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SKOWKALE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2016

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SKOWKALE FIRST NATION  
#10 – 3rd Floor – 7201 Vedder Road  
Chilliwack, BC V2R 4G5

**MANAGEMENT'S REPORT**

**Management's Responsibility for the Financial Statements**

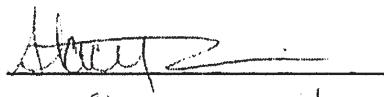
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Council. The Council reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Council also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, Manning Elliott Accountants and Business Advisors, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to the financial management of the Skowkale First Nation and we meet when required. The accompanying Independent Auditors' Report re-iterates management's responsibility for the financial statements, outlines the auditors' responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Skowkale First Nation:



Name: Stacy McNeil  
Title: General Manager  
Date: July 13/16

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Name:

Title:

Date:

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## **INDEPENDENT AUDITORS' REPORT**

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To the Members of:  
Skowkale First Nation

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

We have audited the accompanying consolidated financial statements of Skowkale First Nation which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and the related notes comprising a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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### **INDEPENDENT AUDITORS' REPORT**

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#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Skowkale First Nation as at March 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Manning Elliott LLP*

Chartered Professional Accountants  
Abbotsford, British Columbia  
July 13, 2016

**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 1,388,605	\$ 627,124
Accounts receivable (Note 3)	95,453	103,083
Due from government and other government organizations (Note 4)	98,599	29,302
Loans receivable (Note 5)	3,947	3,947
Trust funds held by federal government (Note 6)	1,604	1,605
Investments in government business enterprises (Note 7)	93,502	119,028
Investment in government business partnerships (Note 8)	2,342,728	1,504,677
	<hr/> \$ 4,024,438	<hr/> \$ 2,388,766
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 54,985	\$ 344,613
Due to government and other government organizations	-	6,905
Deferred revenue	217,239	91,083
Long-term debt (Note 10)	433,216	474,686
	<hr/> 705,440	<hr/> 917,287
<b>NET FINANCIAL ASSETS</b>	<hr/> 3,318,998	<hr/> 1,471,479
<b>ACCUMULATED SURPLUS</b>		
Tangible capital assets (Note 11)	4,577,421	4,702,182
Prepaid expenses and deposits	2,950	1,039
	<hr/> 4,580,371	<hr/> 4,703,221
<b>ACCUMULATED SURPLUS (Note 12)</b>	<hr/> \$ 7,899,369	<hr/> \$ 6,174,700
<b>CONTINGENT LIABILITIES (Note 13)</b>		

Approved on behalf of the Council:


Chief



Councilor


Councilor



**SKOWKALE FIRST NATION**

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>Budget</b>	<b>2015</b>
<b>REVENUE</b>			
Federal Government			
Aboriginal Affairs and Northern Development Canada	\$ 326,792	\$ 226,082	\$ 419,182
Canadian Mortgage and Housing Corporation	105,310	21,325	24,560
Department of Fisheries and Oceans	2,775	3,000	6,700
Property taxes	613,909	613,000	600,582
Rental income	70,049	70,050	65,917
Land lease	19,735	9,350	10,826
New Relationship Trust Foundation	9,000	9,000	25,000
Sto:lo Nation	26,472	19,363	26,365
School District #33	5,500	-	5,500
First Nation's Education and Steering Committee	3,441	-	-
Interest	8,475	-	10,786
Water service and garbage collection fees	2,695	-	600
Honoraria and travel reimbursements	8,988	3,000	2,451
Net income from government business enterprises	2,609	-	5,739
Net income from government business partnerships	1,058,051	-	154,121
Net income from trust funds held by federal government	625	-	679
Other	91,835	424,088	2,361
Income from CFB Lands claim settlement	600,000	-	-
	2,956,261	1,398,258	1,361,369
<b>EXPENSES (Note 15)</b>			
Administration	178,783	153,441	178,301
Amortization of tangible capital assets	125,741	-	164,181
Band revenue	110,351	3,000	227,224
Community development	64,797	74,605	85,203
Individual housing	9,808	88,960	40,192
Maintenance	115,152	117,212	121,468
Non-profit housing	23,935	-	45,224
Property taxation	603,025	658,000	519,237
	1,231,592	1,095,218	1,381,030
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>1,724,669</b>	<b>303,040</b>	<b>(19,661)</b>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<b>6,174,700</b>	<b>6,174,700</b>	<b>6,194,361</b>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<b>\$ 7,899,369</b>	<b>\$ 6,477,740</b>	<b>\$ 6,174,700</b>



