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**SKOWKALE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
MARCH 31, 2019**

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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: **Band Manager**

Date: **July 9, 2019**

\_\_\_\_\_  
Name:

Title:

Date:



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## **INDEPENDENT AUDITORS' REPORT**

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To the Members of:  
Skowkale First Nation

### *Opinion*

We have audited the accompanying financial statements of Skowkale First Nation (the "Band") which comprise the statement of financial position as at March 31, 2019, and the 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.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of the Band as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *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 Financial Statements* section of our report. We are independent of the Band 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 those 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 Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

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

### *Auditors' Responsibilities for the Audit of the 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 judgement and maintain professional skepticism throughout the audit. We also:



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## INDEPENDENT AUDITORS' REPORT

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- 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 controls.
- Obtain an understanding of internal controls 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 Band's internal controls.
- 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 Band'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 Band 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.

We communicate 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 identified during our audit.

*Manning Elliott LLP*

Chartered Professional Accountants

Abbotsford, British Columbia

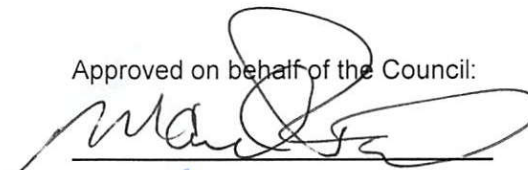
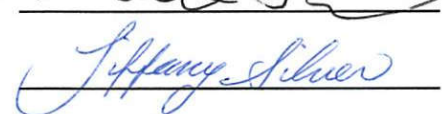
July 9, 2019

**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 8,439,811	\$ 3,316,965
Term deposits	1,450,000	-
Accounts receivable (Note 3)	165,462	84,177
Due from government and other government organizations (Note 4)	457,970	316,197
Trust funds held by federal government (Note 5)	2,271	1,625
Investments in government business enterprises (Note 6)	121,747	116,996
Investment in government business partnerships (Note 7)	2,738,171	2,585,615
	<b>\$ 13,375,432</b>	<b>\$ 6,421,575</b>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 245,567	\$ 746,627
Deferred revenue (Note 9)	673,751	469,749
Long-term debt (Note 10)	2,792,037	2,021,807
	<b>3,711,355</b>	<b>3,238,183</b>
<b>NET FINANCIAL ASSETS</b>	<b>9,664,077</b>	<b>3,183,392</b>
Tangible capital assets (Note 8)	6,785,769	5,813,284
Prepaid expenses and deposits	16,137	3,171
	<b>6,801,906</b>	<b>5,816,455</b>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b>\$ 16,465,983</b>	<b>\$ 8,999,847</b>

**CONTINGENT LIABILITIES (Note 12)**

Approved on behalf of the Council:

  
 \_\_\_\_\_ Chief  
  
 \_\_\_\_\_ Councilor

  
 \_\_\_\_\_ Councilor  
 \_\_\_\_\_ Councilor



**SKOWKALE FIRST NATION****CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS****FOR THE YEAR ENDED MARCH 31, 2019**

