



**Skin Tyee Nation  
Financial Statements**

**March 31, 2020**

---

# **Skin Tyee Nation**

## **INDEX TO THE FINANCIAL STATEMENTS**

---

**For the year ended March 31, 2020**

**Management's Responsibility for Financial Reporting**  
**Auditor's Report**

### **SUMMARY FINANCIAL STATEMENTS**

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

**Skin Tyee Nation**  
**March 31, 2020**

**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying consolidated financial statements of Skin Tyee Nation are the responsibility of management and have been approved by Chief and Council.

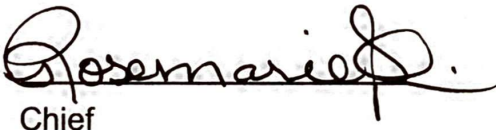
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants Canada and as such include amounts that are the 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.

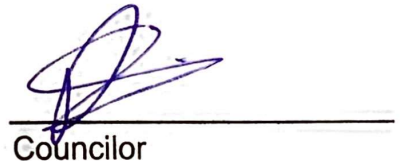
Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the summary financial statements.

Chief and Council meet 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 summary financial statements and the external auditor's report.

The external auditors, Ribeyre Chang Haylock, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the summary financial statements. The external auditors have full and free access to financial management of Skin Tyee Nation and meet when required.



Chief



Councilor

## **INDEPENDENT AUDITOR'S REPORT**

To: The Members of Skin Tyee Nation

### **Report on the Audit of the Consolidated Financial Statements**

We have audited the consolidated financial statements of Skin Tyee Nation, which comprise the consolidated statement of financial position as at March 31, 2020 and March 31, 2019, and the consolidated statements of operations, change in net financial assets and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Skin Tyee Nation as at March 31, 2020 and March 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the 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 opinion.



## **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants, 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Mike Chang, CPA, CA.

Port Coquitlam, B.C.  
December 8, 2020

*Ribeyre Chang Haylock*  
Chartered Professional Accountants





## Skin Tyee Nation

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

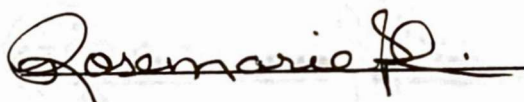
As at March 31, 2020

Statement 1

	2020	2019
<b>Financial assets</b>		
Cash - Note 3	\$ -	\$ 85,797
Restricted cash - Note 4	48,860	45,895
Accounts receivable - Note 5	181,274	318,824
Investments - Note 6	5,705,708	4,545,021
Trust moneys - Note 7	9,541	8,976
<b>Total financial assets</b>	<b>5,945,383</b>	<b>5,004,513</b>
<b>Liabilities</b>		
Bank indebtedness - Note 3	\$ 151,866	\$ -
Accounts payable and accrued expenses	335,192	199,274
Demand loan payable - Note 8	841,594	889,552
Long-term debt - Note 9	937,973	1,005,489
<b>Total liabilities</b>	<b>2,266,625</b>	<b>2,094,315</b>
<b>Net financial assets</b>	<b>3,678,758</b>	<b>2,910,198</b>
<b>Non-financial assets</b>		
Prepaid expenses and deposits	120,689	130,956
Tangible capital assets - Note 10	849,656	895,902
<b>Total non-financial assets</b>	<b>970,345</b>	<b>1,026,858</b>
<b>Accumulated surplus</b>	<b>\$ 4,649,103</b>	<b>\$ 3,937,056</b>

See accompanying notes

On behalf of Band Council:



