

SKATIN NATIONS

FINANCIAL STATEMENTS

March 31, 2024

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SKATIN NATIONS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2024

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.

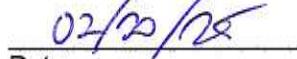
On behalf of Skatin Nations:



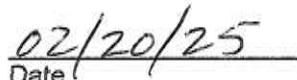
Chief



Councillor



Date



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, 2024, 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, 2024, and the results of its operations, its changes in its net debt, and its cash flows for the year then ended in accordance with Public Sector Accounting Standards .

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, 2024. 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, 2024. 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.

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.
February 20, 2025

SKATIN NATIONS

STATEMENT OF FINANCIAL POSITION

As at March 31	2024	2023
FINANCIAL ASSETS		
Cash	\$ 158,606	\$ 1,102,998
Restricted cash (Note 2)	388,101	367,499
Accounts receivable (Note 4)	924,349	352,202
Loans receivable (Note 3)	2,000,000	2,000,000
Long-term investments (Note 5)	611	611
	3,471,667	3,823,310
LIABILITIES		
Bank indebtedness	200,660	-
Accounts payable (Note 6)	624,276	718,466
Deferred revenue (Note 7)	468,008	910,501
Long-term debt (Note 8)	6,219,830	5,654,619
Replacement Reserve Fund (Note 9)	19,409	343,734
CMHC Mortgage (Note 10)	187,468	259,242
	7,719,651	7,886,562
NET DEBT	(4,247,984)	(4,063,252)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 11)	17,675,591	15,781,889
Prepaid expenses	327,573	171,540
	18,003,164	15,953,429
ACCUMULATED SURPLUS	\$ 13,755,180	\$ 11,890,177

APPROVED ON BEHALF OF THE SKATIN NATIONS

Paula K., Chief
Yvonne Williams, Councillor

SKATIN NATIONS

STATEMENT OF CHANGE IN NET DEBT

For the year ended March 31	2024 Budget	2024 Actual	2023
<u>ANNUAL SURPLUS</u>	\$ -	\$ 1,865,003	\$ 868,712
Acquisition of tangible capital assets (Note 11)	-	(2,571,139)	(3,253,928)
Amortization of tangible capital assets (Note 11)	-	637,445	567,695
Disposal of tangible capital assets	-	39,992	-
	-	(1,893,702)	(2,686,233)
Acquisition of prepaid asset	-	(327,573)	(171,540)
Use of prepaid asset	-	171,540	73,414
	-	(156,033)	(98,126)
DECREASE IN NET FINANCIAL ASSETS	-	(184,732)	(1,915,647)
<u>NET DEBT AT BEGINNING OF YEAR</u>	-	(4,063,252)	(2,147,605)
NET DEBT AT END OF YEAR	\$ -	\$ (4,247,984)	\$ (4,063,252)

SKATIN NATIONS

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31	2024 Budget	2024 Actual	2023 Actual
REVENUE			
Indigenous Services Canada	\$ -	\$ 3,642,870	\$ 3,484,872
Province of BC	-	1,812,759	1,166,958
First Nations Education Steering Committee	-	432,518	488,972
First Peoples' Cultural Council	-	331,175	20,000
BC Aboriginal Child Care Society	-	291,050	-
New Relationship Trust	-	260,000	-
Logging income, net	-	256,927	228,254
Interest	-	191,146	140,689
Rental	-	132,650	101,861
BC Hydro	-	45,208	45,208
Canada Mortgage and Housing Corporation	-	43,181	43,181
Ottawa Trust Funds	-	5,059	4,532
First Nations Health Authority	-	-	68,000
Other (Note 16)	-	375,539	628,898
	-	7,820,082	6,421,425
EXPENSES			
Local Government Services	-	1,420,852	1,043,556
Economic Development	-	408,537	45,184
Social Services	-	604,965	662,881
Education and Training	-	2,311,117	2,148,782
Municipal Services - O&M Programs	-	483,777	303,669
Capital Projects	-	489,889	332,111
Capital Fund	-	565,671	491,781
Social Housing Fund	-	112,764	264,837
	-	6,397,572	5,292,801
ANNUAL SURPLUS BEFORE PROCEEDS FROM LONG-TERM DEBT	-	1,422,510	1,128,624
PROCEEDS FROM LONG-TERM DEBT			
Transfer from deferred revenue	-	442,493	-
Transfer to deferred revenue	-	-	(259,912)
	-	442,493	(259,912)
ANNUAL SURPLUS	-	1,865,003	868,712
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	11,890,177	11,021,465
ACCUMULATED SURPLUS AT END OF YEAR	\$ -	\$ 13,755,180	\$ 11,890,177

