

SKATIN NATIONS

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

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CONSOLIDATED FINANCIAL STATEMENTS March 31, 2025

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INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

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SKATIN NATIONS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

March 31, 2025

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.

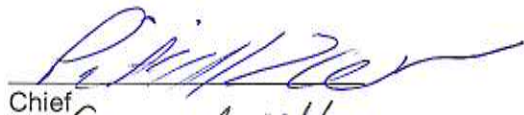
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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.

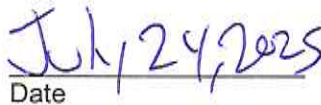
On behalf of Skatin Nations:



Chief



Councillor



Date



Date

Independent Auditors' Report

To the Members of
Skatin Nations

Qualified Opinion

We have audited the consolidated financial statements of Skatin Nations, which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2025, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

Skatin Nations an interest in the Tsetspa7 Forestry Limited Partnership and would account for this by the modified equity method on the consolidated statement of financial position as at March 31, 2025 and March 31, 2024, and any net income would be reported in the consolidated statement of operations for the years then ended. However, its interest in the limited partnership has not been recorded in the consolidated 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, 2025 and March 31, 2024. Consequently, we were not able to determine whether any adjustments to these amounts were necessary. Our audit opinion on the financial statements for the year ended March 31, 2024 was also qualified for the same reason.

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 Consolidated 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 consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

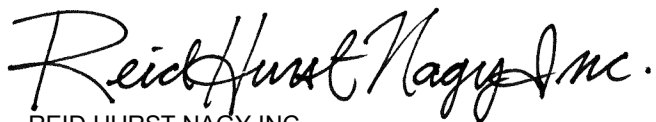
Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
JULY 24, 2025

SKATIN NATIONS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31	2025	2024
FINANCIAL ASSETS		
Cash	\$ 71,682	\$ 158,606
Restricted cash (Note 2)	181,325	388,101
Accounts receivable (Note 4)	784,443	924,349
Short-term loans receivable (Note 3)	1,000,000	1,000,000
Loans receivable (Note 3)	1,000,000	1,000,000
Investment in government businesses (Note 5)	611	611
	3,038,061	3,471,667
LIABILITIES		
Bank indebtedness (Note 6)	405,760	200,660
Accounts payable (Note 7)	443,332	624,276
Deferred revenue (Note 8)	-	468,008
Loans payable (Note 9)	6,215,795	6,219,830
Replacement Reserve Fund (Note 10)	31,409	19,409
CMHC Mortgage (Note 11)	114,979	187,468
	7,211,275	7,719,651
NET DEBT	(4,173,214)	(4,247,984)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	18,012,422	17,675,591
Prepaid expenses	99,770	327,573
	18,112,192	18,003,164
ACCUMULATED SURPLUS	\$ 13,938,978	\$ 13,755,180

APPROVED ON BEHALF OF THE SKATIN NATIONS

 Chief
 Councillor

SKATIN NATIONS

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended March 31	2025 Budget	2025 Actual	2024
ANNUAL SURPLUS	\$ -	\$ 183,798	\$ 1,865,003
Acquisition of tangible capital assets (Note 13)	-	(1,152,567)	(2,571,139)
Amortization of tangible capital assets (Note 13)	-	779,715	637,445
Disposal of tangible capital assets (Note 13)	-	36,021	39,992
	-	(336,831)	(1,893,702)
Acquisition of prepaid asset	-	(99,770)	(327,573)
Use of prepaid asset	-	327,573	171,540
	-	227,803	(156,033)
DECREASE IN NET FINANCIAL ASSETS	-	74,770	(184,732)
NET DEBT AT BEGINNING OF YEAR	-	(4,247,984)	(4,063,252)
NET DEBT AT END OF YEAR	\$ -	\$ (4,173,214)	\$ (4,247,984)

