



**Skin Tyee Nation  
Financial Statements**

**March 31, 2018**



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# **Skin Tyee Nation**

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**For the year ended March 31, 2018**

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**Skin Tyee Nation**  
**March 31, 2018**

**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 Chief and 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 Chang Haylock, 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, 2018, 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 public sector accounting standards, 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, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Port Coquitlam, B.C.  
July 24, 2018

*Riley Clark Hybuk*  
Chartered Professional Accountants

# Skin Tyee Nation

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2018	Statement 1	
	2018	2017
<b>Financial assets</b>		
Cash - Note 3	\$ -	\$ 15,016
Restricted cash - Note 4	40,416	35,240
Accounts receivable - Note 5	295,690	463,107
Investments - Note 6	3,774,309	3,161,530
Trust moneys - Note 7	8,361	7,764
<b>Total financial assets</b>	<b>4,118,776</b>	<b>3,682,657</b>
<b>Liabilities</b>		
Bank indebtedness - Note 3	\$ 94,126	\$ -
Accounts payable and accrued expenses	262,296	144,624
Demand loan payable - Note 8	895,230	941,897
Long-term debt - Note 9	1,071,563	112,144
<b>Total liabilities</b>	<b>2,323,215</b>	<b>1,198,665</b>
<b>Net financial assets</b>	<b>1,795,561</b>	<b>2,483,992</b>
<b>Non-financial assets</b>		
Prepaid expenses and deposits	73,439	17,441
Tangible capital assets - Note 10	898,643	964,339
<b>Total non-financial assets</b>	<b>972,082</b>	<b>981,780</b>
<b>Accumulated surplus</b>	<b>\$ 2,767,643</b>	<b>\$ 3,465,772</b>

See accompanying notes

On behalf of Band Council:



Chief



Councillor

**Skin Tyee Nation**  
**CONSOLIDATED STATEMENT OF OPERATIONS**

**For the year ended March 31, 2018** **Statement 2**

	<b>Budget</b>	<b>2018</b>	<b>2017</b>
<b>Revenues</b>			
<b>Operating Fund</b>			
Indigenous Services Canada	\$ 446,804	\$ 446,804	\$ 466,379
Carrier Sekani Family Services	157,762	157,762	147,657
Coastal Gaslink Pipeline Ltd.	10,712	10,712	36,000
Forestry	390,462	390,462	398,533
First Nation Education Steering Committee	28,835	28,835	2,061
Pacific Trail Pipelines Ltd.	-	-	(15,240)
Prince George Nchako Aboriginal Employment Training Association	77,412	77,412	30,678
Province of British Columbia	187,283	187,283	32,529
Health Canada	18,670	18,670	14,563
Huckleberry Mines Ltd.	-	-	55,000
Miscellaneous income	-	124,344	55,679
<b>Social Housing Fund</b>			
<b>Investment Fund</b>			
Interest income	-	55,191	-
Share of income, controlled entities	-	(548,515)	27,952
<b>Trust Fund</b>			
	-	597	568
	<b>1,317,940</b>	<b>955,326</b>	<b>1,260,453</b>
<b>Expenses</b>			
<b>Operating Fund</b>			
Band government	708,453	341,555	166,750
Economic development	394,526	394,526	658,023
Social services	626,516	626,516	338,973
Education and training	77,963	77,963	60,119
Community infrastructure	72,456	72,456	52,131
<b>Investment Fund</b>	<b>107,812</b>	<b>107,812</b>	-
<b>Social Housing Fund</b>	<b>40,394</b>	<b>36,144</b>	<b>34,810</b>
	<b>2,028,120</b>	<b>1,656,972</b>	<b>1,310,806</b>
<b>Annual (deficit) surplus</b>	<b>(710,180)</b>	<b>(701,646)</b>	<b>(50,353)</b>
<b>Accumulated surplus at beginning of year</b>	<b>3,465,772</b>	<b>3,465,772</b>	<b>3,552,683</b>
Recoveries	-	3,517	(36,558)
Accumulated surplus at end of year	<b>\$ 2,755,592</b>	<b>\$ 2,767,643</b>	<b>\$ 3,465,772</b>

