850	77,095	132,963	132,963
Buildings under construction	1,763,149	2,711,625	4,474,774	-	-	-	4,474,774	4,474,774
Dyking	364,618	-	364,618	323,411	1,649	325,060	39,558	39,558
Power system	491,572	-	491,572	238,172	10,136	248,308	243,264	243,264
Water systems	164,300	-	164,300	94,898	2,776	97,674	66,626	66,626
Residential buildings	1,889,402	-	1,889,402	957,844	37,262	995,106	894,296	894,296
	\$ 19,780,854	\$ 3,253,928	\$ 23,034,782	\$ 6,685,198	\$ 567,695	\$ 7,252,893	\$ 15,781,889	

	Cost			Accumulated amortization				2022 Net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Land	\$ 643,243	\$ -	\$ 643,243	\$ 4,599,569	\$ -	\$ -	\$ 643,243	\$ 643,243
Buildings	13,080,385	770,352	13,850,737	192,737	4,792,306	9,058,431	9,058,431	9,058,431
Automotive equipment	222,558	120,202	342,760	70,549	47,969	118,518	224,242	224,242
Computer equipment	115,188	10,849	126,037	57,561	29,873	87,434	38,603	38,603
Furniture and fixtures	44,244	-	44,244	18,522	8,848	27,370	16,874	16,874
Equipment	31,767	69,025	100,792	23,907	21,338	45,245	55,547	55,547
Buildings under construction	1,151	1,761,998	1,763,149	-	-	-	1,763,149	1,763,149
Dyking	364,618	-	364,618	321,694	1,717	323,411	41,207	41,207
Power system	491,572	-	491,572	227,613	10,559	238,172	253,400	253,400
Water systems	164,300	-	164,300	92,006	2,892	94,898	69,402	69,402
Residential buildings	1,889,402	-	1,889,402	887,478	70,366	957,844	931,558	931,558
	\$ 17,048,428	\$ 2,732,426	\$ 19,780,854	\$ 6,298,899	\$ 386,299	\$ 6,685,198	\$ 13,095,656	

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

15. EXPENSES BY OBJECT

For the year ended March 31	2023 Budget	2023 Actual	2022 Actual
Amortization	\$ -	\$ 567,695	\$ 386,299
Bad debts (recoveries)	-	8,472	32,515
Basic Needs	-	84,487	85,147
Brighter Futures	-	17,168	16,623
Contractors	-	434,225	217,590
Covid expenses	-	172,729	181,553
Donations	-	1,000	1,259
Equipment leases	-	4,458	4,062
Field trips	-	83,673	8,294
Funeral expenses	-	9,619	18,348
Honoraria	-	8,500	55,125
Insurance	-	88,129	73,988
Interest and bank charges	-	2,509	5,457
Loan payments	-	3,016	3,680
Meals	1,500	52,697	87,642
Meeting expenses	-	13,106	3,466
Office and administrative	4,559	322,997	301,483
Post Secondary tuition	-	155,041	107,448
Professional fees	-	60,271	54,174
Program costs	600	-	-
Rent	-	26,700	5,850
Repairs and maintenance	28,221	280,486	84,569
Replacement reserve	-	150,000	12,000
Shelter	-	35,107	35,365
Special needs	-	39,700	11,540
Staff training	-	62,615	28,555
Student Incentives	-	8,694	7,461
Supplies	-	73,436	60,119
Tangible capital asset acquisition	-	194,358	-
Travel	300	249,351	130,881
Utilities and telephone	1,920	125,936	163,628
Vehicle expenses	-	112,614	78,522
Wages and benefits	1,069,789	1,844,012	1,396,485
	\$ 1,106,889	\$ 5,292,801	\$ 3,659,128

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION

The Skatin Nations is a government institution that provides a range of programs and services to its members, including band programs, capital projects, social development, health, education and economic development. For management reporting purposes the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide.

as follows:

