Consolidated Financial Statements of

SKOWKALE FIRST NATION

Year Ended March 31, 2014

SKOWKALE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
Year Ended March 31, 2014

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Skowkale First Nation and related information contained in these financial statements are the responsibility of management and have been approved by the Chief and Council.

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Skowkale First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Skowkale First Nation's assets are appropriately accounted for and adequately safeguarded.

The Skowkale First Nation Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through a quorum of council.

The Council meets periodically with management, as well as the external auditor, 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 consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers and approves the engagement of the external auditor.

The financial statements have been audited by Teresa I. Klassen Inc. Certified General Accountant in accordance with Canadian generally accepted auditing standards on behalf of the members. Teresa I. Klassen Inc. has full and free access to the Council.

_______________ Chief

_______________ Councillor _______________ Councillor

_______________ Councillor _______________ Councillor

TERESA I. KLASSEN INC.*
Certified General Accountant

To the Members
Skowkale First Nation

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying financial statements of Skowkale First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, consolidated statement of change in net financial assets (net debt) and consolidated statement of cash flows for the year ended March 31, 2014, 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 excluding the PS 4200 series, 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
My responsibility is to express an opinion on these financial statements based on my audit.I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion
In my opinion, the financial statements present fairly, in all material respects, the financial position of Skowkale First Nation as at March 31, 2014, and its financial performance and its cash flows for the year ended March 31, 2014, in accordance with Canadian Public Sector Accounting Standards excluding the PS 4200 series.

Teresa I Klassen Inc.

CERTIFIED GENERAL ACCOUNTANT

Salmon Arm, BC
October 29, 2014

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*denotes professional corporation

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2014

	2014	2013
FINANCIAL ASSETS		
Cash and cash equivalents (Notes 1 & 2)	$ 755,485	$ 700,301
Accounts receivable (Note 3)	48,907	149,023
Due from government and other government organizations (Note 4)	9,005	31,209
Loans receivable (Note 5)	5,914	5,680
Trust funds held by federal government (Note 6)	11,674	10,690
Investments in government business enterprises (Note 7)	113,289	74,065
Investments in government business partnerships (Note 8)	1,350,556	1,200,364
	2,294,830	2,171,332
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 9)	201,075	198,338
Due to government and other government organizations (Note 10)	4,487	31,909
Deferred revenue (Note 11)	106,146	112,623
Debt (Note 12)	548,820	794,677
	860,528	1,137,547
Net Financial Assets (Net Debt)	1,434,302	1,033,785
NON-FINANCIAL ASSETS		
Tangible capital assets (Notes 1 & 14)	4,759,882	5,313,263
Prepaid expenses (Notes 1 & 15)	177	125
	4,760,059	5,313,388
Accumulated Surplus (Note 19)	$ 6,194,361	$ 6,347,173

Contingent liabilities (Note 15)

APPROVED BY:

The accompanying notes are an integral part of these financial statements.

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
Year Ended March 31, 2014

	Budget 2014 (Unaudited)	2014	2013
REVENUE			
Federal Government			
Aboriginal Affairs and Northern Development Canada	$ 274,335	$ 286,403	$ 229,586
Canada Mortgage and Housing Corporation	-	34,838	42,383
Department of Fisheries and Oceans	-	3,000	3,000
Property Taxes	570,762	571,599	561,883
Property tax recovery	14,850	-	59,236
Rental income	87,000	79,767	106,645
Land Lease	-	8,713	12,500
Sto:lo Nation	18,500	23,748	22,602
School District #33	-	5,500	5,500
First Nations Education Steering Committee	-	3,707	6,964
Interest	-	7,326	9,790
Water service and garbage collection fees	4,500	454	4,840
Honoraria and travel reimbursements	8,500	9,982	8,838
Administration	42,000	-	12,633
Adjustment due to maturing units	-	-	67,133
Net income from government business enterprises	-	39,224	32,794
Net income from government business partnerships	-	150,192	89,764
Net income from trust funds held by federal government	-	984	880
Other	9,750	9,939	5,529
	1,030,197	1,235,376	1,282,500
EXPENDITURE			
Administration	105,000	132,359	115,765
Amortization	-	329,927	159,870
Band Revenue	34,000	72,423	116,860
Community Development	84,750	85,000	-
Individual Housing	-	-	20,633
Maintenance	81,335	96,935	103,089
Non-Profit Housing	40,730	96,749	57,483
Replacement reserve	-	23,884	35,223
Property Taxation	600,762	550,911	593,271
	946,577	1,388,188	1,202,194
ANNUAL SURPLUS (DEFICIT)	83,620	(152,812)	80,306
ACCUMULATED SURPLUS, beginning of year	6,347,173	6,347,173	6,266,867
ACCUMULATED SURPLUS, end of year	$ 6,430,793	$ 6,194,361	$ 6,347,173

