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



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 McNcil
Title: Band Manager
Date: July 9, 2019

Name:

Title:

Date:

INDEPENDENT AUDITORS' REPORT

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:

INDEPENDENT AUDITORS' REPORT

- 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, international 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

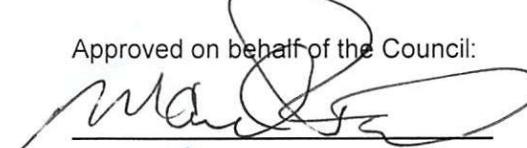
July 9, 2019

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

| | 2019 | 2018 |
|---|---------------------|--------------------|
| FINANCIAL ASSETS | | |
| 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 |
| | <hr/> \$ 13,375,432 | <hr/> \$ 6,421,575 |
| FINANCIAL LIABILITIES | | |
| 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 |
| | <hr/> 3,711,355 | <hr/> 3,238,183 |
| NET FINANCIAL ASSETS | <hr/> 9,664,077 | <hr/> 3,183,392 |
| Tangible capital assets (Note 8) | 6,785,769 | 5,813,284 |
| Prepaid expenses and deposits | 16,137 | 3,171 |
| | <hr/> 6,801,906 | <hr/> 5,816,455 |
| ACCUMULATED SURPLUS (Note 11) | <hr/> \$ 16,465,983 | <hr/> \$ 8,999,847 |

CONTINGENT LIABILITIES (Note 12)

Approved on behalf of the Council:


Mark Silvers Chief

Tiffany Silvers Councilor


 Councilor
 Councilor



SKOWKALE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2019

| | 2019 | Budget | 2018 |
|--|----------------------|---------------------|---------------------|
| REVENUE | | | |
| 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 | - | - |
| | 9,567,464 | 2,656,246 | 2,099,123 |
| EXPENSES (Note 16) | | | |
| 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 |
| | 2,101,328 | 2,326,596 | 1,795,575 |
| SURPLUS FOR THE YEAR | | | |
| ACCUMULATED SURPLUS, BEGINNING OF YEAR | 7,466,136 | 329,650 | 303,548 |
| ACCUMULATED SURPLUS, END OF YEAR | \$ 16,465,983 | \$ 9,329,497 | \$ 8,999,847 |



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

| | 2019 | 2018 |
|--|---------------------|---------------------|
| ANNUAL SURPLUS FOR THE YEAR | \$ 7,466,136 | \$ 303,548 |
| 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 |
| | (972,485) | (1,336,846) |
| Acquisition of prepaid expenses and deposits | (16,137) | (3,171) |
| Use of prepaid expenses and deposits | 3,171 | 1,800 |
| | (12,966) | (1,371) |
| CHANGES IN NET FINANCIAL ASSETS | 6,480,685 | (1,034,669) |
| BALANCE, BEGINNING OF YEAR | 3,183,392 | 4,218,061 |
| BALANCE, END OF YEAR | \$ 9,664,077 | \$ 3,183,392 |



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

| | 2019 | 2018 |
|---|----------------------------|----------------------------|
| 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 | <u>(152,556)</u> | <u>(236,822)</u> |
| | 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 | <u>204,002</u> | <u>247,038</u> |
| | <u>6,874,884</u> | <u>706,342</u> |
| CAPITAL AND INVESTING TRANSACTIONS | | |
| Net purchase of tangible capital assets | (1,071,622) | (1,435,828) |
| Investments in trust funds held by federal government | <u>(646)</u> | <u>(20)</u> |
| | <u>(1,072,268)</u> | <u>(1,435,848)</u> |
| OTHER NON-FINANCIAL ASSETS | | |
| Proceeds from long-term debt | 776,786 | 2,000,000 |
| Repayment of debt | <u>(6,556)</u> | <u>(107,068)</u> |
| | <u>770,230</u> | <u>1,892,932</u> |
| 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 | <u>\$ 9,889,811</u> | <u>\$ 3,316,965</u> |
| CASH FLOW SUPPLEMENTAL INFORMATION | | |
| Interest received | <u>\$ 48,242</u> | <u>\$ 11,312</u> |
| Interest paid | <u>\$ 94,789</u> | <u>\$ 10,792</u> |
| 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 | <u>1,450,000</u> | <u>-</u> |
| | <u>\$ 9,889,811</u> | <u>\$ 3,316,965</u> |



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

NATURE OF OPERATIONS

The Skokkale 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:

- Skokkale 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.



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

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: | | |
| Externally restricted | | |
| Security deposit | \$ 25,000 | \$ 25,000 |
| Internally restricted | | |
| Prepaid rents | 20,212 | 15,355 |
| Tangible capital asset reserve | 6,670,121 | - |
| Unrestricted | | |
| Operating | 1,388,984 | 2,112,226 |
| Taxation | 335,494 | 1,164,384 |
| Total cash and cash equivalents | \$ 8,439,811 | \$ 3,316,965 |

3. ACCOUNTS RECEIVABLE

| | 2019 | 2018 |
|-------------------|-------------------|------------------|
| Property taxes | \$ 136,060 | \$ 77,937 |
| Other receivables | 29,402 | 6,240 |
| | \$ 165,462 | \$ 84,177 |



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 | <u>1,777</u> | 2,376 |
| Total | <u>\$ 457,970</u> | \$ 316,197 |