	2019	Budget	2018
<b>REVENUE</b>			
Federal Government			
Indigenous Services Canada	\$ 894,260	\$ 955,560	\$ 614,494
CMHC - Retrofit Initiative	6,433	6,433	100,713
Ministry of Children and Family Development	90,000	-	-
Property taxes	1,035,246	902,851	872,513
Rental income	38,450	38,400	42,900
Land lease	9,563	12,750	3,188
New Relationship Trust Foundation	-	-	4,000
Sto:lo Nation	37,615	99,071	55,775
School District #33	5,500	-	5,500
First Nation's Education and Steering Committee	6,354	-	6,995
Interest	48,242	500	11,312
Water service and garbage collection fees	1,404	700	1,439
Honoraria and travel reimbursements	22,072	12,000	13,115
Net income from government business enterprises	4,751	-	(17,496)
Net income from government business partnerships	152,556	-	236,822
Net income from trust funds held by federal government	645	-	609
Projects	544,252	627,981	147,244
Income from CFB Lands claim settlement (Note 13)	6,670,121	-	-
	<u>9,567,464</u>	<u>2,656,246</u>	<u>2,099,123</u>
<b>EXPENSES (Note 16)</b>			
Administration	182,929	210,460	166,995
Amortization of tangible capital assets	99,137	-	98,982
Governance	85,281	121,910	84,669
Non-profit housing	14,631	18,703	207,303
Public works	144,238	170,362	119,195
Property taxation	767,562	1,508,306	637,334
Special projects	762,387	247,860	449,103
Youth and Elders	45,163	48,995	31,994
	<u>2,101,328</u>	<u>2,326,596</u>	<u>1,795,575</u>
<b>SURPLUS FOR THE YEAR</b>	<u>7,466,136</u>	<u>329,650</u>	<u>303,548</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>8,999,847</u>	<u>8,999,847</u>	<u>8,696,299</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 16,465,983</u>	<u>\$ 9,329,497</u>	<u>\$ 8,999,847</u>



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**SKOWKALE FIRST NATION****CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS****FOR THE YEAR ENDED MARCH 31, 2019**

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	<b>2019</b>	<b>2018</b>
ANNUAL SURPLUS FOR THE YEAR	<b>\$ 7,466,136</b>	<b>\$ 303,548</b>
Net purchase of tangible capital assets	(1,071,622)	(1,835,780)
Amortization of tangible capital assets	99,137	98,982
Disposal of tangible capital assets	-	399,952
	<b>(972,485)</b>	<b>(1,336,846)</b>
Acquisition of prepaid expenses and deposits	(16,137)	(3,171)
Use of prepaid expenses and deposits	3,171	1,800
	<b>(12,966)</b>	<b>(1,371)</b>
CHANGES IN NET FINANCIAL ASSETS	<b>6,480,685</b>	<b>(1,034,669)</b>
BALANCE, BEGINNING OF YEAR	<b>3,183,392</b>	<b>4,218,061</b>
BALANCE, END OF YEAR	<b>\$ 9,664,077</b>	<b>\$ 3,183,392</b>



**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<b>2019</b>	<b>2018</b>
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Surplus for the year	\$ 7,466,136	\$ 303,548
Items not involving cash:		
Amortization of tangible capital assets	99,137	98,982
Income from government business enterprises	(4,751)	17,496
Income from government business partnerships	(152,556)	(236,822)
	7,407,966	183,204
Change in non-cash working capital items:		
Accounts receivable	(81,285)	6,588
Due from government and other government organizations	(141,773)	(242,755)
Loans receivable	-	3,947
Prepaid expenses and deposits	(12,966)	(1,371)
Accounts payable and accrued liabilities	(501,060)	509,691
Deferred revenue	204,002	247,038
	6,874,884	706,342
CAPITAL AND INVESTING TRANSACTIONS		
Net purchase of tangible capital assets	(1,071,622)	(1,435,828)
Investments in trust funds held by federal government	(646)	(20)
	(1,072,268)	(1,435,848)
OTHER NON-FINANCIAL ASSETS		
Proceeds from long-term debt	776,786	2,000,000
Repayment of debt	(6,556)	(107,068)
	770,230	1,892,932
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	6,572,846	1,163,426
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,316,965	2,153,539
CASH AND EQUIVALENTS, END OF YEAR	\$ 9,889,811	\$ 3,316,965
CASH FLOW SUPPLEMENTAL INFORMATION		
Interest received	\$ 48,242	\$ 11,312
Interest paid	\$ 94,789	\$ 10,792
Cash and equivalents consist of cash on hand and balances held with banks, bank overdrafts and investments in money market instruments. Cash and equivalents included in the cash flow statement comprise the following balance sheet accounts:		
Cash and cash equivalents	\$ 8,439,811	\$ 3,316,965
Term deposits	1,450,000	-
	\$ 9,889,811	\$ 3,316,965





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## SKOWKALE FIRST NATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

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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.
- Seven Generations Environmental Services Ltd.
- Ts'elxweyeqw Tribe Management Ltd.
- Ts'elxweyeqw Tribe Limited Partnership

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, 2019**

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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, pro-rated amortization is charged in the year of acquisition based on when the assets are put into use. 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 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.



