



**Skin Tyee Nation
Financial Statements**

March 31, 2015

Skin Tyee Nation
INDEX TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

Management's Responsibility for Financial Reporting
Auditor's Report

SUMMARY FINANCIAL STATEMENTS

Summary Statement of Financial Position	Statement 1
Summary Statement of Operations	Statement 2
Consolidated Statement of Changes in Net Financial Assets	Statement 3
Summary Statement of Cash Flows	Statement 4
Notes to Financial Statements	

Skin Tyee Nation
March 31, 2015

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements for the Skin Tyee Nation and all the information in this annual report are the responsibility of management and have been approved by Council.

The financial statements have been prepared in conformity with Canadian generally accepted accounting principles as defined by the Public Sector Accounting and Auditing Handbook and the Canadian Institute of Chartered Accountants Handbook and where appropriate, include amounts that are based on management's best estimates and judgments. Management has established internal control systems to ensure that the financial information is objective and reliable and that the Skin Tyee Nation assets are appropriately accounted for and adequately safeguarded.

The financial statements have been audited by the independent auditors, Ribeyre & Company, whose report outlines the scope of their opinion on the financial statements.

Council carries out its responsibility for the financial statements through the Office of Chief and Council, which is comprised of a quorum of council. Council meets with the auditors to satisfy themselves on the adequacy of internal control and to review the financial statements and auditors' report.

Council reviewed the audited financial statements with the external auditors before making recommendations for presentation to the band membership.



Chief



Councilor

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Skin Tyee Nation

Skin Tyee Nation

Report on the Financial Statements

We have audited the accompanying financial statements of the Skin Tyee Nation, which comprise the summary statement of financial position as at March 31, 2015, and the summary statement of operations, summary statement of change in net debt, summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Skin Tyee Nation as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Coquitlam, B.C.
July 23, 2015

Chartered Accountants

Skin Tyee Nation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2015		Statement 1
	2015	2014
Financial assets		
Cash - Note 3	\$ 2,369,654	\$ 600,025
Restricted cash - Note 4	37,492	32,310
Accounts receivable - Note 5	539,619	567,503
Investments - Note 6	304,973	5,356
Trust moneys - Note 7	6,633	6,065
Total financial assets	3,258,371	1,211,259
Liabilities		
Accounts payable and accrued expenses	\$ 76,573	\$ 166,637
Long-term debt - Note 8	173,836	209,844
Total liabilities	250,409	376,481
Net financial assets (liabilities)	3,007,962	834,778
Non-financial assets		
Prepaid expenses and deposits	16,490	16,553
Tangible capital assets - Note 9	899,092	877,275
Total non-financial assets	915,582	893,828
Accumulated surplus - Note 10	\$ 3,923,544	\$ 1,728,606

See accompanying notes

On behalf of Band Council:


Chief


Councilor

Skin Tyee Nation

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2015	Statement 2		
	Budget	2015	2014
Revenues			
Operating Fund			
Aboriginal Affairs and Northern Development Canada	\$ 554,119	\$ 546,518	\$ 524,683
Coastal Gaslink Pipeline Ltd.	-	1,547,508	-
Enbridge	-	90,000	25,000
Forestry	-	171,976	137,856
First Nation Education Steering Committee	-	6,474	22,088
Pacific Trail Pipelines Ltd.	-	569,199	134,400
Prince George Nechako Aboriginal Employment Training Association	-	32,065	35,557
Province of British Columbia	-	586,950	50,000
Health Canada	-	7,601	7,200
Huckleberry Mines Ltd.	-	60,000	-
New Gold Inc.	-	-	140,000
Miscellaneous income	-	168,073	167,591
Tera Environmental Consultants	-	140,324	112,573
TransCanada Corporation	-	100,100	251,040
Social Housing Fund	13,863	13,863	1,862
Investment Fund income (loss)	-	-	-
Trust Fund	568	568	565
	568,550	4,041,219	1,610,415
Expenses			
Operating Fund			
Band government	203,481	369,013	234,570
Economic development	40,000	966,415	850,965
Social services	180,398	368,619	495,828
Education and training	71,239	83,710	99,214
Community infrastructure	39,847	68,659	39,847
Investment Fund	-	-	-
Social Housing Fund	36,597	36,009	38,181
	571,562	1,892,425	1,758,605
Annual (deficit) surplus	(3,012)	2,148,794	(148,190)
Accumulated surplus at beginning of year	1,728,606	1,728,606	1,897,391
Reimbursements (recoveries)	46,144	46,144	(20,595)
Accumulated surplus at end of year	\$1,771,738	\$3,923,544	\$1,728,606