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

| | 2018 | Additions | Withdrawals | 2019 |
|--------------|------------------------|----------------------|--------------------|------------------------|
| Revenue | \$ 37 | \$ 646 | \$ - | \$ 683 |
| Capital | <u>1,588</u> | <u>-</u> | <u>-</u> | <u>1,588</u> |
| Total | <u>\$ 1,625</u> | <u>\$ 646</u> | <u>\$ -</u> | <u>\$ 2,271</u> |

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:

| | | 2019 | 2018 |
|---|---------------|-------------------------|-------------------------|
| 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 | <u>56,838</u> | <u>56,185</u> |
| | | <hr/> <u>\$ 121,747</u> | <hr/> <u>\$ 116,996</u> |

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:

| | Ch-ihl-kway-uhk Tribe Society | SGES Ltd. | 2019 | 2018 |
|-------------------------------------|--------------------------------------|-------------------|---------------------|---------------------|
| 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 |
| Total assets | 637,065 | 390,391 | 1,027,456 | 1,062,020 |
| | | | | |
| Current liabilities | 53,072 | 49,366 | 102,438 | 177,806 |
| Due to shareholders | - | 353,258 | 353,258 | 353,258 |
| Total liabilities | 53,072 | 402,624 | 455,696 | 531,064 |
| Equity | 583,993 | (12,233) | 571,760 | 530,956 |
| Total liabilities and equity | \$ 637,065 | \$ 390,391 | \$ 1,027,456 | \$ 1,062,020 |
| | | | | |
| Revenue | \$ 68,687 | \$ 645,870 | \$ 714,557 | \$ 396,820 |
| Expenses | 31,802 | 641,952 | 673,754 | 490,759 |
| Net income (loss) | <u>\$ 36,885</u> | <u>\$ 3,918</u> | <u>\$ 40,803</u> | <u>\$ (93,939)</u> |



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

7. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

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

| | | | 2019 | 2018 |
|--|------------------|--------------|--------------|-------------|
| 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'elxwyeqx Tribe Limited Partnership | 10/71 ownership | 2,484,987 | 2,314,297 | |
| | | <hr/> | <hr/> | |
| | | \$ 2,738,171 | \$ 2,585,615 | |

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'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, 2019 is as follows:

| | Ch-ihl-Kway- | Uhk | Centre Creek | | |
|-------------------------------------|-----------------------|-----------------------|---------------------|---------------------|-------------|
| | (consolidated) | (consolidated) | | 2019 | 2018 |
| 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 | - | |
| Total assets | 910,497 | 2,364,971 | 3,275,468 | 3,302,064 | |
| | | | | | |
| 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 | |
| Total liabilities | 91,852 | 952,301 | 1,044,153 | 960,502 | |
| Equity | 818,645 | 1,412,670 | 2,231,315 | 2,341,562 | |
| Total liabilities and equity | \$ 910,497 | \$ 2,364,971 | \$ 3,275,468 | \$ 3,302,064 | |
| | | | | | |
| Revenue | \$ 89,629 | \$ 38,000 | \$ 127,629 | \$ 1,188,726 | |
| Expenses | 110,400 | 179,775 | 290,175 | 806,749 | |
| Net income | \$ (20,771) | \$ (141,775) | \$ (162,546) | \$ 381,977 | |



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

7. INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIPS (Continued)

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



SKOWKALE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

8. TANGIBLE CAPITAL ASSETS

| | <i>Cost</i> | <i>Additions</i> | <i>Disposals</i> | <i>Accumulated amortization</i> | 2019 | <i>Net book value</i> |
|---------------------------|---------------------|---------------------|------------------|---------------------------------|---------------------|-----------------------|
| 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> | 2018 | <i>Net book value</i> |
|---------------------------|---------------------|---------------------|-------------------|---------------------------------|---------------------|-----------------------|
| 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

| | 2019 | 2018 |
|------------------------------|-------------------|-------------------|
| 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 |
| | <hr/> | <hr/> |
| | \$ 673,751 | \$ 469,749 |

10. LONG-TERM DEBT

| | 2019 | 2018 |
|--|---------------------|---------------------|
| 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 | <hr/> | <hr/> |
| | (142,850) | (100,000) |
| Total long-term debt | <hr/> | <hr/> |
| | \$ 2,792,037 | \$ 2,021,807 |

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 | 88,917 |
| | <hr/> |
| | \$ 2,934,887 |



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

11. ACCUMULATED SURPLUS

| | 2019 | 2018 |
|---|----------------------|---------------------|
| 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 | <u>6,670,121</u> | - |
| | <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.



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

15. SEGMENTED INFORMATION

The Skokkale 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

| | Community Operations | Government Business Enterprises | Investments | Tangible Capital Asset Fund | 2019 | 2018 |
|--|-----------------------------|--|---------------------|------------------------------------|----------------------|---------------------|
| Revenue | | | | | | |
| 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 |
| | 2,743,391 | 645 | 157,307 | 6,670,121 | 9,567,464 | 2,099,123 |
| Expenditures by object | | | | | | |
| 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 |
| | 2,002,191 | - | - | 99,137 | 2,101,328 | 1,795,575 |
| 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 | 1,634,794 | 1,605 | 2,702,611 | 4,660,837 | 8,999,847 | 8,696,299 |
| Accumulated Surplus(Deficit), end of year | \$ 2,369,490 | \$ 2,250 | \$ 2,859,918 | \$ 11,238,325 | \$ 16,465,983 | \$ 8,999,847 |

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 |
| | <hr/> | <hr/> | <hr/> |
| | \$ 2,101,328 | \$ 2,326,596 | \$ 1,795,575 |

