



**Skin Tyee Nation
Financial Statements**

March 31, 2017



Skin Tyee Nation

INDEX TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

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, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

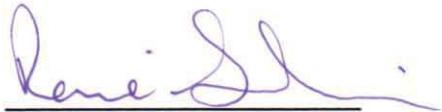
The accompanying financial statements for the Skin Tyee Nation and all the information in this annual report are the responsibility of management and have been approved by Council.

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, 2017, 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, 2017, 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 26, 2017

Riley C. Hybok
Chartered Professional Accountants

Skin Tyee Nation

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2017	Statement 1	
	2017	2016
Financial assets		
Cash - Note 3	\$ 15,016	\$ 811,721
Restricted cash - Note 4	35,240	32,023
Accounts receivable - Note 5	463,107	308,475
Investments - Note 6	3,161,530	1,607,331
Trust moneys - Note 7	7,764	7,196
Total financial assets	3,682,657	2,766,746
Liabilities		
Accounts payable and accrued expenses	\$ 144,624	\$ 121,338
Demand loan payable - Note 8	941,897	-
Long-term debt - Note 9	112,144	139,896
Total liabilities	1,198,665	261,234
Net financial assets	2,483,992	2,505,512
Non-financial assets		
Prepaid expenses and deposits	17,441	17,180
Tangible capital assets - Note 10	964,339	1,029,991
Total non-financial assets	981,780	1,047,171
Accumulated surplus	\$ 3,465,772	\$ 3,552,683

See accompanying notes

On behalf of Band Council:



Chief



Councilor

Skin Tyee Nation
CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2017	Statement 2		
	Budget	2017	2016
Revenues			
Operating Fund			
Indigenous and Northern Affairs Canada	\$ 466,379	\$ 466,379	\$ 343,088
Carrier Sekani Family Services	-	131,157	129,363
Coastal Gaslink Pipeline Ltd.	36,000	36,000	15,000
Forestry	398,533	398,533	337,677
First Nation Education Steering Committee	-	2,061	13,127
Pacific Trail Pipelines Ltd.	-	(15,240)	27,834
Prince George Nchako Aboriginal Employment Training Association	-	30,678	32,208
Province of British Columbia	-	57,529	-
Health Canada	-	14,563	13,479
Huckleberry Mines Ltd.	55,000	55,000	62,000
Miscellaneous income	40,000	47,179	68,551
Social Housing Fund	13,863	8,094	13,863
Investment Fund			
Share of income, controlled entities	-	27,952	240,719
Trust Fund	568	568	563
	1,010,343	1,260,453	1,297,472

Operating Fund			
Band government			
Economic development			
Social services	180,000	180,413	237,785
Education and training	550,000	644,360	870,931
Community infrastructure	133,857	338,973	371,793
Social Housing Fund	39,847	52,131	57,407
	36,597	34,810	36,034
	940,301	1,310,806	1,667,081
Annual (deficit) surplus	70,042	(50,353)	(369,609)
Accumulated surplus at beginning of year	3,552,683	3,552,683	3,923,544
(Recoveries) reimbursements	(36,558)	(36,558)	(1,252)
Accumulated surplus at end of year	\$3,586,167	\$3,465,772	\$3,552,683

See accompanying notes

Skin Tyee Nation

CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31, 2017	Statement 3		
	Budget	2017	2016
Annual (deficit) surplus	\$ 70,042	\$ (50,353)	\$ (369,609)
(Recoveries) reimbursements in the year	<u>(36,558)</u>	<u>(36,558)</u>	<u>(1,252)</u>
	<u>33,484</u>	<u>(86,911)</u>	<u>(370,861)</u>
Changes in tangible capital assets			
Acquisition of tangible capital assets	(41,465)	(13,663)	(209,210)
Amortization of tangible capital assets	64,390	79,266	78,311
Loss on disposal of assets	-	49	-
	<u>22,925</u>	<u>65,652</u>	<u>(130,899)</u>
Changes in other non-financial assets			
(Acquisition) use of prepaid asset - net	(8,818)	(261)	(690)
	<u>(8,818)</u>	<u>(261)</u>	<u>(690)</u>
(Decrease) increase in net financial assets	<u>47,591</u>	<u>(21,520)</u>	<u>(502,450)</u>
Net financial assets, beginning of year	<u>2,483,992</u>	<u>2,505,512</u>	<u>3,007,962</u>
Net financial assets at end of year	<u>\$ 2,531,583</u>	<u>\$ 2,483,992</u>	<u>\$2,505,512</u>