See accompanying notes

Skin Tyee Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2015

Statement 4

	2015	2014
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ 2,148,794	\$ (148,190)
Less:		
Reimbursements (recoveries)	46,144	(20,595)
Net change in Band Members' Equity	2,194,938	(168,785)
Items not involving cash:		
Depreciation of capital equity assets	43,026	39,847
Depreciation of Social Housing Fund assets	25,304	24,543
Moneys earned in Trust Fund	(568)	(565)
Changes in non-cash working capital items	(67,299)	559,037
Cash provided by operating activities	2,195,401	454,077
INVESTING ACTIVITIES		
Purchase of fixed assets	(90,147)	(41,465)
Advances to related parties - net	(299,617)	-
Cash used in investing activities	(389,764)	(41,465)
FINANCING ACTIVITIES		
Repayment of long-term debt	(36,008)	(30,131)
Cash used in financing activities	(36,008)	(30,131)
Increase in cash during the year	1,769,629	382,481
Cash, beginning of year	600,025	217,544
Cash, end of year	\$ 2,369,654	\$ 600,025

See accompanying notes

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles.

a) Fund accounting

The Skin Tyee Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Skin Tyee Nation maintains the following funds:

- The Operating Fund which reports the general activities of the Nation administration.
- The Investment Fund which reports the Nation's investments in related entities.
- The Trust Fund which reports on trust funds owned by the Nation and held by a third party.
- The Social Housing Fund which reports on the housing activities related to CMHC funded housing.

b) Reporting entity and principles of financial reporting

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

These financial statements consolidate the assets, liabilities and results of operation for the following entities which use accounting principles which lend themselves to consolidation:

- Operating Fund
- Investment Fund
- Trust Fund
- Social Housing Fund

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

1. Continued...

The Skin Tyee Nation owns and controls the incorporated business, Skin Tyee Development Ltd. The business is included in the summary financial statements using the modified equity method. Skin Tyee Development Ltd. holds 100% of the shares of Tyewood Forest Resources Incorporated.

The Skin Tyee Nation owns and controls the incorporated business, STFN Development Ltd. The business is included in the summary financial statements using the modified equity method.

c) Fixed assets

Fixed assets are valued at either cost or estimated cost and recorded in the Operating Fund or Social Housing Fund as required.

The acquisition costs of fixed assets and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Operating Fund with a corresponding increase in Operating Fund - unrestricted equity.

Fixed assets acquired as part of the Social Housing Fund are recorded as assets of that Fund.

d) Depreciation

Fixed assets are recorded and depreciated with a corresponding reduction in Equity in Fixed Assets. Assets are depreciated over their expected useful life using the declining balance method at the following rates:

Buildings and infrastructure	4%
Computer equipment	30%
Equipment	20%
Vehicles	30%

Social Housing assets acquired under Canada Mortgage and Housing Corporation sponsored housing programs are depreciated at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting purposes. To be consistent, housing assets in the Capital Fund are also depreciated at a rate equivalent to the annual principal reduction in the related long-term debt.

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

1. Continued...

e) Revenue recognition

Revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the Summary Statement of Financial Position.

f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reported period. Actual results could differ from the estimates.

2. ECONOMIC DEPENDENCE

The Skin Tyee Nation receives a major portion of its revenue pursuant to a funding arrangement with Aboriginal Affairs and Northern Development Canada.