Segment Disclosure (Note 24)

The accompanying notes are an integral part of these financial statements.

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (NET DEBT)
March 31, 2014

	Budget 2014 (Unaudited)	2014	2013
Excess of revenues over expenses	$ 83,620	$ (152,812)	$ 80,306
Acquisition of tangible capital assets	-	(7,499)	-
Amortization of tangible capital assets	-	329,927	159,870
Proceeds on sale of tangible capital assets	-	230,953	-
	83,620	400,569	240,176
Acquisition of prepaid expenses	-	(177)	(125)
Use of prepaid expenses	-	125	3,325
Change in net financial assets (Net debt)	83,620	400,517	243,376
NET FINANCIAL ASSETS (NET DEBT), beginning of year	1,033,785	1,033,785	790,409
NET FINANCIAL ASSETS (NET DEBT), end of year	$ 1,117,405	$ 1,434,302	$ 1,033,785

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
March 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Annual surplus (deficit)	$ (152,812)	$ 80,286
Items not affecting cash		
Disposal of capital assets	230,953	-
Amortization of tangible capital assets	329,927	159,870
Net income from government business enterprises and partnerships	(189,416)	(122,538)
Changes in non-cash items on Consolidated Statement of Financial Position	218,652	117,618
Accounts receivable	100,116	32,305
Due from Government and other government organizations	22,204	(16,005)
Loans receivable	(234)	37,195
Prepaid expenses	(52)	3,200
Accounts payable	2,737	(24,618)
Due to Government and other government organizations	(27,422)	(48,000)
Deferred revenue	(6,477)	72,710
Cash provided by (used for) operating activities	309,524	174,405
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(7,499)	-
Cash provided by (used for) capital activities	(7,499)	-
INVESTING ACTIVITIES		
Investments in trust funds held by federal government	(984)	(880)
Cash provided by (used for) investing activities	(984)	(880)
FINANCING ACTIVITIES		
Payment of debt	(245,857)	(75,728)
Cash provided by (used for) financing activities	(245,857)	(75,728)
INCREASE (DECREASE) IN CASH FOR THE YEAR	55,184	97,797
CASH, beginning of year	700,301	602,504
CASH, end of year	$ 755,485	$ 700,301
CONSISTING OF:		
Cash	$ 755,485	$ 700,301
SUPPLEMENTAL INFORMATION:		
Interest received	$ 7,326	$ 9,790
Interest paid	16,444	23,206

The accompanying notes are an integral part of these financial statements.

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

These consolidated financial statements have been prepared 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 Accountants.

b) Basis of Accounting

The First Nation follows the accrual method of accounting for revenues and expenditures. See below for the revenue recognition policy. Expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal, constructive, or equitable obligation to pay.

c) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of the reporting entity, which is composed of all organizations, which are controlled by Skowkale First Nation. All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Skowkale First Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity and Skowkale First Nation's proportionate share in the business partnerships are recorded. No adjustment is made for accounting policies of the enterprises or partnerships that are different from those of the First Nation.