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

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.

2. CASH AND CASH EQUIVALENTS

	2019	2018
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	20,212	15,355
Tangible capital asset reserve	6,670,121	-
<b>Unrestricted</b>		
Operating	1,388,984	2,112,226
Taxation	335,494	1,164,384
Total cash and cash equivalents	<u>\$ 8,439,811</u>	<u>\$ 3,316,965</u>

3. ACCOUNTS RECEIVABLE

	2019	2018
Property taxes	\$ 136,060	\$ 77,937
Other receivables	29,402	6,240
	<u>\$ 165,462</u>	<u>\$ 84,177</u>



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Accounts receivable consists of the following:

	2019	2018
Canada Mortgage and Housing Corporation	\$ -	\$ 58,850
First Nation Health Authority	127,516	18,500
Indigenous and Northern Affairs Canada	205,974	136,211
School District #33	5,500	5,500
SAY Lands	-	92,402
Sto:lo Aboriginal Skills and Employment Training	-	2,358
Sto:lo Nation	8,639	-
Tzeachten First Nation	108,564	-
Other	1,777	2,376
Total	\$ 457,970	\$ 316,197

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2018	Additions	Withdrawals	2019
Revenue	\$ 37	\$ 646	\$ -	\$ 683
Capital	1,588	-	-	1,588
Total	\$ 1,625	\$ 646	\$ -	\$ 2,271

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, 2019**

6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

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

		<b>2019</b>	<b>2018</b>
Ch-ihl-kway-uhk Tribe Society	1/9 ownership	\$ 64,888	\$ 60,790
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
Seven Generations Environmental Services Ltd.	1/6 ownership	56,838	56,185
		<b>\$ 121,747</b>	<b>\$ 116,996</b>

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 7.

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 7.

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 7.

Seven Generations Environmental Services Ltd. (SGES Ltd) is in the business of environmental monitoring.

The summary of the unaudited financial statements for the year ended March 31, 2019 is as follows:

	<b>Ch-ihl-kway- uhk Tribe Society</b>	<b>SGES Ltd.</b>	<b>2019</b>	<b>2018</b>
Current assets	\$ 362,991	\$ 365,293	\$ 728,284	\$ 900,619
Capital assets	77	25,098	25,175	32,504
Due from related party	273,997	-	273,997	128,897
<b>Total assets</b>	<b>637,065</b>	<b>390,391</b>	<b>1,027,456</b>	<b>1,062,020</b>
Current liabilities	53,072	49,366	102,438	177,806
Due to shareholders	-	353,258	353,258	353,258
<b>Total liabilities</b>	<b>53,072</b>	<b>402,624</b>	<b>455,696</b>	<b>531,064</b>
Equity	583,993	(12,233)	571,760	530,956
<b>Total liabilities and equity</b>	<b>\$ 637,065</b>	<b>\$ 390,391</b>	<b>\$ 1,027,456</b>	<b>\$ 1,062,020</b>
Revenue	\$ 68,687	\$ 645,870	\$ 714,557	\$ 396,820
Expenses	31,802	641,952	673,754	490,759
<b>Net income (loss)</b>	<b>\$ 36,885</b>	<b>\$ 3,918</b>	<b>\$ 40,803</b>	<b>\$ (93,939)</b>



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**7. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS**