*See accompanying notes*

## Skin Tyee Nation

### CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31, 2018	Statement 3	
	Budget	2018
	2017	
<b>Annual (deficit) surplus</b>	<b>\$ (710,180)</b>	<b>\$ (701,646)</b>
<b>(Recoveries) reimbursements in the year</b>	<b>-</b>	<b>3,517</b>
	<b>(710,180)</b>	<b>(698,129)</b>
	<b>(86,911)</b>	
<b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(8,397)	(13,663)
Amortization of tangible capital assets	74,093	79,266
Loss on disposal of assets	-	49
	<b>-</b>	<b>65,696</b>
		65,652
<b>Changes in other non-financial assets</b>		
(Acquisition) use of prepaid asset - net	(55,998)	(261)
	<b>-</b>	<b>(55,998)</b>
		(261)
<b>(Decrease) increase in net financial assets</b>	<b>(710,180)</b>	<b>(688,431)</b>
Net financial assets, beginning of year	<b>2,483,992</b>	2,505,512
Net financial assets at end of year	<b>\$ (710,180)</b>	<b>\$ 1,795,561</b>
		<b>\$2,483,992</b>

See accompanying notes

# Skin Tyee Nation

## SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

Statement 4

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ (701,646)	\$ (50,353)
Less:		
Recoveries	<u>3,517</u>	<u>(36,558)</u>
Net change in Band Members' Equity	(698,129)	(86,911)
Items not involving cash:		
Depreciation of capital equity assets	45,917	51,514
Depreciation of Social Housing Fund assets	28,176	27,752
Moneys earned in Trust Fund	(597)	(568)
Loss on disposal of asset	-	49
Changes in non-cash working capital items	223,915	(134,824)
<b>Cash provided by operating activities</b>	<b>(400,718)</b>	<b>(142,988)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(8,397)	(13,663)
Advances to related parties - net	(612,779)	(1,554,199)
<b>Cash used in investing activities</b>	<b>(621,176)</b>	<b>(1,567,862)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from demand loan	(46,667)	941,897
Repayment of long-term debt	959,419	(27,752)
<b>Cash used in financing activities</b>	<b>912,752</b>	<b>914,145</b>
<b>(Decrease) increase in cash during the year</b>	<b>(109,142)</b>	<b>(796,705)</b>
Cash, beginning of year	15,016	811,721
<b>Cash, end of year</b>	<b>\$ (94,126)</b>	<b>\$ 15,016</b>

See accompanying notes

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# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2018

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### **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

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.

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# **Skin Tyee Nation**

## **NOTES TO FINANCIAL STATEMENTS**

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**March 31, 2018**

**See Auditor's Report**

### **1. Continued...**

The Skin Tyee Nation owns 14.18% of interest in Chinook Comfor 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.

#### **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.

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# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

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March 31, 2018

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### 1. Continued...

#### 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 Indigenous Services Canada.

### 3. CASH (BANK INDEBTEDNESS)

	2018	2017
Cash on hand	\$ 47,262	\$ 15,016
Line of credit advances	(141,388)	-
Bank indebtedness	<u>\$ (94,126)</u>	<u>\$ 15,016</u>

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%.

### 4. RESTRICTED CASH

Restricted cash is comprised of the following:

	2018	2017
Replacement reserve account - Social Housing	<u>\$ 40,416</u>	<u>\$ 35,240</u>

**Skin Tyee Nation**  
**NOTES TO FINANCIAL STATEMENTS**

**March 31, 2018**

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**5. ACCOUNTS RECEIVABLE**

	<b>2018</b>	<b>2017</b>
Indigenous Services Canada	\$ 80,000	\$ 205,521
Canada Mortgage and Housing Corporation	27,742	2,018
Carrier Sekani Family Services	41,248	31,434
Cheslatta First Nation	15,000	15,000
First Nations Health Authority	-	3,000
The Prince George Nchako Aboriginal Employment & Training Association	27,412	30,000
Nation members loans	105,252	126,857
Nation members loans allowance	(32,097)	(32,097)
Advances to employees	4,059	28,013
New Gold Inc.	25,875	25,875
Transcanada Pipeline	-	36,000
Other	71,868	62,155
Other allowances	(70,669)	(70,669)
	<b>\$ 295,690</b>	<b>\$ 463,107</b>