Organizations consolidated in Skowkale First Nation's financial statements include:

Skowkale Taxation Centre

Organizations accounted for on a modified equity basis include:

Ch-ihl-kway-uhk Tribe Society
Ch-ihl-kway-uhk Forestry Limited Partnership
Ch-ihl-kway-uhk Forest Ltd.
Centre Creek Limited Partnership
Centre Creek Management Ltd.
The SHAC Joint Venture
Ts'elxweyeqw Tribe Management Ltd.
Ts'elxweyeqw Tribe Limited Partnership
Ts'elxweyeqw Forestry Limited Partnership
Four Corners Tribal Business Corporation

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts and term deposits having a maturity of twelve months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

e) Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities, but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Tangible Capital Assets

As a non-financial asset, tangible capital assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and the Skowkale First Nation's incremental cost of borrowing.

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 years
Equipment and furnishings	10 years
Computer equipment	5 years
Maintenance equipment	5 years
Underground networks	50 years

Assets under construction are not amortized until the asset is available for productive use.
Annual amortization is charged in the year of disposal.
One-half of amortization is charged in the year of acquisition.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

g) Prepaid expenses

Prepaid expenses include insurance and and security are charged to expense over the periods expected to benefit from it.

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Revenue recognition
Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

i) Expenses
Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

j) Financial instruments
The First Nation's financial instruments consist of cash, receivables, and payables.
Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risk arising from these financial instruments.
The fair value of the instruments approximates their carrying values, unless otherwise noted.

k) Measurement Uncertainty
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabiltiies, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, and assumptions used in estimating provisions for accrued liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2014

2. CASH AND EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Skowkale First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund.

Cash is comprised of the following:

	2014	2013
Externally restricted		
Replacement reserve	$ -	$ 13,036
Security deposit	25,000	25,000
	25,000	38,036
Internally restricted		
Prepaid rents and property taxes	5,843	12,320
Mortgage payouts	100,303	100,303
	106,146	112,623
Unrestricted		
Operating	193,311	172,752
Taxation	431,028	376,890
	624,339	549,642
Total cash	$ 755,485	$ 700,301

3. ACCOUNTS RECEIVABLE

	2014	2013
Due from members:		
Rent - Non-Profit Housing	$ 5,966	$ 93,175
Due from others:		
Property taxes	36,541	44,572
Others	6,400	11,276
	42,941	55,848
	$ 48,907	$ 149,023

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2014	2013
Federal Government		
Department of Fisheries and Oceans	$ 300	$ 300
Canada Mortgage and Housing Corporation	2,768	3,581
Other government organizations	5,937	27,328
	$ 9,005	$ 31,209

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014

5. LOANS RECEIVABLE

	2014	2013
Loans to members, non-interest bearing, without fixed repayment terms	$ 5,914	$ 5,680

6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

Trust fund accounts arise from moneys 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.

	March 31 2013	2014 Additions	2014 Withdrawals	March 31 2014
Revenue	$ 9,102	$ 984	$ -	$ 10,086
Capital	1,588	-	-	1,588
	$ 10,690	$ 984	$ -	$ 11,674

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014

7. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

Skowkale First Nation's investments in government business enterprises consist of the following:

		2014	2013
Ch-ihl-kway-uhk Tribe Society	1/9 ownership	$ 45,768	$ 40,294
Ts'elxweyeqw Tribe Management Ltd.	1/7 ownership	1	1
Ch-ihl-kway-uhk Forest Ltd.	1/9 ownership	10	10
Centre Creek Management Ltd.	1/8 ownership	10	10
Four Corners Tribal Business Corporation	1/4 ownership	67,500	33,750
		$ 113,289	$ 74,065

The following table presents condensed financial information for these commercial enterprises.

