
**SKOWKALE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

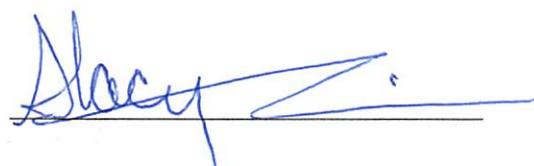
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, 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 LLP, 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:



Chilliwack, BC

INDEPENDENT AUDITORS' REPORT

To the Members of Skowkale First Nation

Opinion

We have audited the consolidated financial statements of Skowkale First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, 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 Consolidated Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation'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 consolidated 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Manning Elliott LLP

MANNING ELLIOTT LLP
Chartered Professional Accountants
Abbotsford, British Columbia
June 30, 2021

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 16,183,748	\$ 13,351,802
Term deposits	-	200,000
Accounts receivable (Note 3)	373,016	44,666
Due from government and other government organizations (Note 4)	2,246,274	206,301
Trust funds held by federal government (Note 5)	2,224	2,203
Investments in government business enterprises (Note 6)	147,545	125,210
Investment in government business partnerships (Note 7)	2,876,678	2,710,431
	<u>21,829,485</u>	<u>16,640,613</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	1,946,906	299,372
Deferred revenue (Note 8)	32,439	42,676
Long term debt (Note 9)	2,663,197	2,726,795
	<u>4,642,542</u>	<u>3,068,843</u>
NET FINANCIAL ASSETS	17,186,943	13,571,770
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	14,302,964	8,127,259
Prepaid expenses and deposits	17,772	18,269
	<u>14,320,736</u>	<u>8,145,528</u>
ACCUMULATED SURPLUS (Note 11)	\$ 31,507,679	\$ 21,717,297

CONTINGENT LIABILITIES (Note 12)

Approved on behalf of Council:

Chief

Councillor

Councillor

Councillor

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2021

	Budget (Note 14)	Total 2021	Total 2020
REVENUE			
Ministry of Transportation and Infrastructure	\$ -	\$ 2,902,725	\$ -
First Nations Health Authority	-	2,504,500	-
Indigenous Services Canada	267,887	2,167,848	1,350,713
Property taxes	1,202,712	1,300,289	1,205,589
Grants and other revenues	-	620,099	333,981
Province of British Columbia	-	696,000	-
First Nation Goods and Services Tax	-	681,631	137,333
SAY Lands	-	500,000	-
Income from CFB Lands claim settlement (Note 13)	-	572,022	2,840,414
Gaming revenue	297,619	319,711	297,619
Net income from government business partnerships	-	166,247	190,327
Ministry of Children and Family Development	-	90,000	90,000
Interest	185,300	82,595	222,557
First Nation's Education and Steering Committee	-	47,789	22,138
Sto:lo Service Agency Society	30,030	32,438	45,854
Net income from government business enterprises	-	22,335	3,463
Rental income	15,000	15,000	16,100
CMHC - Retrofit Initiative	6,433	6,433	6,433
DCC revenue	-	-	602,651
Honoraria and travel reimbursements	-	-	18,635
School District #33	-	5,500	10,500
Land lease	-	-	9,000
	2,004,981	12,733,162	7,403,307
EXPENSES (Note 15)			
Administration	240,425	211,401	176,153
Amortization of tangible capital assets	-	109,976	98,530
Community benefits	348,150	67,873	11,300
Community programs	90,000	37,016	72,882
Gaming	200,000	-	46,185
Governance	185,500	104,297	143,769
Non-profit housing	13,720	6,452	6,044
Property taxation	1,413,950	997,005	926,984
Public works	158,785	262,216	174,959
Special projects	-	1,146,544	495,186
	2,650,530	2,942,780	2,151,992
SURPLUS FOR THE YEAR	(645,549)	9,790,382	5,251,315
ACCUMULATED SURPLUS - BEGINNING OF YEAR	21,717,297	21,717,297	16,465,982
ACCUMULATED SURPLUS - END OF YEAR	\$ 21,071,748	\$ 31,507,679	\$ 21,717,297

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
SURPLUS FOR THE YEAR	\$ 9,790,382	\$ 5,251,315
Net purchase of tangible capital assets	(6,285,682)	(1,440,020)
Amortization of tangible capital assets	109,976	98,530
Acquisition of prepaids	(17,772)	(18,269)
Use of prepaids	18,269	16,137
	(6,175,209)	(1,343,622)
INCREASE IN NET FINANCIAL ASSETS	3,615,173	3,907,693
NET FINANCIAL ASSETS - BEGINNING OF YEAR	13,571,770	9,664,077
NET FINANCIAL ASSETS - END OF YEAR	\$ 17,186,943	\$ 13,571,770