Chief



Councillor



# Skin Tyee Nation

## CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2020	Budget	2020	Statement 2 2019
<b>Revenues</b>			
<b>Operating Fund</b>			
Indigenous Services Canada	\$ 308,883	\$ 308,883	\$ 399,489
B.C. Gaming Revenue	276,749	276,749	-
Burns Lake Native Development Corp.	150,000	150,000	-
Carrier Sekani Family Services	172,801	172,801	221,506
Coastal Gaslink Pipeline Ltd.	52,230	52,230	1,132,855
Forestry	456,084	456,084	1,397,694
First Nation Education Steering Committee	25,801	25,801	27,681
Insurance proceeds received	199,681	199,681	-
Prince George Nechako Aboriginal Employment Training Association	20,882	20,882	43,473
Province of British Columbia	66,400	66,400	60,425
Health Canada	26,771	26,771	37,801
Miscellaneous income	513,816	513,816	182,464
<b>Social Housing Fund</b>	2,984	2,984	25,451
<b>Investment Fund</b>			
Interest income	74,809	74,809	80,969
Share of loss, controlled entities	(89,839)	(89,839)	(380,463)
<b>Trust Fund</b>	565	565	615
<b>Recoveries from funding agencies</b>	-	(52,090)	(33,824)
	2,258,617	2,206,527	3,196,136
<b>Expenses</b>			
<b>Operating Fund</b>			
Band government	230,282	230,282	506,320
Economic development	552,746	552,746	739,841
Social services	448,894	448,894	401,745
Education and training	67,256	67,256	161,948
Community infrastructure	69,948	69,948	81,879
<b>Investment Fund</b>	91,997	91,997	99,721
<b>Social Housing Fund</b>	33,357	33,357	35,269
	1,494,480	1,494,480	2,026,723
<b>Annual surplus</b>	764,137	712,047	1,169,413
<b>Accumulated surplus at beginning of year</b>	3,937,056	3,937,056	2,767,643
<b>Accumulated surplus at end of year</b>	\$ 4,701,193	\$ 4,649,103	\$ 3,937,056

See accompanying notes

## Skin Tyee Nation

### CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended March 31, 2020	Statement 3		
	Budget	2020	2019
<b>Annual surplus</b>	<b>\$ 764,137</b>	<b>\$ 712,047</b>	<b>\$ 1,169,413</b>
<b>Changes in tangible capital assets</b>			
Acquisition of tangible capital assets		(37,969)	(80,266)
Amortization of tangible capital assets		84,215	78,247
Loss on disposal of assets	-	-	4,760
	-	46,246	2,741
<b>Changes in other non-financial assets</b>			
Use (acquisition) of prepaid asset - net		10,267	(57,517)
	-	10,267	(57,517)
<b>Increase in net financial assets</b>	-	56,513	(54,776)
Net financial assets, beginning of year		3,622,245	2,964,974
Net financial assets at end of year	\$ -	\$ 3,678,758	\$ 2,910,198

*See accompanying notes*

# Skin Tyee Nation

## SUMMARY STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

Statement 4

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures for the year	\$ 712,047	\$ 1,169,413
Net change in Band Members' Equity	712,047	1,169,413
Items not involving cash:		
Depreciation of capital equity assets	55,415	49,761
Depreciation of Social Housing Fund assets	28,800	28,486
Moneys earned in Trust Fund	(565)	(615)
Loss on disposal of asset	-	4,760
Changes in non-cash working capital items	280,770	(149,152)
<b>Cash provided by operating activities</b>	<b>1,076,467</b>	<b>1,102,653</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(37,969)	(80,266)
Advances to related parties - net	(1,160,687)	(770,712)
<b>Cash used in investing activities</b>	<b>(1,198,656)</b>	<b>(850,978)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of demand loan	(47,958)	(5,678)
Repayment of long-term debt	(67,516)	(66,074)
<b>Cash used in financing activities</b>	<b>(115,474)</b>	<b>(71,752)</b>
<b>(Decrease) increase in cash during the year</b>	<b>(237,663)</b>	<b>179,923</b>
Cash (bank indebtedness), beginning of year	85,797	(94,126)
<b>(Bank indebtedness) cash, end of year</b>	<b>\$ (151,866)</b>	<b>\$ 85,797</b>

See accompanying notes

---

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

---

March 31, 2020

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

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 businesses, STFN Resorts Ltd. and Natanlii Developments Ltd. The businesses are included in the summary financial statements using the modified equity method.

---

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

---

**March 31, 2020**

**See Auditor's Report**

**1. Continued...**

The Skin Tyee Nation owns a 14.18% 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.

---

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

---

**March 31, 2020**

**See Auditor's Report**

**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**

	<b>2020</b>	<b>2019</b>
Cash on hand	<b>\$ 8,552</b>	\$ 85,797
Line of credit advances	<b>(160,418)</b>	-
(Bank indebtedness) cash	<b>\$ (151,866)</b>	\$ 85,797

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% and an unsecured line of credit with a limit of \$125,000, due on demand and payable in interest only payments at lender's prime plus 3.25%.