	Four Corners Tribal Business Corporation	Ch-ihl-kway-uhk Forest Ltd.	Ch-ihl-kway-uhk Tribe Society	Ts'elxweyeqw Tribe Management Ltd.	Total 2014	Total 2013
Cash	$ 325,135	$ 100	$ 268,590	$ 91,731	$ 685,556	$ 1,174,146
Accounts receivable	12,279	-	-	957,903	970,182	195,864
Prepaid expenses	1,631	-	-	12,435	14,066	2,740
Property, plant & equipment	32,665	-	320	6,826	39,811	49,442
Investment in related parties	-	-	-	3,967	3,967	2,024
Total Assets	$ 371,710	$ 100	$ 268,910	$ 1,072,862	$ 1,713,582	$ 1,424,216
Accounts payable & accruals	$ 4,098	$ -	$ 9,085	$ 359,834	$ 373,017	$ 136,389
Due to (from) related parties	-	(45,518)	(152,086)	713,144	515,540	607,848
Long-term debt	38,696	-	-	-	38,696	59,598
Total liabilities	42,794	(45,518)	(143,001)	1,072,978	927,253	803,835
Equity	328,916	45,618	411,911	(116)	786,329	620,381
Total liabilities and equity	$ 371,710	$ 100	$ 268,910	$ 1,072,862	$ 1,713,582	$ 1,424,216

	Four Corners Tribal Business Corporation	Ch-ihl-kway-uhk Forest Ltd.	Ch-ihl-kway-uhk Tribe Society	Ts'elxweyeqw Tribe Management Ltd.	Total 2014	Total 2013
Revenue	$ 143,678	$ 175	$ 55,149	$ 1,721,148	$ 1,920,150	$ 671,738
Expenses	215,076	-	5,892	1,713,679	1,934,647	654,299
Net Income	$ (71,398)	$ 175	$ 49,257	$ 7,469	$ (14,497)	$ 17,439

Ch-ihl-kway-uhk Tribe Society operates property rental and management activities.
Ch-ihl-kway-uhk Forest Ltd. is the general partner for Ch-ihl-kway-uhk Foresty Limited Partnership.
Ts'elxweyeqw Tribe Management Ltd. is the general partner for Ts'elxweyeqw Tribe Limited Partnership and for Ts'elxweyeqw Forestry Limited Partnership.
Centre Creek Management Ltd. is the general partner for Centre Creek Limited Partnership.
Four Corners Tribal Business Corporation is in the business of locating and developing viable and profitable business and investment opportunities for its aboriginal owners.

8. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

Skowkale First Nation's investments in government business partnerships consist of the following:

		2014	2013
Ch-ihl-kway-uhk Forestry Limited Partnership	11/89 ownership	$ 18,399	$ 39,745
Centre Creek Limited Partnership	11/100 ownership	179,642	181,181
Ts'elxweyeqw Tribe Limited Partnership	10/71 ownership	848,839	645,414
The SHAC Joint Venture	1/6 ownership	303,676	334,024
		$ 1,350,556	$ 1,200,364