SKATIN NATIONS

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

	2025 Budget	2025 Actual	2024 Actual
REVENUE			
Indigenous Services Canada	\$ -	\$ 3,234,089	\$ 3,642,870
Province of BC	-	1,627,980	1,812,759
Logging income, net	-	658,517	256,927
First Nations Education Steering Committee	-	502,334	432,518
New Relationship Trust	-	260,000	260,000
Southern Stl'atl'imx Health Society	-	234,324	24,462
Interest	-	200,993	191,146
Four Pillars Society	-	200,000	-
Rental	-	181,620	132,650
Union of BC Municipalities	-	142,550	-
First Nations Health Authority	-	64,435	-
Canada Mortgage and Housing Corporation	-	43,181	43,181
BC Hydro	-	27,708	45,208
Ottawa Trust Funds	-	5,152	5,059
BC Aboriginal Child Care Society	-	-	291,050
First Peoples' Cultural Council	-	(57,088)	331,175
Other (Note 16)	-	187,613	351,077
	-	7,513,408	7,820,082
EXPENSES			
Local Government Services	-	1,798,131	1,420,852
Economic Development	-	211,175	408,537
Social Services	-	946,063	604,965
Education and Training	-	2,977,442	2,311,117
Municipal Services - O&M Programs	-	641,647	483,777
Capital Projects	-	399,952	489,889
Capital Fund	-	707,225	565,671
Social Housing Fund	-	115,983	112,764
	-	7,797,618	6,397,572
ANNUAL SURPLUS (DEFICIT) BEFORE RECOGNITION OF DEFERRED REVENUE	-	(284,210)	1,422,510
RECOGNITION OF DEFERRED REVENUE			
Transfer from deferred revenue	-	468,008	442,493
ANNUAL SURPLUS	-	183,798	1,865,003
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	-	13,755,180	11,890,177
ACCUMULATED SURPLUS AT END OF YEAR	\$ -	\$ 13,938,978	\$ 13,755,180

SKATIN NATIONS

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2025	2025	2024
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 183,798	\$ 1,865,003
Amortization of tangible capital assets	779,715	637,445
Disposal of tangible capital assets	36,021	39,992
	999,534	2,542,440
Change in non-cash operating working capital		
Accounts receivable	139,906	(572,147)
Prepaid expenses	227,803	(156,033)
Accounts payable	(180,943)	(94,191)
Deferred revenue	(468,008)	(442,493)
Replacement Reserve Fund	12,000	(324,325)
	730,292	953,251
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(1,152,567)	(2,517,139)
FINANCING ACTIVITIES		
Proceeds (repayment) of loans payable	(4,035)	565,211
Repayment of CMHC Mortgage	(72,490)	(71,773)
	(76,525)	493,438
INVESTING ACTIVITIES		
Restricted cash	206,776	(20,602)
INCREASE IN CASH AND CASH EQUIVALENTS	(292,024)	(1,145,052)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(42,054)	1,102,998
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ (334,078)	\$ (42,054)
CASH AND CASH EQUIVALENTS ARE REPRESENTED BY:		
Cash	\$ 71,682	\$ 158,606
Bank indebtedness	(405,760)	(200,660)
	\$ (334,078)	\$ (42,054)

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

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 Chartered Professional Accountants of Canada.

(a) 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)

The investment in Tsetsa7 Forestry Limited Partnership (24.4% interest) has not been consolidated into these Financial Statements, as we were unable to obtain sufficient appropriate audit evidence on the carrying amount of Skatin Nations' interest in the Partnership.

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(b) 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.

(c) 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 CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(e) 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.

(f) Replacement Reserve

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

(g) 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.

(h) 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 CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Liability for Contaminated Sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) Douglas Indian Band is directly responsible or accepts responsibility
- (iv) it is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

As at March 31, 2024 and 2025, no liability for contaminated sites has been recorded.

(j) Asset Retirement Obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Nation reviews the carrying amount of the liability. The Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

As at March 31, 2025 and 2024, the Nation has not identified any asset retirement obligations, therefore no liability has been recorded.

(k) 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, and accounts payable and accrued liabilities. Actual results could differ from these estimates.

(l) 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.

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

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.

	2025	2024
Operating Reserve Fund - restricted cash	\$ 36,505	\$ 35,513
Replacement Reserve Fund - restricted cash	12,932	225,851
St'at'imc (PC) 2011 Trust Funds - restricted cash	286	286
Ottawa Trust Fund - restricted cash	131,602	126,451
	\$ 181,325	\$ 388,101

3. LOANS RECEIVABLE

	2025	2024
Note receivable advanced on November 17, 2022 at the interest rate of 12.00% per annum, renewed annually and scheduled to mature in November 2025.	\$ 1,000,000	\$ 1,000,000
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
	\$ 2,000,000	\$ 2,000,000

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

4. ACCOUNTS RECEIVABLE

	2025	2024
BC Aboriginal Child Care Society	\$ 20,000	\$ 20,000
BC Childcare New Spaces Fund	145,209	145,029
Indigenous Services Canada	211,021	382,937
GST receivable	134,931	140,774
First Peoples' Heritage, Language & Culture Council	-	117,853
First Nations Education Steering Committee	137,851	35,596
First Nations Health Authority	64,435	-
Canada Mortgage and Housing Corporation	3,598	3,598
Union of BC Municipalities	71,275	-
Loan interest receivable	-	80,000
Rent receivable	541,802	541,802
Other	6,333	13,772
	1,336,455	1,481,361
Allowance for doubtful accounts	(552,012)	(557,012)
	\$ 784,443	\$ 924,349