3. CASH (BANK INDEBTEDNESS)

	2015	2014
Cash on hand	\$ 400,000	\$ 95,000
Cheques in excess of deposit	156,761	(29,975)
GIC investment	1,812,893	600,000
Line of credit advances	-	(65,000)
Cash (bank indebtedness)	\$ 2,369,654	\$ 600,025

Line of credit advances consists of an unsecured line of credit with a limit of \$125,000, due on demand and payable in interest only payments at Royal Bank prime plus 3.25%. The line of credit revolves in increments of \$10,000.

Skin Tyee Nation

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31, 2015	Statement 3		
	Budget	2015	2014
Annual (deficit) surplus	\$ (3,012)	\$ 2,148,794	\$ (148,190)
Recoveries in the year	46,144	46,144	(20,595)
	43,132	2,194,938	(168,785)
Changes in tangible capital assets			
Acquisition of tangible capital assets	(41,465)	(90,147)	(41,465)
Amortization of tangible capital assets	64,390	68,330	64,390
	22,925	(21,817)	22,925
Changes in other non-financial assets			
(Acquisition) use of prepaid asset - net	(8,818)	63	(8,818)
	(8,818)	63	(8,818)
Increase (decrease) in net financial assets	57,239	2,173,184	(154,678)
Net financial assets, beginning of year	3,007,962	834,778	989,456
Net financial assets at end of year	\$ 3,065,201	\$ 3,007,962	\$ 834,778

See accompanying notes

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

6. Continued...

	2015	2014
Balance forward	\$ 330	\$ 713
Natanlii Development Ltd.		
80 Class A Common shares (80%)	80	-
Due from Natanlii Development Ltd.	299,920	-
	300,000	-
FN (PTP) Group Limited Partnership		
762 partnership units (8.5%)	1	1
Partners' capital	4,642	4,642
	4,643	4,643
	\$ 304,973	\$ 5,356

Advances are unsecured, non-interest bearing and have no stated terms of repayment.

Skin Tyee Development Ltd. owns 100% of Tyewood Forest Resources Incorporated. Skin Tyee Development Ltd. records its investment using the equity method.

7. TRUST MONEYS

	March 31, 2014	Additions	Withdrawals	March 31, 2015
Revenue	\$ 6,065	\$ 568	\$ -	\$ 6,633
Capital	-	-	-	-
	\$ 6,065	\$ 568	\$ -	\$ 6,633

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.

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

4. RESTRICTED CASH

Restricted cash is comprised of the following:

	2015	2014
Replacement reserve account - Social Housing	\$ 37,492	\$ 32,310

5. ACCOUNTS RECEIVABLE

	2015	2014
Aboriginal Affairs and Northern Development Canada	\$ 150,447	\$ 105,475
Cheslatta First Nation	15,000	15,000
Province of British Columbia	157,645	-
The Prince George Nechako Aboriginal Employment & Training Association	32,064	13,000
Nation members loans	100,263	100,263
Nation members loans allowance	(32,097)	(32,097)
New Gold Inc.	53,500	140,000
Tera Environmental Consultants	-	49,940
Transcanada Pipeline	-	90,940
Other	122,120	146,405
Other allowances	(59,323)	(61,423)
	\$ 539,619	\$ 567,503

6. INVESTMENTS

	2015	2014
Investments consist of the following:		
Burns Lake Native Development Corporation (3%)		
32,109 shares at cost	\$ 6	\$ 6
Skin Tyee Development Ltd. (100%)		
100 common shares	100	100
Advances - net	176,344	176,344
Accumulated surplus (deficit)	(176,444)	(176,444)
	-	-
Tyewood Forest Resources Incorporated (100% owned by Skin Tyee Development Ltd.)		
Advances - net	463,593	463,593
Provision for loss on investment	(463,593)	(463,593)
	-	-
STFN Development Ltd. (100%)		
120 common shares	12	12
Advances - net	312	695
	324	707
Subtotal	\$ 330	\$ 713