SKATIN NATIONS

STATEMENT OF CASH FLOWS

For the year ended March 31, 2024	2024	2023
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 1,865,003	\$ 868,712
Amortization of tangible capital assets	637,445	567,695
Disposal of tangible capital assets	39,992	-
	2,542,440	1,436,407
Change in non-cash operating working capital		
Accounts receivable	(572,147)	(238,363)
Prepaid expenses	(156,033)	(98,126)
Accounts payable	(94,191)	163,152
Deferred revenue	(442,493)	259,912
Replacement Reserve Fund	(324,325)	150,000
	953,251	1,672,982
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(2,571,139)	(3,253,928)
FINANCING ACTIVITIES		
Proceeds of long-term debt	565,211	2,490,417
Repayment of CMHC Mortgage	(71,773)	(71,076)
	493,438	2,419,341
INVESTING ACTIVITIES		
Loan receivable	-	(1,000,000)
Restricted cash	(20,602)	(17,286)
	(20,602)	(1,017,286)
INCREASE IN CASH AND CASH EQUIVALENTS	(1,145,052)	(178,891)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,102,998	1,281,889
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (42,054)	\$ 1,102,998

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

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, 2024

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, 2024

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, 2024

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.

	2024	2023
Operating Reserve Fund - restricted cash	\$ 35,513	\$ 32,045
Replacement Reserve Fund - restricted cash	225,851	213,776
St'at'imc (PC) 2011 Trust Funds - restricted cash	286	286
Ottawa Trust Fund - restricted cash	126,451	121,392
	<hr/> \$ 388,101	<hr/> \$ 367,499

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2024

3. LOANS RECEIVABLE

	2024	2023
Note receivable advanced 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, renewed November 17, 2023 for another 1 year term.	1,000,000	1,000,000
	\$ 2,000,000	\$ 2,000,000

4. ACCOUNTS RECEIVABLE

	2024	2023
BC Aboriginal Child Care Society	\$ 20,000	\$ -
BC Childcare New Spaces Fund	145,029	-
Indigenous Services Canada	382,937	34,212
GST receivable	140,774	115,207
First Peoples' Heritage, Language & Culture Council	117,853	-
First Nations Education Steering Committee	35,596	32,737
Canada Mortgage and Housing Corporation	3,598	141,598
Loan interest receivable	80,000	-
Rent receivable	541,802	541,802
Black Mount Logging Inc.	-	8,574
Other	13,772	29,424
	1,481,361	903,554
Allowance for doubtful accounts	(557,012)	(551,352)
	\$ 924,349	\$ 352,202

5. LONG-TERM INVESTMENTS

	2024	2023
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

	2024	2023
Accounts payable - general	\$ 483,046	\$ 431,489
ISC Payable - Basic Needs	-	172,452
Wages and benefits payable	141,230	114,525
	\$ 624,276	\$ 718,466

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2024

7. DEFERRED REVENUE

	March 31, 2023	Revenue recognized, 2024	March 31, 2024
Indigenous Services Canada	\$ 910,501	\$ (442,493)	\$ 468,008

8. LONG-TERM DEBT

	2024	2023
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, 2024. As at March 31, 2024, prime was 7.2%.	\$ 1,152,600	\$ 1,168,990
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, 2024, prime was 7.2%.	972,368	977,850
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, 2024, prime was 7.2%.	3,710,862	3,094,836
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, 2024, prime was 7.2%.	384,000	412,943
	\$ 6,219,830	\$ 5,654,619

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:

2025	\$ 1,706,823
2026	180,723
2027	4,332,284
	\$ 6,219,830

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2024

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.