5. INVESTMENT IN GOVERNMENT BUSINESSES

	2025	2024
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. BANK INDEBTEDNESS

The First Nation has a revolving credit facility with the Bank of Montreal, which is used to finance short-term operating requirements. The credit facility has an authorized limit of \$500,000, and bears interest at prime plus 1.0%, calculated and payable monthly. The facility is secured by a general security agreement over the assets of the entity.

7. ACCOUNTS PAYABLE

	2025	2024
Accounts payable - general	\$ 329,764	\$ 483,046
Wages and benefits payable	113,568	141,230
	\$ 443,332	\$ 624,276

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

8. DEFERRED REVENUE

	March 31, 2024	Revenue recognized, 2025	March 31, 2025
Indigenous Services Canada	\$ 468,008	\$ (468,008)	\$ -

9. LOANS PAYABLE

	2025	2024
Bank of Montreal - Variable rate demand loan with payments of \$8,963 per month including interest at prime + 1% per annum. As at March 31, 2025, prime was 4.95%.	\$ 1,115,833	\$ 1,152,600
Bank of Montreal - Variable rate demand loan with payments of \$7,035 per month including interest at prime + 1% per annum. As at March 31, 2025, prime was 4.95%.	958,059	972,368
Bank of Montreal - Variable rate demand loan with interest-only payments at prime + 1% per annum. As at March 31, 2025, prime was 4.95%.	4,141,903	3,710,862
Bank of Montreal - Variable rate demand loan with interest-only payments at prime rate. The loan was fully repaid in June 2024	-	384,000
	\$ 6,215,795	\$ 6,219,830

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

10. 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.

	2025	2024
Balance, beginning of year	\$ 19,409	\$ 343,734
Contributions, required during the year	12,000	12,000
Capital replacements	-	(336,325)
	\$ 31,409	\$ 19,409

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

11. CMHC MORTGAGES

	Phase number	Maturity date	Interest rate	Monthly payment	2025	2024
19-360-387-001	1	9/1/2025	0.76%	\$ 2,401	\$ 14,374	\$ 42,961
19-360-387-003	3	6/1/2027	1.13%	3,775	100,605	144,507
					114,979	187,468
				\$	114,979	\$ 187,468

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:

	\$
2026	58,772
2027	44,903
2028	11,304
Total	<u>114,979</u>

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 \$443,332 (2024 - \$624,276). 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 \$784,443 (2024 - \$924,349). 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 CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

13. 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	2025 net book value
Land	\$ 643,243	\$ -	\$ -	\$ 643,243	\$ -	\$ -	\$ -	\$ -	\$ 643,243
Buildings	19,136,069	181,000	-	19,317,069	5,595,860	567,118	-	6,162,978	13,154,091
Automotive equipment	493,299	67,394	(69,271)	491,422	275,809	79,136	(33,250)	321,695	169,727
Computer equipment	134,014	-	-	134,014	129,568	4,444	-	134,012	2
Furniture and fixtures	44,244	98,382	-	142,626	43,124	20,797	-	63,921	78,705
Equipment	346,654	24,950	-	371,604	119,140	60,461	-	179,601	192,003
Buildings under construction	1,847,575	780,841	-	2,628,416	-	-	-	-	2,628,416
Dyking	364,618	-	-	364,618	326,642	1,519	-	328,161	36,457
Power system	491,572	-	-	491,572	258,039	9,341	-	267,380	224,192
Water systems	164,300	-	-	164,300	100,339	2,558	-	102,897	61,403
Residential buildings	1,889,402	-	-	1,889,402	1,030,878	34,341	-	1,065,219	824,183
	\$ 25,554,990	\$ 1,152,567	\$ (69,271)	\$ 26,638,286	\$ 7,879,399	\$ 779,715	\$ (33,250)	\$ 8,625,864	\$ 18,012,422

	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	18,360,037	776,032	-	19,136,069	5,158,038	437,822	-	5,595,860	13,540,209
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	320,204	1,527,371	-	1,847,575	-	-	-	-	1,847,575
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