	Local Government Services			Economic Development			Social Services		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ 295,510	\$ 420,049	\$ 410,018	-	\$ -	\$ -	\$ 243,185	\$ 534,386	\$ 718,120
Share of income (loss) from controlled entities	-	-	-	-	-	-	193,425	-	-
First Nations Health Authority	-	-	-	-	-	-	-	68,000	-
Interest	-	140,000	-	-	-	-	-	-	-
Province of BC	-	-	-	-	586,842	363,842	-	-	-
Other revenue	43,715	81,780	44,135	-	228,254	194,680	-	-	-
Total revenue	339,225	641,829	454,153	-	815,096	751,947	243,185	602,386	718,120
Expenses									
Contractors	-	123,094	102,036	-	-	-	-	-	44,566
Covid expenses	-	-	-	-	-	-	-	172,729	181,553
Office and administrative	1,925	239,462	246,003	-	3,313	-	-	10,057	427
Repairs and maintenance	-	2,504	3,948	-	-	-	-	(36,518)	-
Supplies	-	-	522	-	-	-	-	27,809	10,252
Travel	-	118,095	22,139	-	-	-	-	23,921	822
Utilities and telephone	-	36,725	55,573	-	-	-	-	3,727	6,720
Wages and benefits	551,553	397,009	366,088	-	-	-	35,420	260,417	237,609
Other expenses	-	126,667	145,396	-	41,871	5,977	600	200,739	177,517
Total expenses	553,478	1,043,556	941,705	-	45,184	5,977	36,020	662,881	659,466
Annual surplus (deficit)	\$ (214,253)	\$ (401,727)	\$ (487,552)	-	\$ 769,912	\$ 745,970	\$ 207,165	\$ (60,495)	\$ 58,654

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION, continued

	Education and Training			Municipal Services - O&M Programs			Capital Projects		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ 748,489	\$ 2,088,505	\$ 1,569,064	\$ 100,613	\$ 304,963	\$ 351,444	-	\$ 136,969	-
First Nations Education Steering Committee	113,065	488,972	288,145	-	-	-	-	-	-
First Peoples' Cultural Council	-	20,000	84,050	-	-	-	-	-	-
Province of BC	40,000	-	10,000	-	-	-	-	580,116	-
Other revenue	-	4,973	4,513	-	-	-	-	-	-
Total revenue	901,554	2,602,450	1,955,772	100,613	304,963	351,444	-	717,085	-
Expenses									
Contractors	-	148,932	68,546	-	162,199	2,442	-	-	-
Office and administrative	2,634	63,393	39,366	-	-	10,686	-	1,774	-
Repairs and maintenance	18,221	160,373	70,636	-	33,786	-	-	103,570	-
Supplies	-	45,627	49,345	-	-	-	-	-	-
Travel	300	107,335	107,567	-	-	353	-	-	-
Utilities and telephone	1,920	79,823	87,542	-	5,661	13,793	-	-	-
Wages and benefits	398,868	1,070,014	761,063	83,948	83,173	31,725	-	33,399	-
Other expenses (recoveries)	1,500	473,285	381,510	-	18,850	(7,146)	-	193,368	2,439
Total expenses	423,443	2,148,782	1,565,575	83,948	303,669	51,853	-	332,111	2,439
Other income	478,111	453,668	390,197	16,665	1,294	299,591	-	384,974	(2,439)
Annual surplus (deficit)	\$ 478,111	\$ 453,668	\$ 390,197	\$ 16,665	\$ 1,294	\$ 299,591	-	\$ 125,062	(2,439)

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION, continued

	St'at'imc (PC) Trust			Treaty			Capital Fund		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Other revenue	\$ -	\$ 477,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	477,078	-	-	-	-	-	-	-
Expenses									
Other expenses	-	-	2,100	-	-	-	-	491,781	315,933
Total expenses	-	-	2,100	-	-	-	-	491,781	315,933
Other income	-	477,078	(2,100)	-	-	-	-	(491,781)	(315,933)
Annual surplus (deficit)	\$ -	\$ 477,078	\$ (2,100)	\$ -	\$ -	\$ -	\$ -	\$ (491,781)	\$ (315,933)