	2024	2023
Balance, beginning of year	\$ 343,734	\$ 193,734
Contributions, required during the year	12,000	150,000
Capital replacements	(336,325)	-
	<hr/> \$ 19,409	<hr/> \$ 343,734

10. CMHC MORTGAGES

	Phase number	Maturity date	Interest rate	Monthly payment	2024	2023
19-360-387-001	1	9/1/2025	0.76%	\$ 2,401	\$ 42,961	\$ 71,330
19-360-387-003	3	6/1/2027	1.13%	\$ 3,775	\$ 144,507	\$ 187,912
					<hr/> 187,468	<hr/> 259,242
					<hr/> \$ 187,468	<hr/> \$ 259,242

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

The estimated principal repayments for the next 3 years are:

	\$
2025	72,486
2026	58,728
2027	56,036
Total	<hr/> 187,468

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

11. TANGIBLE CAPITAL ASSETS

	Cost			Accumulated amortization				2024 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	
Land	\$ 643,243	\$ -	\$ -	\$ 643,243	\$ -	\$ -	\$ -	\$ 643,243
Buildings	14,205,467	1,553,916	-	15,759,383	5,158,038	368,165	-	5,526,203 10,233,180
Automotive equipment	413,090	131,140	(50,931)	493,299	199,431	87,317	(10,939)	275,809 217,490
Computer equipment	134,014	-	-	134,014	115,963	13,605	-	129,568 4,446
Furniture and fixtures	44,244	-	-	44,244	36,218	6,906	-	43,124 1,120
Equipment	210,058	136,596	-	346,654	77,095	42,045	-	119,140 227,514
Buildings under construction	4,474,774	749,487	-	5,224,261	-	69,657	-	69,657 5,154,604
Dyking	364,618	-	-	364,618	325,060	1,582	-	326,642 37,976
Power system	491,572	-	-	491,572	248,308	9,731	-	258,039 233,533
Water systems	164,300	-	-	164,300	97,674	2,665	-	100,339 63,961
Residential buildings	1,889,402	-	-	1,889,402	995,106	35,772	-	1,030,878 858,524
	\$ 23,034,782	\$ 2,571,139	\$ (50,931)	\$ 25,554,990	\$ 7,252,893	\$ 637,445	\$ (10,939)	\$ 7,879,399 \$ 17,675,591

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

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

12. 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 \$624,276 (2023 - \$718,466). 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 \$924,349 (2023 - \$352,202). 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.

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2024

13. EXPENSES BY OBJECT

For the year ended March 31		2024 Budget	2024 Actual	2023 Actual
Amortization	\$ -	\$ 637,444	\$ 567,695	
Bad debts (recoveries)	-	30,412	8,472	
Basic Needs	-	119,050	84,487	
Brighter Futures	-	15,201	17,168	
Community events	-	59,198	-	
Construction costs	-	30,414	-	
Contractors	-	534,608	434,225	
Covid expenses	-	-	172,729	
Donations	-	11,000	1,000	
Equipment leases	-	1,865	4,458	
Field trips	-	100,343	83,673	
Funeral expenses	-	5,450	9,619	
Honoraria	-	62,281	8,500	
Insurance	-	105,183	88,129	
Interest and bank charges	-	122,165	2,509	
Loan payments	-	2,284	3,016	
Meals	-	59,636	52,697	
Meeting expenses	-	9,549	13,106	
Member distributions	-	364,923	-	
Office and administrative	-	465,452	322,997	
Post Secondary tuition	-	96,940	155,041	
Power outage expenses	-	85,031	-	
Professional fees	-	117,407	60,271	
Rent (recovery)	-	(4,341)	26,700	
Repairs and maintenance	-	255,560	280,486	
Replacement reserve	-	12,000	150,000	
Shelter	-	22,787	35,107	
Special needs	-	18,109	39,700	
Staff training	-	53,922	62,615	
Student Incentives	-	7,292	8,694	
Supplies	-	93,219	73,436	
Tangible capital asset acquisition	-	196,293	194,358	
Travel	-	300,742	249,351	
Utilities and telephone	-	127,236	125,936	
Vehicle expenses	-	95,165	112,614	
Wages and benefits	-	2,183,752	1,844,012	
	\$ -	\$ 6,397,572	\$ 5,292,801	