See accompanying notes

Skin Tyee Nation

SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

Statement 4

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (50,353)	\$ (369,609)
Less:		
Recoveries	<u>(36,558)</u>	<u>(1,252)</u>
Net change in Band Members' Equity	(86,911)	(370,861)
Items not involving cash:		
Depreciation of capital equity assets	51,514	52,273
Depreciation of Social Housing Fund assets	27,752	26,038
Moneys earned in Trust Fund	(568)	(563)
Loss on disposal of asset	49	-
Changes in non-cash working capital items	(134,824)	280,688
Cash provided by operating activities	<u>(142,988)</u>	<u>(12,425)</u>
INVESTING ACTIVITIES		
Purchase of fixed assets	(13,663)	(209,210)
Advances to related parties - net	<u>(1,554,199)</u>	<u>(1,302,358)</u>
Cash used in investing activities	<u>(1,567,862)</u>	<u>(1,511,568)</u>
FINANCING ACTIVITIES		
Proceeds from demand loan	941,897	-
Repayment of long-term debt	(27,752)	(33,940)
Cash used in financing activities	<u>914,145</u>	<u>(33,940)</u>
(Decrease) increase in cash during the year	<u>(796,705)</u>	<u>(1,557,933)</u>
Cash, beginning of year	811,721	2,369,654
Cash, end of year	<u>\$ 15,016</u>	<u>\$ 811,721</u>

See accompanying notes

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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, 2017

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, 2017

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)

	2017	2016
Cash on hand	\$ 15,016	\$ 201,866
GIC investment	-	609,855
Line of credit advances	-	-
Cash	\$ 15,016	\$ 811,721

Line of credit advances consists of an unsecured line of credit with a limit of \$150,000, due on demand and payable in interest only payments at lender's prime plus 1%.

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

See Auditor's Report

4. RESTRICTED CASH

Restricted cash is comprised of the following:

	2017	2016
Replacement reserve account - Social Housing	\$ 35,240	\$ 32,023

5. ACCOUNTS RECEIVABLE

	2017	2016
Aboriginal Affairs and Northern Development Canada	\$ 205,521	\$ 71,636
Carrier Sekani Family Services	31,434	-
Cheslatta First Nation	15,000	15,000
First Nations Health Authority	3,000	
The Prince George Nchako Aboriginal Employment & Training Association	30,000	13,000
Nation members loans	126,857	121,013
Nation members loans allowance	(32,097)	(32,097)
Advances to employees	28,013	28,013
New Gold Inc.	25,875	140,000
Tera Environmental Consultants	-	49,940
Transcanada Pipeline	36,000	90,940
Other	64,173	(118,301)
Other allowances	(70,669)	(70,669)
	\$ 463,107	\$ 308,475

6. INVESTMENTS

	2017	2016
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
Advances - net	-	176,344
Accumulated surplus (deficit)	-	(176,444)
	-	-
Tyeewood Forest Resources Incorporated (100% owned by Skin Tyee Development Ltd.)		
Advances - net	-	463,593
Provision for loss on investment	-	(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, 2017