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

8. LONG-TERM DEBT

	2015	2014
Vehicle loan payable with monthly payments of \$962 including interest at Royal Bank of Canada's prime rate plus 3.15% per annum due November 30, 2015 secured by a certain vehicle.	\$ 7,902	\$ 18,606
Mortgage payable with monthly payments of \$2,550 including interest at 2.97% per annum, renewing April 1, 2016, secured by certain assets and a Ministerial Guarantee.	165,934	191,238
	\$ 173,836	\$ 209,844

Scheduled principal repayments for the next five years are as follows:

2016	33,952
2017	139,884
2018	-
2019	-
2020	-
	<u>\$ 173,836</u>

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

9. TANGIBLE CAPITAL ASSETS

	2015								2014	
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value
Capital Fund										
Buildings and infrastructure	\$ 714,757	\$ 33,361	\$ -	\$ 748,118	\$ (207,222)	\$ (20,969)	\$ -	\$ (228,191)	\$ 519,927	\$ 507,535
Land	55,000	-	-	55,000	-	-	-	-	55,000	55,000
Computer equipment	38,169	6,466	-	44,635	(22,952)	(5,536)	-	(28,488)	16,147	15,217
Furniture and office	26,291	4,385	-	30,676	(9,876)	(3,722)	-	(13,598)	17,078	16,415
Tools and equipment	31,894	5,863	-	37,757	(6,192)	(3,637)	-	(9,829)	27,928	25,702
Vehicles	37,810	40,072	-	77,882	(17,287)	(9,162)	-	(26,449)	51,433	20,523
	903,921	90,147	-	994,068	(263,529)	(43,026)	-	(306,555)	687,513	640,392
Social Housing Fund										
Buildings and infrastructure	343,931	-	-	343,931	(107,048)	(25,304)	-	(132,352)	211,579	236,883
	\$ 1,247,852	\$ 90,147	\$ -	\$ 1,337,999	\$ (370,577)	\$ (68,330)	\$ -	\$ (438,907)	\$ 899,092	\$ 877,275

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

10. ACCUMULATED SURPLUS

	2015	2014
Accumulated surplus is comprised of the following:		
Restricted surpluses		
Capital project surplus	\$ 7,210	\$ 7,210
Trust Fund	6,633	6,065
Social Housing - Replacement Reserve Fund	31,961	27,711
Equity in tangible capital assets	725,256	667,431
Unrestricted surplus	3,164,996	1,020,189
	\$ 3,936,056	\$ 1,728,606

11. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Skin Tyee Nation Social Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

12. SUBSIDY SURPLUS FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Skin Tyee Nation Social Housing is permitted to set aside an amount of \$500 per housing unit for the purpose of meeting future requirements of income listed over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at March 31, 2015, The Skin Tyee Nation did not maintain a subsidy surplus fund.

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2015

See Auditor's Report

13. CONTINGENT LIABILITY

During the 2007 fiscal year, two contractors instituted legal action against the Nation for wrongful dismissal in the amounts of \$150,155 and \$142,257 respectively. The Supreme Court of British Columbia has ordered payments to them of \$292,412. The Nation has paid \$199,413 to the two contractors to date. However, the Nation is disputing the payments of the remaining balances. Neither the possible outcome nor the amount of possible settlement can be determined and no provision for further payments have been accrued in these financial statements.

The band owns 0675011 B.C. Ltd. This company was assessed \$47,328 in logging taxes payable for the March 31, 2009 year. The company might be assessed further taxes for the 2010 and 2011 years. The logging tax is from revenue related to a logging agreement with Tahtsa Timber. Skin Tyee Nation is disputing the amount payable and currently reviewing the agreement with Tahtsa Timber.

The band has received \$16,000 forgivable loan from Canada Mortgage and Housing Corporation for repairs for two social housing units. The loan will be forgiven when the band is compliant with the conditions set out by Canada Mortgage and Housing Corporation and is to be earned out over 60 months, starting December 1, 2015.

14. BUDGET INFORMATION

The budget information disclosed has been approved by the Skin Tyee Nation Chief and Council. Individual program operations not showing budget information does not mean budgets were not prepared but rather that their amounts were not readily determinable.