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS March 31, 2024

14. RELATED PARTY TRANSACTIONS

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

The First Nation paid \$9,815 (2023 - \$8,734) during the year for travel expenditures and \$nil (2023 - \$2,100) for honoraria expenditures to Rex Grant, a related party through the Recipient Appointed Advisor.

The First Nation paid \$400,044 (2023 - \$299,001) during the year for accounting and bookkeeping fees and \$65,049 (2023 - \$346,925) for project management fees to Tyhee Financial Services Ltd., a related party through the Recipient Appointed Advisor.

The First Nation paid \$15,135 (2023 - \$17,450) 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 \$50,400 (2023 - \$ nil) during the year for consulting services to Rex Grant & Company, 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.

15. ECONOMIC DEPENDENCE

Skatin Nations receives a significant portion (2024 - 47% and 2023 - 55%) 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.

16. OTHER REVENUE

	2024	2023
St'at'imc (PC) 2011 Trust	\$ 172,000	\$ 477,078
Southern St'l'atl'imx Health Society	24,462	-
Miscellaneous	6,625	8,742
CMHC - Special contribution	-	138,000
In-SHUCK-ch Management Services Limited Partnership	-	5,078
Other	172,452	-
	<hr/>	<hr/>
	\$ 375,539	\$ 628,898

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

17. 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		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 834,279	\$ 420,049	\$ -	\$ -	\$ -	\$ -	\$ 511,652	\$ 534,386
First Nations Health Authority	-	-	-	-	-	-	-	-	68,000
Interest	-	190,000	140,000	-	-	-	-	-	-
First Peoples' Cultural Council	-	100,000	-	-	-	-	-	-	-
Province of BC	-	91,164	-	-	851,421	586,842	-	-	-
Other revenue	-	288,145	81,780	-	256,927	228,254	-	284,462	-
Total revenue	-	1,503,588	641,829	-	1,108,348	815,096	-	796,114	602,386
Expenses									
Contractors	-	281,116	123,094	-	-	-	-	6,224	-
Covid expenses	-	-	-	-	-	-	-	-	172,729
Office and administrative	-	421,330	239,462	-	2,116	3,313	-	-	10,057
Repairs and maintenance	-	8,753	2,504	-	2,131	-	-	-	(36,518)
Supplies	-	-	-	-	-	-	-	4,412	27,809
Travel	-	84,282	118,095	-	396	-	-	47,276	23,921
Utilities and telephone	-	15,187	36,725	-	-	-	-	-	3,727
Wages and benefits	-	356,800	397,009	-	-	-	-	235,382	260,417
Other expenses	-	253,384	126,667	-	403,894	41,871	-	311,671	200,739
Total expenses	-	1,420,852	1,043,556	-	408,537	45,184	-	604,965	662,881
Annual surplus (deficit)	\$ -	\$ 82,736	\$ (401,727)	-	\$ 699,811	\$ 769,912	-	\$ 191,149	\$ (60,495)

