



**Skin Tyee Nation
Financial Statements**

March 31, 2016



Skin Tyee Nation
INDEX TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2016

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, 2016

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.

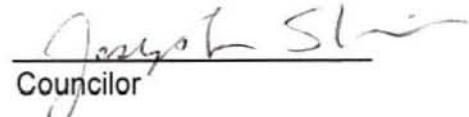
The financial statements have been prepared in conformity with Canadian generally accepted accounting principles as defined by the Public Sector Accounting and Auditing Handbook and the Canadian Institute of Chartered Accountants Handbook and where appropriate, include amounts that are based on management's 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

#303 – 2071 Kingsway Avenue
Port Coquitlam, B.C.V3C 6N2

Bus: 604 945-3639
Fax: 604 942-2834

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, 2016, 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, 2016, 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 25, 2016

Ritzen Chung Hylock
Chartered Professional Accountants

Skin Tyee Nation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2016	Statement 1	
	2016	2015
Financial assets		
Cash - Note 3	\$ 811,721	\$ 2,369,654
Restricted cash - Note 4	32,023	37,492
Accounts receivable - Note 5	308,475	539,619
Investments - Note 6	1,607,331	304,973
Trust moneys - Note 7	7,196	6,633
Total financial assets	2,766,746	3,258,371
Liabilities		
Accounts payable and accrued expenses	\$ 121,338	\$ 76,573
Long-term debt - Note 8	139,896	173,836
Total liabilities	261,234	250,409
Net financial assets	2,505,512	3,007,962
Non-financial assets		
Prepaid expenses and deposits	17,180	16,490
Tangible capital assets - Note 9	1,029,991	899,092
Total non-financial assets	1,047,171	915,582
Accumulated surplus	\$ 3,552,683	\$ 3,923,544

See accompanying notes

On behalf of Band Council:



Chief



Councilor

Skin Tyee Nation
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2016	Statement 2		
	Budget	2016	2015
Revenues			
Operating Fund			
Indigenous and Northern Affairs Canada	\$ -	\$ 346,627	\$ 546,518
Carrier Sekani Family Services	- -	129,363	85,242
Coastal Gaslink Pipeline Ltd.	- -	15,000	1,547,508
Enbridge	- -	- -	90,000
Forestry	- -	337,677	171,976
First Nation Education Steering Committee	- -	13,127	6,474
Pacific Trail Pipelines Ltd.	- -	43,074	569,199
Prince George Nchako Aboriginal Employment Training Association	- -	32,208	32,065
Province of British Columbia	- -	30,000	586,950
Health Canada	- -	13,479	7,601
Huckleberry Mines Ltd.	- -	62,000	60,000
Management fees received	- -	- -	- -
Miscellaneous income	377,168	38,551	82,831
Tera Environmental Consultants	- -	- -	140,324
TransCanada Corporation	- -	- -	100,100
Social Housing Fund	13,863	13,863	13,863
Investment Fund			
Share of loss, controlled entities		225,479	- -
Trust Fund	568	563	568
	391,599	1,301,011	4,041,219
Expenses			
Operating Fund			
Band government	203,481	237,785	369,013
Economic development	10,000	870,931	966,415
Social services	158,379	371,793	368,619
Education and training	69,140	93,131	83,710
Community infrastructure	39,847	57,407	68,659
Social Housing Fund	36,597	36,034	36,009
	517,444	1,667,081	1,892,425
Annual (deficit) surplus	(125,845)	(366,070)	2,148,794
Accumulated surplus at beginning of year	3,923,544	3,923,544	1,728,606
(Recoveries) reimbursements	(4,791)	(4,791)	46,144
Accumulated surplus at end of year	\$3,792,908	\$3,552,683	\$3,923,544

See accompanying notes

Skin Tyee Nation

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31, 2016	Statement 3	
	Budget	2016
Annual (deficit) surplus	\$ (125,845)	\$ (366,070)
(Recoveries) reimbursements in the year	(4,791)	(4,791)
	(130,636)	(370,861)
		2,194,938
Changes in tangible capital assets		
Acquisition of tangible capital assets	(41,465)	(209,210)
Amortization of tangible capital assets	64,390	78,311
	22,925	(130,899)
		(21,817)
Changes in other non-financial assets		
(Acquisition) use of prepaid asset - net	(8,818)	(690)
	(8,818)	(690)
		63
(Decrease) increase in net financial assets	(116,529)	(502,450)
Net financial assets, beginning of year	2,505,512	3,007,962
Net financial assets at end of year	\$ 2,388,983	\$ 2,505,512
		\$3,007,962

See accompanying notes

Skin Tyee Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

Statement 4

	2016	2015
OPERATING ACTIVITIES		
(Expenditures over revenue)		
excess of revenue over expenditures for the year	\$ (366,070)	\$ 2,148,794
Less:		
(Recoveries) reimbursements	(4,791)	46,144
Net change in Band Members' Equity	(370,861)	2,194,938
Items not involving cash:		
Depreciation of capital equity assets	52,273	43,026
Depreciation of Social Housing Fund assets	26,038	25,304
Moneys earned in Trust Fund	(563)	(568)
Changes in non-cash working capital items	280,688	(67,299)
Cash provided by operating activities	(12,425)	2,195,401
INVESTING ACTIVITIES		
Purchase of fixed assets	(209,210)	(90,147)
Advances to related parties - net	(1,302,358)	(299,617)
Cash used in investing activities	(1,511,568)	(389,764)
FINANCING ACTIVITIES		
Repayment of long-term debt	(33,940)	(36,008)
Cash used in financing activities	(33,940)	(36,008)
(Decrease) increase in cash during the year	(1,557,933)	1,769,629
Cash, beginning of year	2,369,654	600,025
Cash, end of year	\$ 811,721	\$ 2,369,654

See accompanying notes

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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, 2016

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 Resorts Ltd. and Natanlii Developments Ltd. The business is included in the summary financial statements using the modified equity method.

