

SKATIN NATIONS

FINANCIAL STATEMENTS

March 31, 2024

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

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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.

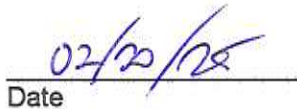
On behalf of Skatin Nations:



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 Tsetspa7 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

 , Chief

 , Councillor

SKATIN NATIONS

STATEMENT OF CHANGE IN NET DEBT

| For the year ended March 31 | 2024 Budget | 2024 Actual | 2023 |
|---|----------------|----------------|----------------|
| ANNUAL SURPLUS | \$ - | \$ 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) |
| NET DEBT AT BEGINNING OF YEAR | - | (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 |
| | \$ 388,101 | \$ 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) | - |
| | \$ 19,409 | \$ 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 |
| | | | | | 187,468 | 259,242 |
| | | | | | \$ 187,468 | \$ 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 | 187,468 |

SKATIN NATIONS

NOTES TO FINANCIAL STATEMENTS

March 31, 2024

11. TANGIBLE CAPITAL ASSETS

| | Cost | | | Accumulated amortization | | | | | |
|------------------------------|----------------------------------|--------------|-------------|--------------------------|----------------------------------|--------------|---|-------------------------|------------------------|
| | Balance, beginning of year | Additions | Disposals | Balance, end of year | Balance, beginning of year | Amortization | Accumulated amortization on disposals | Balance, end of year | 2024 net book value |
| 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 | | | | | |
|------------------------------|----------------------------------|--------------|-----------|--------------------------|----------------------------------|--------------|---|-------------------------|------------------------|
| | Balance, beginning of year | Additions | Disposals | Balance, end of year | Balance, beginning of year | Amortization | Accumulated amortization on disposals | Balance, end of year | 2023 Net book value |
| 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'at'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 | - |
| | \$ 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 |
| | - | - | - | - | - | - | - | 442,493 | (259,912) |
| 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

| | 2024 Budget | St'at'imc (PC) Trust 2024 Actual | 2023 Actual | 2024 Budget | Treaty 2024 Actual | 2023 Actual | 2024 Budget | Capital Fund 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 | |
| | - | - | - | - | - | - | - | 442,493 | (259,912) | |
| Annual surplus (deficit) | \$ - | \$ 353 | \$ (8,831) | \$ - | \$ 5,059 | \$ 4,532 | \$ - | \$ 1,865,003 | \$ 868,712 | |