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

14. EXPENSES BY OBJECT

For the year ended March 31	2025 Budget	2025 Actual	2024 Actual
Amortization	\$ -	\$ 779,715	\$ 637,444
Bad debts (recoveries)	-	14,721	30,412
Basic Needs	-	131,159	119,050
Brighter Futures	-	14,045	15,201
Community events	-	-	59,198
Construction costs	-	15,647	30,414
Contractors	-	531,313	534,608
Donations	-	10,300	11,000
Equipment leases	-	79	1,865
Field trips	-	6,911	100,343
Funeral expenses	-	14,968	5,450
GST rebate expired	-	41,374	-
Honoraria	-	106,053	62,281
Insurance	-	111,635	105,183
Interest and bank charges	-	479,087	122,165
Loan payments	-	1,567	2,284
Meals	-	32,897	59,636
Meeting expenses	-	43,986	9,549
Member distributions	-	165,500	364,923
Office and administrative	-	503,107	465,452
Post Secondary tuition	-	120,755	96,940
Power outage expenses	-	-	85,031
Professional fees	-	245,275	117,407
Rent (recovery)	-	(4,470)	(4,341)
Repairs and maintenance	-	1,217,929	255,560
Replacement reserve	-	12,000	12,000
Shelter	-	61,227	22,787
Special needs	-	27,464	18,109
Staff training	-	109,268	53,922
Student Incentives	-	4,471	7,292
Supplies	-	38,330	93,219
Tangible capital asset acquisition	-	-	196,293
Travel	-	304,358	300,742
Utilities and telephone	-	180,140	127,236
Vehicle expenses	-	154,102	95,165
Wages and benefits	-	2,322,705	2,183,752
	\$ -	\$ 7,797,618	\$ 6,397,572

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

15. RELATED PARTY TRANSACTIONS

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

The First Nation paid \$19,940 (2024 - \$9,815) during the year for travel expenditures to Rex Grant, a related party through the Recipient Appointed Advisor.

The First Nation paid \$441,150 (2024 - \$400,044) during the year for accounting and bookkeeping fees to Tyhee Financial Services Ltd., a related party through the Recipient Appointed Advisor.

The First Nation paid \$22,910 (2024 - \$15,135) 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 \$160,200 (2024 - \$ 50,400) 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.

16. ECONOMIC DEPENDENCE

Skatin Nations receives a significant portion (2025 - 43% and 2024 - 47%) 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.

17. OTHER REVENUE

	2025	2024
St'at'imc (PC) 2011 Trust	\$ 178,000	\$ 172,000
Miscellaneous	7,634	6,625
Other	-	172,452
Gain on disposal of capital assets	1,979	-
	\$ 187,613	\$ 351,077

18. BUDGETED AMOUNTS

No operating budget was prepared for the 2025 fiscal year.

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

19. 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		
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 561,296	\$ 834,279	\$ -	\$ -	\$ -	\$ -	\$ 213,038	\$ 511,652
First Nations Health Authority	-	-	-	-	-	-	-	64,435	-
Interest	-	200,000	190,000	-	-	-	-	-	-
First Peoples' Cultural Council	-	-	100,000	-	-	-	-	-	-
Province of BC	-	45,502	91,164	-	657,981	851,421	-	-	-
Other revenue	-	135,192	288,145	-	801,067	256,927	-	496,958	284,462
Total revenue	-	941,990	1,503,588	-	1,459,048	1,108,348	-	774,431	796,114
Expenses									
Contractors	-	159,638	281,116	-	-	-	-	1,330	6,224
Office and administrative	-	295,509	421,330	-	7,336	2,116	-	2,000	-
Repairs and maintenance	-	16,240	8,753	-	-	2,131	-	-	-
Supplies	-	3,341	-	-	-	-	-	-	4,412
Travel	-	136,168	84,282	-	158	396	-	64,871	47,276
Utilities and telephone	-	11,499	15,187	-	-	-	-	6,584	-
Wages and benefits	-	453,103	356,800	-	-	-	-	455,186	235,382
Other expenses	-	722,633	253,384	-	203,681	403,894	-	416,092	311,671
Total expenses	-	1,798,131	1,420,852	-	211,175	408,537	-	946,063	604,965
Annual surplus (deficit)	\$ -	\$ (856,141)	\$ 82,736	\$ -	\$ 1,247,873	\$ 699,811	\$ -	\$ (171,632)	\$ 191,149