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

			<b>2019</b>	<b>2018</b>
Ch-ihl-Kway-Uhk Forestry Limited Partnership	11/89 ownership	\$	89,325	\$ 91,865
Centre Creek Limited Partnership	11/100 ownership		163,859	179,453
Ts'elxweyeqx Tribe Limited Partnership	10/71 ownership		2,484,987	2,314,297
		\$	<b>2,738,171</b>	<b>\$ 2,585,615</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 Limited 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'elxweyeqx Tribe Limited Partnership is in the business of managing the activities of Ts'elxweyeqx 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, 2019 is as follows:

	<b>Ch-ihl-Kway-Uhk (consolidated)</b>	<b>Centre Creek (consolidated)</b>	<b>2019</b>	<b>2018</b>
Current assets	\$ 858,528	\$ 10,013	\$ 868,541	\$ 913,149
Capital assets	-	2,354,958	2,354,958	2,388,915
Due from related parties	51,969	-	51,969	-
<b>Total assets</b>	<b>910,497</b>	<b>2,364,971</b>	<b>3,275,468</b>	<b>3,302,064</b>
Current liabilities	91,852	276,497	368,349	120,529
Due to related parties	-	675,804	675,804	530,704
Other liabilities	-	-	-	-
Long-term debt	-	-	-	309,269
<b>Total liabilities</b>	<b>91,852</b>	<b>952,301</b>	<b>1,044,153</b>	<b>960,502</b>
Equity	818,645	1,412,670	2,231,315	2,341,562
<b>Total liabilities and equity</b>	<b>\$ 910,497</b>	<b>\$ 2,364,971</b>	<b>\$ 3,275,468</b>	<b>\$ 3,302,064</b>
Revenue	\$ 89,629	\$ 38,000	\$ 127,629	\$ 1,188,726
Expenses	110,400	179,775	290,175	806,749
<b>Net income</b>	<b>\$ (20,771)</b>	<b>\$ (141,775)</b>	<b>\$ (162,546)</b>	<b>\$ 381,977</b>



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS (Continued)

	<b>Ts'elxweyeqx Tribe (consolidated)</b>	
	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Current assets	\$ 16,399,456	\$ 13,156,873
Capital assets	10,786	886
Due from related parties	1,298,883	2,812,759
<b>Total assets</b>	<b>17,709,125</b>	<b>15,970,518</b>
Current liabilities	939,533	172,688
Long-term debt	-	-
<b>Total liabilities</b>	<b>939,533</b>	<b>172,688</b>
Equity	16,769,592	15,797,830
<b>Total liabilities and equity</b>	<b>\$ 17,709,125</b>	<b>\$ 15,970,518</b>
Revenue	\$ 2,433,923	\$ 2,116,715
Expenses	1,190,618	788,842
<b>Net income</b>	<b>\$ 1,243,305</b>	<b>\$ 1,327,873</b>



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**SKOWKALE FIRST NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2019**

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**8. TANGIBLE CAPITAL ASSETS**

		<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<b>2019 Net book value</b>
Land	\$	139,174	\$ -	\$ -	\$ -	\$ 139,174
Commercial buildings		374,161	-	-	80,909	293,252
Residential buildings		311,079	-	-	58,580	252,499
Equipment and furnishings		15,724	-	-	12,770	2,954
Computer equipment		11,366	-	-	11,366	-
Maintenance equipment		48,977	-	-	48,977	-
Underground networks		5,671,019	1,071,621	-	644,750	6,097,890
	\$	6,571,500	\$ 1,071,621	\$ -	\$ 857,352	\$ 6,785,769

		<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<b>2018 Net book value</b>
Land	\$	139,174	\$ -	\$ -	\$ -	\$ 139,174
Commercial buildings		374,161	-	-	65,943	308,218
Residential buildings		777,695	-	466,616	51,512	259,567
Equipment and furnishings		12,269	3,455	-	12,442	3,282
Computer equipment		11,366	-	-	11,366	-
Maintenance equipment		48,977	-	-	48,977	-
Underground networks		3,838,694	1,832,325	-	567,976	5,103,043
	\$	5,202,336	\$ 1,835,780	\$ 466,616	\$ 758,216	\$ 5,813,284