	Ch-ihl-kway-uhk Forestry Limited Partnership	Centre Creek Limited Partnership	The SHAC Joint Venture	Ts'elxweyeqw Tribe Limited Partnership	Ts'elxweyeqw Forestry Limited Partnership	Total 2014	Total 2013
Cash	$ 172,924	$ 11,482	$ 1,752,478	$ 758,501	$ 2,556,457	$ 5,251,842	$ 5,049,980
Accounts receivable	43,166	-	104,324	747,439	61,238	956,167	290,766
Security deposits	1,000	-	-	-	-	1,000	7,815
GST receivable	-	6,883		-	-	6,883	12,642
Prepaid expenses	-	9,620	4,801	-	6,813	21,234	92,077
Inventory	199,128	-	-	-	-	199,128	-
Property, plant & equipment	-	2,539,492	65,153	2,448	9,218	2,616,311	2,601,152
Loan receivable from related parties	-	-	-	2,495,520	-	2,495,520	2,797,493
Investment in related parties	-	-	-	930,518	208,813	1,139,331	415,831
Total Assets	$ 416,218	$ 2,567,477	$ 1,926,756	$ 4,934,426	$ 2,842,539	$ 12,687,416	$ 11,267,756
Bank indebtedness	$ -	$ 100,000	$ 25,000	$ -	$ -	$ 125,000	$ 100,000
Accounts payable & accruals	139,984	16,806	27,229	72,886	-	256,905	70,336
Deferred revenue	82,066	-	39,750	-	-	121,816	-
Short term debt	-	-	12,721	-	-	12,721	-
Long-term debt	-	372,197	-	-	-	372,197	447,767
Due to (from) related parties	1,456	522,304	-	(667,443)	(584,430)	(728,113)	(607,398)
Loan payable to related parties	-	-	-	-	2,495,520	2,495,520	2,797,493
Total liabilities	223,506	1,011,307	104,700	(594,557)	1,911,090	2,656,046	2,808,198
Equity	192,712	1,556,170	1,822,056	5,528,983	931,449	10,031,370	8,459,558
Total liabilities and equity	$ 416,218	$ 2,567,477	$ 1,926,756	$ 4,934,426	$ 2,842,539	$ 12,687,416	$ 11,267,756

8. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS (continued)

	Ch-ihl-kway-uhk Forestry Limited Partnership	Centre Creek Limited Partnership	The SHAC Joint Venture	Ts'elxweyeqw Tribe Limited Partnership	Ts'elxweyeqw Forestry Limited Partnership	Total 2014	Total 2013
Revenue	$ 257,888	$ 95,700	$ 767,572	$ 2,122,193	$ 584,823	$ 3,828,176	$ 2,921,933
Expenses	242,154	92,519	747,158	696,792	69,620	1,848,243	1,574,459
Debt servicing	-	17,171	-	-	-	17,171	24,799
Total Expenses	242,154	109,690	747,158	696,792	69,620	1,865,414	1,599,258
Net Income	$ 15,734	$ (13,990)	$ 20,414	$ 1,425,401	$ 515,203	$ 1,962,762	$ 1,322,675

Ts'elxweyeqw Forestry Limited Partnership's limited partner is Ts'elxweyeqw Tribe Limited Partnership and the general partner is Ts'elxweyeqw Tribe Management Ltd.
Seven Generations Environmental Services Ltd. Is wholly owned by and consolidated in The SHAC Joint Venture.

Ch-ihl-Kway-Uhk Forestry Limited Partnership develops, operates and participates in various forestry activities in and around Chilliwack, BC.
Centre Creek Limited Partnership purchases or otherwise acquires real and personal property of all kinds, or any interest therein certain land located in the Chilliwack River Valley; and manages the property, including entering into a long-term lease with Stehiyaq Aboriginal Healing Society.
The SHAC Joint Venture invests, manages and distributes the ILM funds for the benefit of the Joint Venturer's member communities.
Ts'elxweyeqw Tribe Limited Partnership accommodates any business ventures that the Partners wish to enter into and defends the aboriginal title and rights collectively held by members of the Partners within the traditional territory of the Tribe.

SKOWKALE FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2014

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2014	2013
Trade payables	$ 174,666	$ 174,544
Accrued salaries and employee benefits payable	-	-
Accrued liabilities	26,409	23,794
	$ 201,075	$ 198,338

10. DUE TO GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

	2014	2013
Federal Government	$ 4,487	$ 31,909

Amounts due to government and other government organizations are due on demand.