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

19. SEGMENTED INFORMATION, continued

	Education and Training			Municipal Services - O&M Programs			Capital Projects		
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ 1,983,786	\$ 1,903,997	\$ -	\$ 336,455	\$ 274,707	\$ -	\$ 139,514	\$ 118,235
First Nations Education Steering Committee	-	502,334	432,518	-	-	-	-	-	-
First Peoples' Cultural Council	-	(57,088)	231,175	-	-	-	-	-	-
Province of BC	-	91,164	-	-	-	-	-	833,333	870,174
Other revenue	-	205,000	76,050	-	-	-	-	-	215,000
Total revenue	-	2,725,196	2,643,740	-	336,455	274,707	-	972,847	1,203,409
Expenses									
Contractors	-	142,153	100,742	-	99,257	120,973	-	128,935	25,553
Office and administrative	-	186,992	36,152	-	-	-	-	6,265	851
Repairs and maintenance	-	610,215	110,328	-	357,622	26,177	-	233,852	108,171
Supplies	-	34,989	88,807	-	-	-	-	-	-
Travel	-	99,588	162,823	-	-	5,965	-	3,573	-
Utilities and telephone	-	108,795	96,166	-	46,993	15,883	-	6,269	-
Wages and benefits	-	1,291,017	1,251,567	-	116,834	295,641	-	6,565	44,362
Other expenses (recoveries)	-	503,693	464,532	-	20,941	19,138	-	14,493	310,952
Total expenses	-	2,977,442	2,311,117	-	641,647	483,777	-	399,952	489,889
Other income	-	(252,246)	332,623	-	(305,192)	(209,070)	-	572,895	713,520
Annual surplus (deficit)	\$ -	\$ (252,246)	\$ 332,623	\$ -	\$ (305,192)	\$ (209,070)	\$ -	\$ 1,040,903	\$ 1,156,013

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

19. SEGMENTED INFORMATION, continued

	2025 Budget	St'at'imc (PC) Trust 2025 Actual	2024 Actual	2025 Budget	Treaty 2025 Actual	2024 Actual	2025 Budget	Capital Fund 2025 Actual	2024 Actual
Revenues									
Other revenue	\$ -	\$ 178,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -	\$ 1,979	\$ -
Total revenue	-	178,000	172,000	-	-	-	-	1,979	-
Expenses									
Other expenses	-	-	-	-	-	-	-	707,225	565,671
Total expenses	-	-	-	-	-	-	-	707,225	565,671
Other income	-	178,000	172,000	-	-	-	-	(705,246)	(565,671)
Annual surplus (deficit)	\$ -	\$ 178,000	\$ 172,000	\$ -	\$ -	\$ -	\$ -	(705,246)\$	(565,671)

SKATIN NATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2025

19. SEGMENTED INFORMATION, continued

	Social Housing Fund				Trust Fund		Consolidated totals		
	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual	2025 Budget	2025 Actual	2024 Actual
Revenues									
Indigenous Services Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,234,089	\$ 3,642,870
Canada Mortgage and Housing Corporation	-	43,181	43,181	-	-	-	-	43,181	43,181
First Nations Health Authority	-	-	-	-	-	-	-	64,435	-
First Nations Education Steering Committee	-	-	-	-	-	-	-	502,334	432,518
Interest	-	993	1,146	-	-	-	-	200,993	191,146
First Peoples' Cultural Council	-	-	-	-	-	-	-	(57,088)	331,175
Province of BC	-	-	-	-	-	-	-	1,627,980	1,812,759
Other revenue	-	74,136	68,790	-	5,152	5,059	-	1,897,484	1,366,433
Total revenue	-	118,310	113,117	-	5,152	5,059	-	7,513,408	7,820,082
Expenses									
Contractors	-	-	-	-	-	-	-	531,313	534,608
Office and administrative	-	5,000	5,000	-	-	-	-	503,102	465,449
Repairs and maintenance	-	-	-	-	-	-	-	1,217,929	255,560
Supplies	-	-	-	-	-	-	-	38,330	93,219
Travel	-	-	-	-	-	-	-	304,358	300,742
Utilities and telephone	-	-	-	-	-	-	-	180,140	127,236
Wages and benefits	-	-	-	-	-	-	-	2,322,705	2,183,752
Other expenses	-	110,983	107,764	-	-	-	-	2,699,741	2,437,006
Total expenses	-	115,983	112,764	-	-	-	-	7,797,618	6,397,572
Other income	-	2,327	353	-	5,152	5,059	-	(284,210)	1,422,510
Annual surplus (deficit)	\$ -	\$ 2,327	\$ 353	\$ -	\$ 5,152	\$ 5,059	\$ -	\$ 183,798	\$ 1,865,003