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

9. DEFERRED REVENUE

	<b>2019</b>	<b>2018</b>
Prepaid Replacement Reserve	\$ 4,000	\$ 2,000
Deferred Revenue - ATR Lands	-	50,627
Deferred DCC's Revenue	593,520	401,767
Prepaid Sales/Deposits	(273)	(380)
ISC - deferred revenues	56,292	-
Prepaid Sales/Deposits	20,212	15,735
	<u>\$ 673,751</u>	<u>\$ 469,749</u>

10. LONG-TERM DEBT

	<b>2019</b>	<b>2018</b>
First Nations Finance Authority loan, authorized up to \$2,857,000 interest only payments due monthly at the Prime Lending Rate, secured by "local revenues" due January 18, 2023	\$ 2,819,636	\$ 2,000,000
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	115,251	121,807
First Nations Finance Authority Debt Reserve Fund	<u>(142,850)</u>	<u>(100,000)</u>
Total long-term debt	<u>\$ 2,792,037</u>	<u>\$ 2,021,807</u>

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

2020	\$ 6,425
2021	6,544
2022	6,665
2023	2,826,336
Thereafter	<u>88,917</u>
	<u>\$ 2,934,887</u>



**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**11. ACCUMULATED SURPLUS**

	<b>2019</b>	<b>2018</b>
Operations fund	\$ 2,369,490	\$ 1,634,794
Tangible capital asset reserve	4,568,204	4,660,837
Ottawa trust fund	2,250	1,605
Investments in government business enterprises	121,747	116,996
Investments in government business partnerships	2,738,171	2,585,615
Capital plan reserve	6,670,121	-
	<u>\$ 16,469,983</u>	<u>\$ 8,999,847</u>

**12. 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, 2019, the amount guaranteed under this program was \$1,252,287 (2018 - \$1,461,189).

The Band is also contingently liable for guaranteed housing mortgages from various financial institutions registered with the National Housing Authority. As at March 31, 2019, the liability totaled \$329,245 (2018 - \$279,857).

**13. SETTLEMENT TRUST FUNDS**

During 2015, 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.

During the fiscal year, the Band sold land for proceeds of \$6,670,121. These funds have been internally restricted for the Band's tangible capital asset replacement reserve.

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

**14. BUDGETED FIGURES**

The unaudited budgets for the year April 1, 2018 to March 31, 2019 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.



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**SKOWKALE FIRST NATION****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2019**

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**15. SEGMENTED INFORMATION**

The Skowkale First Nation is a government institution that provides a range of programs and services to its members, including community operations, government business enterprises, capital projects, and tangible capital assets. For management reporting purposes, the First Nation's operations and activities are organized and reported by fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

First Nation services are provided for departments and their activities are reported in these funds. Certain departments have been separately disclosed in the segmented information.