See Auditor's Report

6. Continued...

	2017	2016
Balance forward	\$ 330	\$ 330
 Natanlii Development Ltd.		
80 Class A Common shares (80%)	80	80
Due from Natanlii Development Ltd.	200,029	180,705
Accumulated surplus	266,648	321,659
	466,757	502,444
 FN (PTP) Group Limited Partnership		
762 partnership units (7.62%)	1	1
Partners' capital	461	15,304
	462	15,305
 Chinook Comfor Limite Partnership		
1,415 partnership units (14.18%)	1,415	-
Accumulated deficit	229,371	-
	230,786	-
 STFN Resorts Inc.		
100 Class A Common shares	1	1
100 Class B Common shares	1	1
100 Class C Common shares	1	1
Due from STFN Resorts Inc.	2,706,177	1,185,429
Accumulated deficit	(242,985)	(96,180)
	2,463,195	1,089,252
	\$ 3,161,530	\$ 1,607,331

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

Skin Tyee Development Ltd. owns 100% of Tyeewood 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:

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

See Auditor's Report

6. Continued...

	Assets	Liabilities	Revenue (loss)	Income (loss)
	\$	\$	\$	\$
Natanlii Development Ltd. (80%)	447,910	181,182	85,232	(55,011)
STFN Resorts Inc.	3,300,262	3,543,243	67	(146,805)

7. TRUST MONEYS

	March 31, 2016	Additions	Withdrawals	March 31, 2017
Revenue	\$ 7,196	\$ 568	\$ -	\$ 7,764

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. DEMAND LOAN

	2017	2016
Demand loan payable with blended monthly payments of \$6,885 including interest at lender's prime rate plus 1% per annum, due on April 1, 2016.	\$ 941,897	\$ -

9. LONG-TERM DEBT

	2017	2016
Mortgage payable with monthly payments of \$2,439 including interest at 1.11% per annum, due on February 1, 2021 secured by certain assets and a Ministerial Guarantee.	\$ 112,144	\$ 139,896

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

2018	28,172
2019	28,486
2020	28,803
2021	26,683
2022	-
	<hr/>
	\$ 112,144

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

See Auditor's Report

10. TANGIBLE CAPITAL ASSETS

	Beginning Cost	Additions	Disposals	Ending Cost	2017			2016		
					Beginning	Accumulated Depreciation	Depreciation	Disposals	Ending	Accumulated Depreciation
Capital Fund										
Buildings and infrastructure	\$ 925,156	\$ -	\$ -	\$ 925,156	\$ (249,696)	\$ (21,351)	\$ -	\$ (271,047)	\$ 654,109	\$ 675,460
Land	55,000	-	-	55,000	-	-	-	-	55,000	55,000
Computer equipment	51,874	3,727	-	55,601	(34,421)	(5,797)	-	(40,218)	15,383	17,453
Furniture and office	45,969	-	1,940	44,029	(18,544)	(3,584)	-	(22,128)	21,901	27,425
Tools and equipment	47,397	436	-	47,833	(14,288)	(6,665)	-	(20,953)	26,880	33,109
Vehicles	77,882	9,500	-	87,382	(41,879)	(12,226)	-	(54,105)	33,277	36,003
	1,203,278	13,663	1,940	1,215,001	(358,828)	(49,623)	-	(408,451)	806,550	844,450
Social Housing Fund										
Buildings and infrastructure	343,931	-	-	343,931	(158,390)	(27,752)	-	(186,142)	157,789	185,541
	\$1,547,209	\$ 13,663	\$ 1,940	\$ 1,558,932	\$ (517,218)	\$ (77,375)	\$ -	\$ (594,593)	\$ 964,339	\$ 1,029,991

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

See Auditor's Report

110. 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, 2017, cash and term deposits required to fund the Replacement Reserve Fund were deficient by \$5,221 (2016 - \$4,188). Replacement Reserve fund was fully funded shortly after year end.

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.

The Skin Tyee Nation has not set aside any surpluses for application to the Subsidy Surplus Fund.

Skin Tyee Nation

NOTES TO FINANCIAL STATEMENTS

March 31, 2017

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.

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.