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Surplus for the year	\$ 9,790,382	\$ 5,251,315
Items not affecting cash:		
Amortization of tangible capital assets	109,976	98,530
Net income from government business enterprises	(22,335)	(3,463)
Net income from government business partnerships	(166,247)	(190,327)
	<u>9,711,776</u>	<u>5,156,055</u>
Changes in non-cash working capital:		
Accounts receivable	(328,347)	120,796
Due from government and other government organizations	(2,039,973)	251,669
Prepaid expenses and deposits	497	(2,132)
Accounts payable and accrued liabilities	1,647,534	53,805
Deferred revenue	(10,237)	(631,075)
	<u>(730,526)</u>	<u>(206,937)</u>
	<u>8,981,250</u>	<u>4,949,118</u>
CAPITAL AND INVESTING TRANSACTION		
Net purchase of tangible capital assets	(6,285,682)	(1,440,020)
Partner withdrawal	-	218,067
Trust funds held by federal government	(21)	68
	<u>(6,285,703)</u>	<u>(1,221,885)</u>
OTHER NON-FINANCIAL ASSETS		
Repayment of long term debt	(63,601)	(65,242)
CHANGE IN CASH DURING THE YEAR	2,631,946	3,661,991
CASH - BEGINNING OF YEAR	13,551,802	9,889,811
CASH - END OF YEAR	\$ 16,183,748	\$ 13,551,802
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 82,595	\$ 221,855
Interest paid	\$ 101,718	\$ 100,074
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	\$ 16,183,748	\$ 13,351,802
Term deposits	-	200,000
	<u>\$ 16,183,748</u>	<u>\$ 13,551,802</u>

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

NATURE OF OPERATIONS

The Skowkale First Nation (the “First Nation”) 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 First Nation is a member government of the Stó:lo Nation. The First Nation provides various services to its members including the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

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 First Nation 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 First Nation and which are owned or controlled by the First Nation.

(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 First Nation'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 First Nation.

Organizations consolidated in the First Nations'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.

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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, 2021

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 First Nation's financial statements are presented to highlight net financial assets as the measurement of financial position. The net financial assets of the First Nation 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

Cash and cash equivalents is comprised of the following:

	2021	2020
Externally restricted		
Security deposit	\$ 25,000	\$ 25,000
Internally restricted		
Prepaid rents	27,008	27,745
Tangible capital asset reserve	10,087,275	9,627,973
Unrestricted		
Operating	5,458,139	2,853,040
Taxation	586,326	818,044
Total cash and cash equivalents	\$ 16,183,748	\$ 13,351,802

3. ACCOUNTS RECEIVABLE

	2021	2020
Goods and services taxes receivable	\$ 349,418	\$ -
Property taxes	22,815	38,142
Other receivables	783	6,524
	\$ 373,016	\$ 44,666

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Accounts receivable consists of the following:

	2021	2020
Canada Mortgage and Housing Corporation	\$ 42,540	\$ -
First Nation Land Management	-	7,500
First Nations Education Steering Committee	-	5,802
Indigenous Services Canada	863,813	140,589
Ministry of Transportation & Infrastructure	1,236,510	-
Other	-	1,777
SAY Lands	30,661	30,633
Sto:lo Xwexwilmexw Treaty Association	8,000	-
Ts'elxweyeqw Tribe Management	64,750	-
Yakweakwioose First Nation	-	20,000
	\$ 2,246,274	\$ 206,301

5. TRUST FUNDS HELD BY FEDERAL GOVERNMENT

	2020	Additions	Withdrawals	2021
Revenue	\$ 615	\$ 636	\$ (615)	\$ 636
Capital	1,588	-	-	1,588
Total	\$ 2,203	\$ 636	\$ (615)	\$ 2,224

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, 2021

6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

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

			2021	2020
Ch-Ihl-Kway-Uhk Tribe Society	1/9 ownership	\$ 72,419	\$ 69,900	
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	75,105	55,289	
		\$ 147,545	\$ 125,210	

Ch-Ihl-Kway-Uhk Tribe Society operates property rental and management activities.