**SKOWKALE FIRST NATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**15. SEGMENTED INFORMATION CONT'D**

	<b>Community Operations</b>	<b>Government Business Enterprises</b>	<b>Investments</b>	<b>Tangible Capital Asset Fund</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>						
I.S.C.	\$ 894,260	\$ -	\$ -	\$ -	\$ 894,260	\$ 614,494
Canada Mortgage Housing Corporation	6,433	-	-	-	6,433	100,713
Property taxes	1,035,246	-	-	-	1,035,246	872,513
Rental income	38,450	-	-	-	38,450	42,900
Land lease	9,563	-	-	-	9,563	3,188
Sto:lo Nation	37,615	-	-	-	37,615	55,775
School district #33	5,500	-	-	-	5,500	5,500
F.N.E.S.C	6,354	-	-	-	6,354	6,995
MCFD	90,000	-	-	-	90,000	-
Interest income	48,242	-	-	-	48,242	11,312
Water service and garbage collection	1,404	-	-	-	1,404	1,439
Honoraria and travel reimbursements	22,072	-	-	-	22,072	13,115
Income from trust funds held by government	-	645	-	-	645	609
New relationship trust	4,000	-	-	-	-	4,000
Projects	544,252	-	-	-	544,252	147,244
Income from CFB land claim settlement	-	-	-	6,670,121	6,670,121	-
Joint venture income	-	-	4,751	-	4,751	(17,496)
Partnership income	-	-	152,556	-	152,556	236,822
	<u>2,743,391</u>	<u>645</u>	<u>157,307</u>	<u>6,670,121</u>	<u>9,567,464</u>	<u>2,099,123</u>
<b>Expenditures by object</b>						
Amortization	-	-	-	99,137	99,137	98,982
Band functions	26,038	-	-	-	26,038	16,139
BC school tax	237,395	-	-	-	237,395	214,645
General government expenses	54,703	-	-	-	54,703	67,112
Honoraria	45,630	-	-	-	45,630	42,333
Insurance	16,270	-	-	-	16,270	12,573
Interest and bank charges	4,970	-	-	-	4,970	3,469
Interest on long term debt	94,789	-	-	-	94,789	10,792
Loss on disposal of non-profit housing	-	-	-	-	-	198,154
Meeting expenses	16,602	-	-	-	16,602	13,181
Office and miscellaneous	14,283	-	-	-	14,283	20,786
Professional fees	43,905	-	-	-	43,905	38,201
Projects	742,388	-	-	-	742,388	376,899
Repairs and maintenance	21,611	-	-	-	21,611	29,795
Service agreements	375,104	-	-	-	375,104	336,202
Travel	39,552	-	-	-	39,552	30,214
Utilities	64,431	-	-	-	64,431	63,463
Wages and benefits	204,520	-	-	-	204,520	222,637
	<u>2,002,191</u>	<u>-</u>	<u>-</u>	<u>99,137</u>	<u>2,101,328</u>	<u>1,795,575</u>
Annual Surplus (Deficit)	741,200	645	157,307	6,570,984	7,466,136	303,548
Transfer between funds	(6,504)	-	-	6,504	-	-
Surplus, Beginning of year	<u>1,634,794</u>	<u>1,605</u>	<u>2,702,611</u>	<u>4,660,837</u>	<u>8,999,847</u>	<u>8,696,299</u>
Accumulated Surplus(Deficit), end of year	<u>\$ 2,369,490</u>	<u>\$ 2,250</u>	<u>\$ 2,859,918</u>	<u>\$ 11,238,325</u>	<u>\$ 16,465,983</u>	<u>\$ 8,999,847</u>

**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

16. EXPENSES BY OBJECT

	2019	Budget	2018
Amortization of tangible capital assets	\$ 99,137	\$ -	\$ 98,982
Band functions	26,038	33,784	16,139
BC School tax	237,395	536,666	214,645
General government expenses	54,703	123,664	67,112
Honoraria	45,630	68,450	42,333
Insurance	16,270	9,267	12,573
Interest and bank charges	4,972	3,800	3,467
Interest on long-term debt	94,789	-	10,792
Loss on disposal of non-profit housing	-	-	198,154
Meeting expenses	16,602	15,550	13,181
Office and miscellaneous	14,283	28,030	20,786
Projects	742,388	313,351	376,899
Professional fees	43,903	20,250	38,201
Repairs and maintenance	21,611	45,475	29,795
Service agreements	375,104	847,977	336,202
Travel	39,552	20,380	30,214
Utilities	64,431	62,072	63,463
Wages and benefits	204,520	197,880	222,637
	<u>\$ 2,101,328</u>	<u>\$ 2,326,596</u>	<u>\$ 1,795,575</u>