The Skin Tyee Nation owns 7.62% of interest in FN (PTP) Group Limited Partnership. 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, 2016

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)

	2016	2015
Cash on hand	\$ 201,866	\$ 556,761
GIC investment	609,855	1,812,893
Line of credit advances	-	-
Cash	\$ 811,721	\$ 2,369,654

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

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

See Auditor's Report

4. RESTRICTED CASH

Restricted cash is comprised of the following:

	2016	2015
Replacement reserve account - Social Housing	\$ 32,023	\$ 37,492

5. ACCOUNTS RECEIVABLE

	2016	2015
Aboriginal Affairs and Northern Development Canada	\$ 71,636	\$ 150,447
Cheslatta First Nation	15,000	15,000
Province of British Columbia	15,000	-
The Prince George Nchako Aboriginal Employment & Training Association	35,176	13,000
Nation members loans	121,013	100,263
Nation members loans allowance	(32,097)	(32,097)
Advances to employees	24,163	24,163
New Gold Inc.	25,875	140,000
Tera Environmental Consultants	-	49,940
Transcanada Pipeline	-	90,940
Other	103,378	47,286
Other allowances	(70,669)	(59,323)
	\$ 308,475	\$ 539,619

6. INVESTMENTS

	2016	2015
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)
	-	-
Tyeewood 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	312
	324	324
Subtotal	\$ 330	\$ 330

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

See Auditor's Report

6. Continued...

	2016	2015
Balance forward	\$ 330	\$ 330
Natanlii Development Ltd.		
80 Class A Common shares (80%)	80	80
Due from Natanlii Development Ltd.	180,705	299,920
Accumulated surplus	321,659	-
	502,444	300,000
FN (PTP) Group Limited Partnership		
762 partnership units (7.62%)	1	1
Partners' capital	15,304	4,642
	15,305	4,643
STFN Resorts Inc.		
100 Class A Common shares	1	-
100 Class B Common shares	1	-
100 Class C Common shares	1	-
Due from STFN Resorts Inc.	1,185,429	-
Accumulated deficit	(96,180)	-
	1,089,252	-
	\$ 1,607,331	\$ 304,973

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.

Shares are held in trust by certain band members under trust agreements.

Financial information for each of the entities for their respective periods ending March 31, 2016 is as follows:

	Assets	Liabilities	Revenue (loss)	Income (loss)
	\$	\$	\$	\$
Natanlii Development Ltd. (80%)	556,604	234,865	1,027,498	321,659
STFN Resorts Inc.	1,256,358	1,352,535	5,239	(96,180)

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

See Auditor's Report

7. TRUST MONEYS

	March 31, 2015	Additions	Withdrawals	March 31, 2016
Revenue	\$ 6,633	\$ 563	\$ -	\$ 7,196

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.

8. LONG-TERM DEBT

	2016	2015
Vehicle loan	\$ -	\$ 7,902
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.	<u>139,896</u>	165,934
	<u><u>\$ 139,896</u></u>	<u><u>\$ 173,836</u></u>

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

2017	139,896
2018	-
2019	-
2020	-
2021	-
	<u><u>\$ 139,896</u></u>

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

See Auditor's Report

9. TANGIBLE CAPITAL ASSETS

	2016										2015	
	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Net Book Value	Net Book Value	Net Book Value	Net Book Value
Capital Fund												
Buildings and infrastructure	\$ 748,118	\$ 177,038	\$ -	\$ 925,156	\$ (228,191)	\$ (21,505)	\$ -	\$ (249,696)	\$ 675,460	\$ 519,927		
Land	55,000	-	-	55,000	-	-	-	-		55,000	55,000	
Computer equipment	44,635	7,239	-	51,874	(28,488)	(5,933)	-	(34,421)	17,453	16,147		
Furniture and office	30,676	15,293	-	45,969	(13,598)	(4,946)	-	(18,544)	27,425	17,078		
Tools and equipment	37,757	9,640	-	47,397	(9,829)	(4,459)	-	(14,288)	33,109	27,928		
Vehicles	77,882	-	-	77,882	(26,449)	(15,430)	-	(41,879)	36,003	51,433		
	994,068	209,210	-	1,203,278	(306,555)	(52,273)	-	(358,828)	844,450	687,513		
Social Housing Fund												
Buildings and infrastructure	343,931	-	-	343,931	(132,352)	(26,038)	-	(158,390)	185,541	211,579		
	\$ 1,337,999	\$ 209,210	\$ -	\$ 1,547,209	\$ (438,907)	\$ (78,311)	\$ -	\$ (517,218)	\$ 1,029,991	\$ 899,092		

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

See Auditor's Report

10. 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.

As at March 31, 2016, cash and term deposits required to fund the Replacement Reserve Fund were deficient by \$4,188 (2015 - nil). Replacement Reserve fund was fully funded shortly after year end.

11. 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.

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

See Auditor's Report

12. 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.

13. 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.