Ts'elxweyeqw Tribe Management (TTM) 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 is as follows:

	Ch-Ihl-Kway-Uhk Tribe Society	SGES Ltd.	2021	2020
Current assets	\$ 459,323	\$ 541,371	\$ 1,000,694	\$ 826,025
Capital assets	44	15,099	15,143	19,129
Due from related party	323,700	-	323,700	302,997
Total assets	783,067	556,470	1,339,537	1,148,151
Current liabilities	131,295	105,847	237,142	187,322
Due to shareholders	-	353,258	353,258	353,258
Total liabilities	131,295	459,105	590,400	540,580
Equity	651,772	97,365	749,137	607,571
Total liabilities and equity	783,067	556,470	1,339,537	1,148,151
Revenue	49,058	420,584	469,642	437,191
Expenses	26,388	301,690	328,078	401,379
Net income for the year	22,670	118,894	141,564	35,812

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

7. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

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

	2021	2020
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	\$ 116,150	\$ 126,792
Centre Creek Limited Partnership	166,664	164,969
Ts'elxwyeqx Tribe Limited Partnership	2,593,864	2,418,670
	\$ 2,876,678	\$ 2,710,431

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 (TTLP) 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 summary of the unaudited financial statements for the period ended December 31, 2020 and year ended December 31, 2019 is as follows:

	Ch-Ihl-Kway-	Ts'elxwyeqx			
	Uhk (consolidated)	Centre Creek (consolidated)	Tribe (consolidated)	2020 December	2019 December
Current assets	\$ 1,056,548	\$ 39,951	\$ 16,560,192	\$ 17,656,691	\$ 16,439,014
Capital assets	-	2,320,479	40,550	2,361,029	2,388,336
Due from related parties	54,408	-	1,322,386	1,376,794	1,393,726
Total assets	1,110,956	2,360,430	17,923,128	21,394,514	20,221,076
Current liabilities	72,844	196,761	590,667	860,272	754,304
Due to related parties	-	725,507	-	725,507	704,804
Total liabilities	72,844	922,268	590,667	1,585,779	1,459,108
Equity	1,038,112	1,438,162	17,332,461	19,808,735	18,761,968
Total liabilities and equity	1,110,956	2,360,430	17,923,128	21,394,514	20,221,076
Revenue	10,741	85,500	2,568,655	2,664,896	3,218,936
Expenses	97,815	70,099	1,448,998	1,616,912	1,930,341
Net income	(87,074)	15,401	1,119,657	1,047,984	1,288,595

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

8. DEFERRED REVENUE

	2021	2020
Prepaid Replacement Reserve	\$ 4,681	\$ 2,681
Deferred Revenue - Miscellaneous	750	-
Prepaid Sales/Deposits	-	12,250
Prepaid Sales/Deposits	27,008	27,745
	<hr/>	<hr/>
	\$ 32,439	\$ 42,676

9. LONG TERM DEBT

	2021	2020
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	\$ 2,707,942	\$ 2,764,807
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 12, 2024	102,520	109,071
First Nations Finance Authority Debt Reserve Fund	(147,265)	(147,083)
	<hr/>	<hr/>
	\$ 2,663,197	\$ 2,726,795

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

2022	\$ 6,665
2023	2,656,532
	<hr/>
	<u>\$ 2,663,197</u>

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

10. TANGIBLE CAPITAL ASSETS

The First Nation is currently constructing a building ("SAY Lands building") that will be used jointly with two other First Nations, Aitchelitz and Yakweakwioose First Nations. The three First Nations have formed a joint relationship to manage administration and lands, and the SAY Lands building will house the operations. It is anticipated that the building, along with the accumulated surplus associated with the building project, will be transferred subsequent to year end to this newly formed cooperative.

Construction costs to date are \$7,194,745 and the accumulated surplus is \$5,902,725.

	Cost	Additions (Disposal)	Accumulated amortization	2021 Net book value
Land	\$ 139,174	\$ 176,794	\$ -	\$ 315,968
Commercial buildings	374,161	(11,000)	110,402	252,759
Residential buildings	311,078	-	71,142	239,936
Administration buildings	1,325,858	5,914,843	-	7,240,701
Equipment and furnishings	133,180	-	25,511	107,669
Computer equipment	11,366	2,202	11,528	2,040
Maintenance equipment	48,977	-	48,977	-
Underground networks	6,739,346	117,288	798,298	6,058,336
Projects in progress	-	85,555	-	85,555
	\$ 9,083,140	\$ 6,285,682	\$ 1,065,858	\$ 14,302,964