**4. RESTRICTED CASH**

Restricted cash is comprised of the following:

	<b>2020</b>	<b>2019</b>
Replacement reserve account - Social Housing	<b>\$ 48,860</b>	\$ 45,895

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

**March 31, 2020**

**See Auditor's Report**

### 5. ACCOUNTS RECEIVABLE

	2020	2019
Indigenous Services Canada	\$ 13,323	\$ 71,784
Canada Mortgage and Housing Corporation	1,492	36,229
Carrier Sekani Family Services	12,186	114,248
Cheslatta First Nation	15,000	15,000
Province of British Columbia	33,117	15,000
First Nations Education Stering Committee	5,999	6,457
The Prince George Nechako Aboriginal Employment & Training Association	-	17,234
Nation members loans	98,923	89,907
Nation members loans allowance	(89,907)	(89,907)
Advances to employees	11,900	10,750
New Gold Inc.	-	25,875
Other	128,695	69,257
Other allowances	(49,454)	(63,010)
	<b>\$ 181,274</b>	<b>\$ 318,824</b>

### 6. INVESTMENTS

	2020	2019
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>	<b>324</b>
Natanlii Development Ltd. 80 Class A Common shares (80%)	80	80
Due from Natanlii Development Ltd.	695,229	299,429
Accumulated deficit	(211,915)	(211,274)
	<b>483,394</b>	<b>88,235</b>
Subtotal	<b>\$ 483,724</b>	<b>\$ 88,565</b>



# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

See Auditor's Report

### 6. Continued...

	2020	2019
Balance forward	\$ 483,724	\$ 88,565
Chinook Comfor Limite Partnership		
1,415 partnership units (14.18%)	1,415	1,415
Accumulated surplus	385,817	132,088
	<b>387,232</b>	133,503
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.	5,914,924	5,040,128
Accumulated deficit	(1,080,175)	(717,178)
	<b>4,834,752</b>	4,322,953
	<b>\$ 5,705,708</b>	\$ 4,545,021

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, 2020 is as follows:

	Assets	Liabilities	Revenue (loss)	Income (loss)
	\$	\$	\$	\$
Natanlii Development Ltd. (80%)	367,363	579,198	327,390	(641)
STFN Resorts Inc.	6,570,215	7,650,387	277,965	(362,997)
Chinook Comfor Limited Partnership	663,747	276,845	655,943	273,799

# Skin Tyee Nation

## NOTES TO FINANCIAL STATEMENTS

March 31, 2020

See Auditor's Report

### 7. TRUST MONEYS

	March 31, 2019	Additions	Withdrawals	March 31, 2020
Revenue	\$ 8,976	\$ 565	\$ -	\$ 9,541

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

	2020	2019
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.	\$ 810,132	\$ 850,985
Demand loan payable with blended monthly payments of \$358 including interest at fixed rate of 6.24% per annum secured by a vehicle.	31,462	38,567
	<b>\$ 841,594</b>	<b>\$ 889,552</b>

### 9. LONG-TERM DEBT

	2020	2019
Mortgage payable with annual payments of \$71,316 including interest at 3.41% per annum, due on December 1, 2027.	\$ 911,291	\$ 950,007
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.	26,682	55,482
	<b>\$ 937,973</b>	<b>\$ 1,005,489</b>

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

2021	63,895
2022	37,216
2023	37,216
2024	37,216
2025	37,216
	<u>\$ 212,759</u>

## NOTES TO FINANCIAL STATEMENTS

**See Auditor's Report**

## 2019

[illegible]

---

## Skin Tyee Nation

### NOTES TO FINANCIAL STATEMENTS

**March 31, 2020**

**See Auditor's Report**

#### **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, 2020, cash and term deposits required to fund the Replacement Reserve Fund were deficient by \$4,351 (2019 - \$3,066).

#### **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.

#### **14. SUBSEQUENT EVENT**

Subsequent to March 31, 2020, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19," has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in an economic downturn. This outbreak may also cause staff shortages, delay or stoppage of band projects, all of which may negatively impact the operation, financial condition, or results of operations of the First Nation. The duration and impact of the COVID-19 impact is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

#### **15. CONTINGENT LIABILITY**

The Nation has provided an unlimited guarantee of mortgage on behalf of an enterprise entity under the Nation's control. As at March 31, 2020, the balance owing on the mortgage was \$544,583 (2019 - nil).