11. DEFERRED REVENUE

Deferred Revenue is comprised of the following:

	2014	2013
Unearned rent	$ 2,338	$ 8,367
Unearned property taxes	3,505	3,953
Unearned sale of homes	100,303	100,303
	$ 106,146	$ 112,623

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12. DEBT

	2014	2013
Project VI - All Nations Trust Company - CMHC mortgage payable with payments of $1,063 per month, including interest at 1.64% per annum, maturing December 1, 2016. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and three housing units	$ 34,270	$ 46,357
Project VII - All Nations Trust Company - CMHC mortgage payable with payments of $1,236 per month, including interest at 3.16% per annum, maturing June 1, 2013. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and two duplex housing units	-	69,582
Project VIII - All Nations Trust Company - CMHC mortgage payable with payments of $574 per month, including interest at 2.61% per annum, maturing September 1, 2014. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and two housing units	33,774	39,702
Project IX - All Nations Trust Company - CMHC mortgage payable with payments of $1,369 per month, including interest at 2.63% per annum, maturing June 1, 2016. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and four housing units	103,801	117,315
Project X - All Nations Trust Company - CMHC mortgage payable with payments of $1,977 per month, including interest at 3.16% per annum, maturing June 1, 2013. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and five housing units	-	131,235
Project I - All Nations Trust Company - CMHC mortgage payable with payments of $2,040 per month, including interest at 2.87% per annum, maturing December 1, 2014. Secured by a ministerial guarantee from Aboriginal Affairs and Northern Development Canada and five housing units	376,975	390,486
	$ 548,820	$ 794,677

Scheduled principal reduction is estimated as follows:

2015	$ 436,892
2016	26,716
2017	85,212
2018	-
	$ 548,820

13. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals, Write offs & Other Adjustments	Transfers of Assets	Closing Balance	Opening Balance	Amortization	Disposals, Write offs & Other Adjustments	Closing Balance	Total 2014	Total 2013
Tangible Capital Assets											
Commercial Buildings	$ 49,565	$ -	$ -	$ -	$ 49,565	$ 34,219	$ 1,984	$ -	$ 36,203	$ 13,362	$ 15,346
Residential Buildings	2,463,993	-	798,076	-	1,665,917	793,891	245,857	567,124	472,624	1,193,293	1,670,102
Equipment and furnishings	12,269			-	12,269	11,770	292	-	12,062	207	499
Computer equipment	11,366			-	11,366	10,715	217	-	10,932	434	651
Maintenance equipment	40,498	7,499		-	47,997	29,344	7,041	-	36,385	11,612	11,154
Underground networks	3,726,854	-	-	-	3,726,854	186,343	74,537	-	260,880	3,465,974	3,540,511
	6,304,545	7,499	798,076	-	5,513,968	1,066,282	329,928	567,124	829,086	4,684,882	5,238,263
Land	75,000	-	-	-	75,000	-	-	-	-	75,000	75,000
Total	$ 6,379,545	$ 7,499	$ 798,076	$ -	$ 5,588,968	$ 1,066,282	$ 329,928	$ 567,124	$ 829,086	$ 4,759,882	$ 5,313,263

14. PREPAID EXPENSES

	2014	2013
Security	$ 177	$ 125

15. CONTINGENT LIABILITIES

Skowkale First Nation is contingently liable in respect of individual Band member mortgages for On-Reserve Housing as follows:

	2014	2013
Brandee Hall	$ 155,468	$ 160,131
Anthony Nendick	190,165	-
	$ 345,633	$ 160,131

Skowkale First Nation has entered into the First Nations On Reserve Loan Program with the Royal Bank of Canada. The total amount available under the program to qualified members of the First Nation is $2,000,000. The maximum individual amount available under the program to each qualified member of the First Nation is $250,000. The minimum amount is $25,000.

16. COMMITMENTS

Skowkale First Nation leases a photocopier for $232 per month. The lease expires September 2015. Future minimum lease payments are as follows:

Year 2015	$ 2,784
Year 2016	1,160

17. GOVERNMENT TRANSFERS

	2014	2013
Federal government transfers:		
Aboriginal Affairs and Northern Development Canada	$ 286,403	$ 229,586
Canada Mortgage and Housing Corporation	34,838	42,383
Department of Fisheries and Oceans	3,000	3,000
Other	23,748	22,602
	$ 347,989	$ 297,571

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18. ECONOMIC DEPENDENCE

The Skowkale First Nation receives a revenues pursuant to a Funding Agreement with Aboriginal Affairs and Northern Development Canada.
In the current year, funding from Aboriginal Affairs and Northern Development Canada accounted for 24% (2013 - 18%) of the First Nation's gross revenues.