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

16. SEGMENTED INFORMATION, continued

	Social Housing Fund			Trust Fund			Consolidated totals		
	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual	2023 Budget	2023 Actual	2022 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,387,797	\$ 3,484,872	\$ 3,048,646
Canada Mortgage and Housing Corporation	43,510	43,181	43,173	-	-	-	43,510	43,181	43,173
Share of income (loss) from controlled entities	-	-	-	-	-	-	-	-	193,425
First Nations Health Authority	-	-	-	-	-	-	-	68,000	-
First Nations Education Steering Committee	-	-	-	-	-	-	113,065	488,972	288,145
Interest	-	689	66	-	-	-	-	140,689	66
First Peoples' Cultural Council	-	-	-	-	-	-	-	20,000	84,050
Province of BC	-	-	-	-	-	-	40,000	1,166,958	373,842
Other revenue	74,136	212,136	74,136	-	4,532	3,120	117,851	1,008,753	320,584
Total revenue	117,646	256,006	117,375	-	4,532	3,120	1,702,223	6,421,425	4,351,931
Expenses									
Contractors	-	-	-	-	-	-	-	434,225	217,590
Covid expenses	-	-	-	-	-	-	-	172,729	181,553
Office and administrative	-	5,000	5,000	-	-	-	4,559	322,999	301,482
Repairs and maintenance	10,000	16,771	9,985	-	-	-	28,221	280,486	84,569
Supplies	-	-	-	-	-	-	-	73,436	60,119
Travel	-	-	-	-	-	-	300	249,351	130,881
Utilities and telephone	-	-	-	-	-	-	1,920	125,936	163,628
Wages and benefits	-	-	-	-	-	-	1,069,789	1,844,012	1,396,485
Other expenses	-	243,066	99,095	-	-	-	2,100	1,789,627	1,122,821
Total expenses	10,000	264,837	114,080	-	-	-	1,106,889	5,292,801	3,659,128
Other income	107,646	(8,831)	3,295	-	4,532	3,120	595,334	1,128,624	692,803
Annual surplus (deficit)	\$ 107,646	\$ (8,831)	\$ 3,295	-	\$ 4,532	\$ 3,120	\$ 595,334	\$ 868,712	\$ 692,803

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2023

17. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Liquidity risk

The First Nation does have a liquidity risk in the accounts payable and accruals of \$718,466 (2022 - \$555,314). Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the First Nation is low and is not material.

Credit risk

The First Nation does have credit risk in accounts receivable of \$1,084,376 (2022 - \$113,839). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The First Nation reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The First Nation maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the First Nation is low and is not material.

Interest rate risk

The First Nation is exposed to interest rate risk due to the variable rate interest on their loans payable. Changes in the lending rates may cause fluctuations in cash flows and interest expense.

18. PRIOR PERIOD RESTATEMENT

During the year, Skatin Nations determined that adjustments are required to reallocate the Replacement Reserve Fund from accumulated surplus to financial liabilities.

The consolidated financial statements as at March 31, 2022 have been restated as follows:

For the year ended March 31	As previously stated in 2022	Adjustments Increase (Decrease)	Restated 2022
Consolidated Statement of Financial Position			
Liabilities			
Replacement Reserve Fund	\$ -	\$ 193,734	\$ 193,734
Net debt	(1,953,871)	(193,734)	(2,147,605)
Accumulated surplus	11,215,199	(193,734)	11,021,465
Consolidated Statement of Operations			
Expenses			
Social Housing Fund	102,080	12,000	114,080
Current year surplus (deficit)	704,803	(12,000)	692,803
Accumulated surplus, beginning of year	10,510,396	(181,734)	10,328,662
Accumulated surplus, end of year	11,215,199	(193,734)	11,021,465
Consolidated Statement of Change in Net Debt			
Net debt at beginning of year	(290,990)	(181,734)	(472,724)
Net debt at end of year	\$ (1,953,871)	\$ (193,734)	\$ (2,147,605)

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

19. COMPARATIVE AMOUNTS

The financial statements for the year ended March 31, 2022 were reported on by another firm of Chartered Professional Accountants who issued a qualified opinion in their Independent Auditor's Report dated March 17, 2023.