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**SKOWKALE FIRST NATION****CONSOLIDATED STATEMENT OF CHANGES CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2016**

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	<b>2016</b>	<b>2015</b>
<u>ANNUAL SURPLUS (DEFICIT) FOR THE YEAR</u>	\$ 1,724,669	\$ (19,661)
Purchase of tangible capital assets	(980)	(138,015)
Amortization of tangible capital assets	125,741	164,181
Disposal of tangible capital assets	-	31,533
	124,761	57,699
Acquisition of prepaid expenses and deposits	(2,949)	(1,038)
Use of prepaid expenses and deposits	1,038	177
	(1,911)	(861)
<b>CHANGES IN NET FINANCIAL ASSETS</b>	<b>1,847,519</b>	<b>37,177</b>
<b>BALANCE, BEGINNING OF YEAR</b>	<b>1,471,479</b>	<b>1,434,302</b>
<b>BALANCE, END OF YEAR</b>	<b>\$ 3,318,998</b>	<b>\$ 1,471,479</b>



**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

	<b>2016</b>	<b>2015</b>
<b>CASH FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Surplus (deficit) for the year	\$ 1,724,669	\$ (19,661)
Items not involving cash:		
Amortization of tangible capital assets	125,741	164,181
Disposal of tangible capital assets	-	31,533
Income from government business enterprises	(2,609)	(5,739)
Income from government business partnerships	(1,058,051)	(154,121)
	789,750	16,193
Change in non-cash working capital items:		
Accounts receivable	7,630	(54,176)
Due from government and other government organizations	(69,297)	(20,298)
Loans receivable	-	1,967
Prepaid expenses and deposits	(1,911)	(863)
Accounts payable and accrued liabilities	(289,629)	143,540
Due to government and other government organizations	(6,905)	2,418
Deferred revenue	126,156	(15,063)
	555,794	73,718
<b>CAPITAL AND INVESTING TRANSACTIONS</b>		
Purchase of tangible capital assets	(980)	(138,014)
Investments in trust funds held by federal government	1	10,069
Distributions from government business partnerships	220,000	-
Distributions from government business enterprises	28,136	-
	247,157	(127,945)
<b>OTHER NON-FINANCIAL ASSETS</b>		
Repayment of debt	(41,470)	(74,134)
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>761,481</b>	<b>(128,361)</b>
<b>CASH AND EQUIVALENTS, BEGINNING OF YEAR</b>	<b>627,124</b>	<b>755,485</b>
<b>CASH AND EQUIVALENTS, END OF YEAR</b>	<b>\$ 1,388,605</b>	<b>\$ 627,124</b>
<b>CASH FLOW SUPPLEMENTAL INFORMATION</b>		
Interest received	\$ 8,475	\$ 10,786
Interest paid	\$ 9,673	\$ 13,093



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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**NATURE OF OPERATIONS**

The Skowkale First Nation (the “Band”) is a band government of the Stó:lo people located in the Fraser Valley region near the City of Chilliwack in the Province of British Columbia. The Band is a member government of the Stó:lo Nation. The Band provides various services to its members including the Band’s members, government and all related entities that are accountable to the Band and are either owned or controlled by the Band.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Chartered Professional Accountants. Significant aspects of the accounting policies adopted by the Band are as follows:

**a) Reporting entity**

The consolidated financial statements reflect the assets, liabilities, revenue, expenses and accumulated surplus of the reporting entity. The reporting entity is comprised of all organizations, committees and departments accountable for the administration of their financial affairs and resources to the Band and which are owned or controlled by the Band.