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

17. SEGMENTED INFORMATION, continued

	Education and Training			Municipal Services - O&M Programs			Capital Projects		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 1,903,997	\$ 2,088,505	-	\$ 274,707	\$ 304,963	-	\$ 118,235	\$ 136,969
First Nations Education Steering Committee	-	432,518	488,972	-	-	-	-	-	-
First Peoples' Cultural Council	-	231,175	20,000	-	-	-	-	-	-
Province of BC	-	-	-	-	-	-	-	870,174	580,116
Other revenue	-	76,050	4,973	-	-	-	-	215,000	-
Total revenue	-	2,643,740	2,602,450	-	274,707	304,963	-	1,203,409	717,085
Expenses									
Contractors	-	100,742	148,932	-	120,973	162,199	-	25,553	-
Office and administrative	-	36,152	63,393	-	-	-	-	851	1,774
Repairs and maintenance	-	110,328	160,373	-	26,177	33,786	-	108,171	103,570
Supplies	-	88,807	45,627	-	-	-	-	-	-
Travel	-	162,823	107,335	-	5,965	-	-	-	-
Utilities and telephone	-	96,166	79,823	-	15,883	5,661	-	-	-
Wages and benefits	-	1,251,567	1,070,014	-	295,641	83,173	-	44,362	33,399
Other expenses (recoveries)	-	464,532	473,285	-	19,138	18,850	-	310,952	193,368
Total expenses	-	2,311,117	2,148,782	-	483,777	303,669	-	489,889	332,111
Other income	-	332,623	453,668	-	(209,070)	1,294	-	713,520	384,974
Annual surplus (deficit)	\$ -	\$ 332,623	\$ 453,668	-	\$ (209,070)	\$ 1,294	-	\$ 1,156,013	\$ 125,062

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

17. SEGMENTED INFORMATION, continued

	St'at'imc (PC) Trust			Treaty			Capital Fund		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Other revenue	\$ -	\$ 172,000	\$ 477,078	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenue	-	172,000	477,078	-	-	-	-	-	-
Expenses									
Other expenses	-	-	-	-	-	-	-	565,671	491,781
Total expenses	-	-	-	-	-	-	-	565,671	491,781
Other income	-	172,000	477,078	-	-	-	-	(565,671)	(491,781)
Annual surplus (deficit)	\$ -	\$ 172,000	\$ 477,078	\$ -	\$ -	\$ -	\$ -	\$ (565,671)	\$ (491,781)

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

17. SEGMENTED INFORMATION, continued

	Social Housing Fund			Trust Fund			Consolidated totals		
	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual	2024 Budget	2024 Actual	2023 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,642,870	\$ 3,484,872
Canada Mortgage and Housing Corporation	-	43,181	43,181	-	-	-	-	43,181	43,181
First Nations Health Authority	-	-	-	-	-	-	-	-	68,000
First Nations Education Steering Committee	-	-	-	-	-	-	-	432,518	488,972
Interest	-	1,146	689	-	-	-	-	191,146	140,689
First Peoples' Cultural Council	-	-	-	-	-	-	-	331,175	20,000
Province of BC	-	-	-	-	-	-	-	1,812,759	1,166,958
Other revenue	-	68,790	212,136	-	5,059	4,532	-	1,366,433	1,008,753
Total revenue	-	113,117	256,006	-	5,059	4,532	-	7,820,082	6,421,425
Expenses									
Contractors	-	-	-	-	-	-	-	534,608	434,225
Covid expenses	-	-	-	-	-	-	-	-	172,729
Office and administrative	-	5,000	5,000	-	-	-	-	465,449	322,999
Repairs and maintenance	-	-	16,771	-	-	-	-	255,560	280,486
Supplies	-	-	-	-	-	-	-	93,219	73,436
Travel	-	-	-	-	-	-	-	300,742	249,351
Utilities and telephone	-	-	-	-	-	-	-	127,236	125,936
Wages and benefits	-	-	-	-	-	-	-	2,183,752	1,844,012
Other expenses	-	107,764	243,066	-	-	-	-	2,437,006	1,789,627
Total expenses	-	112,764	264,837	-	-	-	-	6,397,572	5,292,801
Other income	-	353	(8,831)	-	5,059	4,532	-	1,422,510	1,128,624
Annual surplus (deficit)	\$ -	\$ 353	\$ (8,831)	-	\$ 5,059	\$ 4,532	-	\$ 1,865,003	\$ 868,712