19. ACCUMULATED SURPLUS

Consists of:	2014	2013
Operations Fund	$ 466,762	$ 385,454
Tangible Capital Asset Fund	4,211,063	4,518,586
Ottawa Trust Fund	11,674	10,690
Investments in government business enterprises	113,289	74,065
Investments in government business partnerships	1,350,556	1,200,364
Replacement reserve	21,393	143,905
Operating reserve	19,624	14,109
	$ 6,194,361	$ 6,347,173

20. BUDGETED FIGURES

The unaudited budgeted figures have been provided for comparison purposes and have been approved by the First Nation

21 SEGMENTED INFORMATION

Skowkale First Nation provides a range of services to its members. For Management reporting purposes, operations and activities are organized and reported by department. Segments and services provided are as follows:

Operations - includes general operations, support, and financial management of the First Nation.
Ottawa Trust - includes activities related to the First Nation's funds held by the Federal Government
Replacment reserve - includes activities related to the First Nation's repair, maintenance and replacement of worn out assets.
Operating Reserve - includes activities related to the First Nation's surplus and deficits in Post 1997 housing projects.
Capital Fund - includes activities related to the First Nation's tangible capital assets.

	Operations			Ottawa Trust			Replacement Reserve			Operating Reserve			Tangible Capital Asset		
	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013	Budget 2014	2014	2013
REVENUE															
Federal government	$ 274,335	$ 286,403	$ 297,571	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	755,862	989,524	861,469	-	984	880	-	-	22	-	-	-	-	(230,952)	-
	1,030,197	1,275,927	1,159,040	-	984	880	-	-	22	-	-	-	-	(230,952)	-
EXPENDITURE															
Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-	329,927	159,870
Salaries and benefits	51,350	67,705	27,816	-	-	-	-	-	-	-	-	-	-	-	-
Debt servicing	15,000	16,444	23,206	-	-	-	-	-	-	-	-	-	-	-	-
Other	880,227	950,227	956,079	-	-	-	-	23,884	35,223	-	-	-	-	-	-
	946,577	1,034,376	1,007,101	-	-	-	-	23,884	35,223	-	-	-	-	329,927	159,870
ANNUAL SURPLUS (DEFICIT)	83,620	241,551	151,939	-	984	880	-	(23,884)	(35,201)	-	-	-	-	(560,879)	(159,870)

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22. EXPENSES BY OBJECT

	2014	2013
Administration	$ 12,000	$ 12,633
Bad debts	47,513	73,293
Band functions	2,507	4,699
BC School tax	232,298	228,079
Elder expenses	179	-
Election costs	-	3,810
Equipment rental	-	2,784
Fish hatchery expenses	3,000	3,060
Flow through - Individual construction	-	20,000
General government	42,149	85,567
Honorarium	34,225	-
Insurance	30,678	34,687
Interest and bank charges	3,126	2,204
Interest on long-term debt	16,444	23,206
Maturing units adjustment	-	67,133
Meeting expense	7,405	-
Office	25,042	5,157
Professional fees	56,810	44,620
Professional services	-	6,000
Repair and maintenance	70,887	21,426
Replacements and renovations	23,884	-
Salaries and benefits	67,888	27,817
Service agreements	268,952	281,284
Student allowances	25,825	-
Subcontract	5,272	6,156
Telecommunications	7,251	6,972
Travel	6,658	8,316
Utilities	42,460	47,638
Amortization	329,927	159,870
Other	25,808	25,783
	$ 1,388,188	$ 1,202,194