**b) Principles of consolidation**

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 the Band’s investment in the government business enterprise and the enterprise’s net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of the Band.

Organizations consolidated in the Band’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
- Four Corners Tribal Business Corporation

**c) Cash and cash equivalents**

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



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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**d) Tangible capital assets**

Tangible capital assets are initially 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. The cost, less residual value, of the tangible capital assets are recognized at a nominal value. Infrastructure assets acquired prior to 1996 are the only assets where nominal values were assigned.

Certain assets which have historical or cultural values, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available for productive use.

Social housing assets acquired under Canada Mortgage and Housing Corporation (C.M.H.C.) sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long-term debt. Annual amortization is charged in the year of disposal.

For all other assets, one-half of amortization is charged in the year of acquisition. No amortization is taken in the year of disposal.

Amortization is provided for 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

**e) 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.

Investment and interest income earned are recognized in the period and the income is earned.

Contracting and grant revenues are recognized as they become receivable under the terms of applicable agreements.

Property tax revenues are recognized as earned over the property taxation year.

Revenues received which relate to a subsequent fiscal period are reflected as deferred revenue in the year of receipt and classified as such in the statement of financial position.



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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**f) Use of estimates**

In preparing the consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the period in which they become known.

**g) Asset classification**

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

**h) Net financial assets**

The Band's financial statements are presented to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets are comprised of two components, non-financial assets and accumulated surplus.



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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i) Recent accounting pronouncements**

**Financial instruments**

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016 though early adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption, therefore, financial statements of prior periods, including comparative information, are not restated.

**Related party transactions**

In March 2015, the Public Sector Accounting Board (PSAB) issued PS 2200 *Related party disclosures* to define a related party and establish the disclosure required for a related party transaction. Disclosure of information about related party transactions and their relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. PS 2200 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted.

**Assets**

In June 2015, the Public Sector Accounting Board (PSAB) issued PS 3210 *Assets* which provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason for this should be disclosed. As a result of the issuance of PS 3210, there have been numerous consequential amendments made to other Sections. PS 3210 is effective for fiscal years beginning on or after April 1, 2017 though early adoption is permitted.

The Band has not yet determined the effect of these new standards on its financial statements.

**2. CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
Cash and cash equivalents is comprised of the following:		
<b>Externally restricted</b>		
Security deposit	\$ 25,000	\$ 25,000
<b>Internally restricted</b>		
Prepaid rents	38,419	11,846
Mortgage payouts	178,821	79,238
<b>Unrestricted</b>		
Operating	997,524	347,912
Taxation	148,841	163,128
<b>Total cash and cash equivalents</b>	<b>\$ 1,388,605</b>	<b>\$ 627,124</b>



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**3. ACCOUNTS RECEIVABLE**

	<b>2016</b>	<b>2015</b>
Accounts receivable consists of the following:		
<b>Due from members:</b>		
Rent - Non-profit housing	\$ 2,171	\$ 9,177
Total due from members:	2,171	9,177
<b>Due from others:</b>		
Property taxes	89,635	80,865
Others	3,647	13,041
Total due from others:	\$ 93,282	\$ 93,906

**4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS**

Accounts receivable consists of the following:

	<b>2016</b>	<b>2015</b>
Sto:lo Nation	\$ 17,490	\$ 29,302
Canada Mortgage and Housing Corporation	75,609	-
Province of British Columbia	5,500	-
Total	\$ 98,599	\$ 29,302

**5. LOANS RECEIVABLE**

Loans receivable consists of amounts loaned to members. These loans are non-interest bearing and are without fixed repayment terms.

**6. TRUST FUNDS HELD BY FEDERAL GOVERNMENT**

	2015	Additions	Withdrawals	2016
Revenue	\$ 17	\$ 625	\$ 626	\$ 16
Capital	1,588	-	-	1,588
Total	\$ 1,605	\$ 625	\$ 626	\$ 1,604

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.



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES**

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

		<b>2016</b>	<b>2015</b>
Ch-ihl-kway-uhk Tribe Society	1/9 ownership	\$ 54,117	\$ 51,507
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	39,364	67,500
		<hr/>	<hr/>
		\$ 93,502	\$ 119,028

Ch-ihl-kway-uhk Tribe Society operates property rental and management activities.