**6. INVESTMENTS**

	<b>2018</b>	<b>2017</b>
Investments consist of the following:		
Burns Lake Native Development Corporation (3%) 32,109 shares at cost	\$ 6	\$ 6
STFN Development Ltd. (100%) 120 common shares	12	12
Advances - net	312	312
	<b>324</b>	324
Natanlii Development Ltd. 80 Class A Common shares (80%)	80	80
Due from Natanlii Development Ltd.	218,529	200,029
Accumulated (deficit) surplus	(143,044)	266,648
	<b>75,565</b>	466,757
Subtotal	<b>\$ 75,895</b>	<b>\$ 467,087</b>

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

**March 31, 2018**

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### 6. Continued...

	2018	2017
Balance forward	\$ 75,895	\$ 467,087
FN (PTP) Group Limited Partnership		
762 partnership units (7.62%)	1	1
Partners' capital	461	461
Provision for loss on investment	(462)	-
	-	462
Chinook Comfor Limite Partnership		
1,415 partnership units (14.18%)	1,415	1,415
Accumulated surplus	219,245	229,371
	220,660	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.	3,929,713	2,706,177
Accumulated deficit	(451,962)	(242,985)
	3,477,754	2,463,195
	<b>\$ 3,774,309</b>	<b>\$ 3,161,530</b>

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

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, 2018 is as follows:

	Assets	Liabilities	Revenue (loss)	Income (loss)
	\$	\$	\$	\$
Natanlii Development Ltd. (80%)	44,898	187,862	876	(409,692)
STFN Resorts Inc.	4,490,941	4,942,900	6,365	(208,978)

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

**March 31, 2018**

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### 7. TRUST MONEYS

	March 31, 2017	Additions	Withdrawals	March 31, 2018
Revenue	\$ 7,764	\$ 597	\$ -	<b>\$ 8,361</b>

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

	2018	2017
Demand loan payable with blended monthly payments of \$6,885 including interest at lender's prime rate plus 1% per annum secured by guarantee for on-reserve housing loan program.	\$ 895,230	\$ 941,897

### 9. LONG-TERM DEBT

	2018	2017
Mortgage payable with annual payments of \$71,316 including interest at 3.41% per annum, due on December 1, 2027.	\$ 987,595	\$ -
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.	83,968	112,144
	<b>\$ 1,071,563</b>	<b>\$ 112,144</b>

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

2019	65,702
2020	66,019
2021	63,895
2022	37,216
2023	37,216
	<hr/>
	<b>\$ 270,048</b>

## Skin Tyee Nation

### NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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#### 10. TANGIBLE CAPITAL ASSETS

	Beginning Cost	Additions	Disposals	Ending Cost	2018			2017		
					Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Depreciation	Disposals
Capital Fund										
Buildings and infrastructure	\$ 925,156	\$ -	\$ -	\$ 925,156	\$ (271,047)	\$ (20,496)	\$ -	\$ (291,543)	\$ 633,613	\$ 654,109
Land	55,000	-	-	55,000	-	-	-	-	55,000	55,000
Computer equipment	55,601	4,398	-	59,999	(40,218)	(5,279)	-	(45,497)	14,502	15,383
Furniture and office	44,029	-	-	44,029	(22,128)	(4,381)	-	(26,509)	17,520	21,901
Tools and equipment	47,833	3,999	-	51,832	(20,953)	(5,777)	-	(26,730)	25,102	26,880
Vehicles	87,382	-	-	87,382	(54,105)	(9,984)	-	(64,089)	23,293	33,277
	1,215,001	8,397	-	1,223,398	(408,451)	(45,917)	-	(454,368)	769,030	806,550

Social Housing Fund	Buildings and infrastructure	Beginning Cost	Additions	Disposals	Ending Cost	Beginning Accumulated Depreciation	Depreciation	Disposals	Ending Accumulated Depreciation	Depreciation

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# **Skin Tyee Nation**

## **NOTES TO FINANCIAL STATEMENTS**

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### **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.

As at March 31, 2018, cash and term deposits required to fund the Replacement Reserve Fund were deficient by \$4,295 (2017 - \$5,221).

### **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.

### **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.