Ts'elxweyeqw Tribe Management is the general partner for Ts'elxweyeqw Tribe Limited Partnership and Ts'elxweyeqw Forestry Limited Partnership. Its financial information is consolidated into the financial information for Ts'elxweyeqw Tribe Limited Partnership in Note 8.

Ch-ihl-kway-uhk Forest Ltd. is the general partner for Ch-ihl-kway-uhk Forestry Limited Partnership. Its financial information is consolidated into the financial information for Ch-ihl-kway-uhk Forestry Limited Partnership in Note 8.

Centre Creek Management Ltd. is the general partner for Centre Creek Limited Partnership. Its financial information is consolidated into the financial information for Centre Creek Limited Partnership in Note 8.

Four Corners Tribal Business Corporation is in the business of locating and developing viable and profitable business and investment opportunities for its aboriginal owners. During the year, Skowkale began to account for the investment in Four Corners Tribal Business Corporation at cost.

The summary of the unaudited financial statements for the year ended March 31, 2016 is as follows:

	Four Corners			
	Ch-ihl-kway-uhk Tribe	Tribal Business Society	Corporation	2016
				2015
Current assets	\$ 372,067	-	\$ 372,067	\$ 557,262
Capital assets	181	-	181	25,870
Due from related party	128,897	-	128,897	128,897
<b>Total assets</b>	<b>501,145</b>	<b>-</b>	<b>501,145</b>	<b>712,029</b>
Current liabilities	14,105	-	14,105	13,151
Long-term debt	-	-	-	16,088
<b>Total liabilities</b>	<b>14,105</b>	<b>-</b>	<b>14,105</b>	<b>29,239</b>
Equity	487,040	-	487,040	682,790
<b>Total liabilities and equity</b>	<b>\$ 501,145</b>	<b>\$ -</b>	<b>\$ 501,145</b>	<b>\$ 712,029</b>
Revenue	\$ 57,942	-	\$ 57,942	\$ 198,827
Expenses	34,463	-	34,463	220,968
Net income (loss)	\$ 23,479	-	\$ 23,479	\$ (22,141)



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**8. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS**

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

			<b>2016</b>	<b>2015</b>
Ch-ihl-Kway-Uhk Forestry Limited Partnership	11/89 ownership	\$ 48,347	\$ 42,798	
Centre Creek Limited Partnership	11/100 ownership	179,396	180,427	
Ts'elxwyeqx Tribe Limited Partnership	10/71 ownership	2,011,723	960,783	
The SHAC Joint Venture	1/6 ownership	103,262	320,669	
			<b>\$ 2,342,728</b>	<b>\$ 1,504,677</b>

Ch-ihl-Kway-Uhk Forestry Limited Partnership is in the business of developing, operating and participating in various forestry operations and activities in and around Chilliwack, B.C.

Centre Creek Partnership is in the business of purchasing or otherwise acquiring real and personal property of all kinds located in the Chilliwack River Valley. The partnership is also responsible for managing the acquired properties.

Ts'elxwyeqx Tribe Limited Partnership is in the business of managing the activities of Ts'elxwyeqx Forestry Limited Partnership to ensure the protection of the tribe's interests and heritage.

The SHAC Joint Venture is in the business of managing the settlement of funds received from BC Hydro for the ILM transmission line project.

The summary of the unaudited financial statements for the year ended March 31, 2016 is as follows:

	<b>Ch-ihl-Kway-</b>			
	<b>Uhk</b>	<b>Centre Creek</b>		
	<b>(consolidated)</b>	<b>(consolidated)</b>	<b>2016</b>	<b>2015</b>
Current assets	\$ 591,944	\$ 43,053	\$ 634,997	\$ 545,260
Capital assets	-	2,461,132	2,461,132	2,499,512
Due from related parties	47,737	-	47,737	47,737
<b>Total assets</b>	<b>639,681</b>	<b>2,504,185</b>	<b>3,143,866</b>	<b>3,092,509</b>
Current liabilities	156,833	25,819	182,652	127,237
Due to related parties	-	530,704	530,704	530,704
Other liabilities	-	-	-	-
Long-term debt	-	393,734	393,734	433,307
<b>Total liabilities</b>	<b>156,833</b>	<b>950,257</b>	<b>1,107,090</b>	<b>1,091,248</b>
Equity	482,848	1,553,928	2,036,776	2,001,261
<b>Total liabilities and equity</b>	<b>\$ 639,681</b>	<b>\$ 2,504,185</b>	<b>\$ 3,143,866</b>	<b>\$ 3,092,509</b>
Revenue	\$ 317,405	\$ 128,900	\$ 446,305	\$ 831,677
Expenses	270,114	121,763	391,877	624,915
Net income	\$ 47,291	\$ 7,137	\$ 54,428	\$ 206,762



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**8. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS (Continued)**

	<b>Ts'elxweyeqx</b>	<b>Tribe</b>	<b>The SHAC</b>	<b>2016</b>	<b>2015</b>
	<b>(consolidated)</b>	<b>Joint Venture</b>			
Current assets	\$ 10,811,931	\$ 765,633	\$ 11,577,564	\$ 5,980,834	
Capital assets	23,353	57,861	81,214	83,728	
Due from related parties	3,069,981	-	3,069,981	2,367,110	
<b>Total assets</b>	<b>13,905,265</b>	<b>823,494</b>	<b>14,728,759</b>	<b>8,431,672</b>	
Current liabilities	323,716	203,128	526,844	151,116	
Due to related parties	-	-	-	-	
Other liabilities	-	-	-	-	
Long-term debt	-	794	794	5,315	
<b>Total liabilities</b>	<b>323,716</b>	<b>203,922</b>	<b>527,638</b>	<b>156,431</b>	
Equity	13,581,549	619,572	14,201,121	8,275,241	
<b>Total liabilities and equity</b>	<b>\$ 13,905,265</b>	<b>\$ 823,494</b>	<b>\$ 14,728,759</b>	<b>\$ 8,431,672</b>	
Revenue	\$ 8,787,870	\$ 1,257,379	\$ 10,045,249	\$ 3,149,633	
Expenses	1,550,184	1,241,821	2,792,005	2,121,489	
Net income	\$ 7,237,686	\$ 15,558	\$ 7,253,244	\$ 1,028,144	

**9. SETTLEMENT TRUST FUNDS**

During the year, the Band, reached a settlement with the Federal Government related to lands in Chilliwack under claim by Skowkale and two other First Nations. The settlement required the Federal Government to provide joint lands to the three First Nations as well as a cash settlement, which is intended to cover the legal costs incurred as well as compensation.

The Provincial government provided the three First Nations with \$4,479,000, to purchase joint lands and \$3,400,000 in settlement monies. On receipt of the settlement, a parcel of land was purchased for \$4,479,000; subsequently, a portion of land was sold for \$1,830,000, and the remaining land transferred to the federal government to be added to reserves.

The remaining cash settlement is being held in trust for the benefit of the three First Nations.



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**10. LONG-TERM DEBT**

	<b>2016</b>	<b>2015</b>
Project #6 - All Nations Trust Company - C.M.H.C. mortgage, payable in blended monthly payments of \$1,062 at 1.64% per annum, maturing December 1, 2016	\$ 9,510	\$ 21,985
Project #9 - All Nations Trust Company - C.M.H.C. mortgage, payable in blended monthly payments of \$1,369 at 2.63% per annum, maturing February 1, 2021, renewal on June 1, 2016	75,862	89,929
Project #1 - All Nations Trust Company - C.M.H.C. mortgage, payable in blended monthly payments of \$1,830 at 1.83% per annum, maturing November 1, 2034, renewal on December 1, 2019	347,844	362,772
<b>Total long-term debt</b>	<b>\$ 433,216</b>	<b>\$ 474,686</b>

Anticipated annual principal repayments over the next five years and thereafter are as follows:

2017	\$ 100,113
2018	16,031
2019	16,327
2020	299,217
<b>2020 and thereafter</b>	<b>1,528</b>
	<hr/> <b>\$ 433,216</b>



**SKOWKALE FIRST NATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2016**

**11. TANGIBLE CAPITAL ASSETS**

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<b>2016</b>	<i>Net book value</i>
Land	\$ 101,174	\$ -	\$ -	\$ -	\$ 101,174	
Commercial buildings	112,632	-	-	43,742	68,890	
Residential buildings	1,442,947	-	-	459,856	983,091	
Equipment and furnishings	12,269	-	-	12,269	-	
Computer equipment	11,366	-	-	11,366	-	
Maintenance equipment	47,997	980	-	48,977	-	
Underground networks	3,838,694	-	-	414,428	3,424,266	
	\$ 5,567,079	\$ 980	\$ -	\$ 990,638	\$ 4,577,421	

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<b>2015</b>	<i>Net book value</i>
Land	\$ 75,000	\$ 26,174	\$ -	\$ -	\$ 101,174	
Commercial buildings	49,565	63,067	-	39,237	73,395	
Residential buildings	1,665,917	-	94,600	546,757	1,024,560	
Equipment and furnishings	12,269	-	-	12,269	-	
Computer equipment	11,366	-	-	11,366	-	
Maintenance equipment	47,997	-	-	45,984	2,013	
Underground networks	3,726,854	111,840	-	337,654	3,501,040	
	\$ 5,588,968	\$ 201,081	\$ 94,600	\$ 993,267	\$ 4,702,182	

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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**12. ACCUMULATED SURPLUS**

	<b>2016</b>	<b>2015</b>
Operations fund	\$ 1,199,615	\$ 300,828
Tangible capital asset fund	4,261,920	4,248,561
Ottawa trust fund	1,604	1,605
Investments in government business enterprises	93,502	119,029
Investments in government business partnerships	2,342,728	1,504,677
	<hr/>	<hr/>
	\$ 7,899,369	\$ 6,174,700

**13. CONTINGENT LIABILITIES**

The Band 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 Band is \$2,000,000. The maximum individual amount under the program to qualified members of the Band is \$250,000. At March 31, 2016, the amount guaranteed under this program was \$1,143,315.

The Band is also contingently liable for guaranteed housing mortgages from various financial institutions registered with the National Housing Authority. As at March 31, 2016, the liability totaled \$756,114.

**14. BUDGETED FIGURES**

The unaudited budgets for the year April 1, 2015 to March 31, 2016 were approved by the Chief and Council. The operating budget is based on projected operating expenses to be incurred during the year on a program-by-program basis.



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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**15. EXPENSES BY OBJECT**

	<b>2016</b>	<b>Budget</b>	<b>2015</b>
Administration	\$ 12,000	\$ -	\$ 12,000
Amortization of tangible capital assets	125,741	-	164,181
BC School tax	139,069	144,162	193,280
Service agreements	308,913	271,864	281,864
Community development	-	13,500	15,892
Election expense	-	-	4,150
Student allowances	-	-	42,014
Fish hatchery expenses	2,327	3,000	12,713
Insurance	25,884	23,734	29,860
Interest and bank charges	4,033	-	2,699
Interest on long-term debt	9,673	51,143	13,093
Honoraria	44,760	87,800	45,075
Elder expenses	-	11,000	4,669
Band functions	-	28,200	15,437
Office and miscellaneous	13,834	21,605	33,486
Meeting expenses	8,603	13,880	7,022
Professional fees	76,386	58,500	257,849
Rent	4,984	8,400	-
Repairs and maintenance	130,214	33,190	56,119
General government expenses	88,231	90,000	37,889
Subcontracts	-	-	7,124
Telephone	6,827	7,030	6,965
Travel	30,041	4,000	8,763
Utilities	50,503	63,000	51,902
Wages and benefits	141,132	161,210	74,684
Other operating expenses	8,437	-	2,300
	<hr/> \$ 1,231,592	<hr/> \$ 1,095,218	<hr/> \$ 1,381,030