	Cost	Additions (Disposal)	Accumulated amortization	2020 Net book value
Land	\$ 139,174	\$ -	\$ -	\$ 139,174
Commercial buildings	374,161	-	95,875	278,286
Residential buildings	311,078	-	64,591	246,487
Administration buildings	-	1,325,859	-	1,325,859
Equipment and furnishings	15,724	117,456	13,548	119,632
Computer equipment	11,366	-	11,366	-
Maintenance equipment	48,977	-	48,977	-
Underground networks	6,742,640	(3,295)	721,524	6,017,821
	\$ 7,643,120	\$ 1,440,020	\$ 955,881	\$ 8,127,259

SKOWKALE FIRST NATION
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11. ACCUMULATED SURPLUS

	2021	2020
Operations fund	\$ 4,809,704	\$ 2,459,136
Tangible capital asset reserve	19,837,185	13,395,132
Ottawa trust fund	4,766	4,745
Investments in government business enterprises	147,544	125,210
Investments in government business partnerships	3,392,437	3,226,188
Capital plan reserve	3,316,043	2,506,886
	\$ 31,507,679	\$ 21,717,297

The First Nation is currently constructing a building ("SAY Lands building") that will be used jointly with two other First Nations, Aitchelitz and Yakweakwioose First Nations. The three First Nations have formed a joint relationship to manage administration and lands, and the SAY Lands building will house these operations. It is anticipated that the building, along with the accumulated surplus associated with the building project, will be transferred subsequent to the year end to this newly formed cooperative.

Construction costs to date and accumulated surplus are disclosed in Note 10.

12. CONTINGENT LIABILITIES

The First Nation has entered into the First Nations On Reserve Loan Program with the Royal Bank of Canada. The total amount available under the program to qualified members of the First Nation is \$2,000,000. The maximum individual amount under the program to qualified members of the First Nation is \$250,000. At March 31, 2021, the amount guaranteed under this program was \$622,223 (2020 - \$1,064,742).

The First Nation is also contingently liable for guaranteed housing mortgages from various financial institutions registered with the National Housing Authority. As at March 31, 2021, the liability totaled \$213,750 (2020 - \$213,750).

13. SETTLEMENT TRUST FUNDS

During 2015, the First Nation 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 prior fiscal year, the First Nation sold land for proceeds of \$491,663 (2020 - \$2,840,414). These funds have been internally restricted for the First Nation's tangible capital asset replacement reserve.

14. BUDGETED FIGURES

The unaudited budgets for the year April 1, 2020 to March 31, 2021 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, 2021

15. EXPENSES BY OBJECT

	Budget	2021	2020
Amortization of tangible capital assets	\$ 77,200	\$ 109,976	\$ 98,530
Band functions	595,150	9,271	43,021
BC School tax	245,000	287,235	284,514
General government expenses	53,600	71,094	46,534
Honoraria	115,000	98,175	94,785
Insurance	18,596	20,711	19,013
Interest and bank charges	4,950	6,499	5,472
Interest on long term debt	-	101,718	100,074
Meeting expenses	16,820	110	13,525
Office and miscellaneous	27,330	15,364	13,275
Professional fees	82,675	32,962	51,477
Projects	-	1,178,077	530,659
Repairs and maintenance	35,225	122,387	26,223
Service agreements	1,091,675	538,434	489,667
Travel	34,930	3,183	32,623
Utilities	62,124	67,176	78,332
Wages and benefits	190,255	280,408	224,268
	\$ 2,650,530	\$ 2,942,780	\$ 2,151,992

16. COVID RISK

The COVID-19 pandemic is causing significant financial and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The First Nation continues to monitor and assess the impact COVID-19 will have on its business activities. As at March 31, 2021, the First Nation's financial position has not been significantly affected by the pandemic.

17. 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, 2021

17. SEGMENTED INFORMATION CONT'D

	Community Operations	Government Business Enterprises		Investments	Tangible Capital Asset Fund	2021	2020
		Government	Business Enterprises			2021	2020
Revenue							
I.S.C.	\$ 2,167,848	\$ -	\$ -	\$ -	\$ -	\$ 2,167,848	\$ 1,350,713
Canada Mortgage Housing Corporation	6,433	-	-	-	-	6,433	6,433
Property taxes	1,300,289	-	-	-	-	1,300,289	1,205,589
Rental income	15,000	-	-	-	-	15,000	16,100
Land lease	-	-	-	-	-	-	9,000
Sto:lo Service Agency Society	32,438	-	-	-	-	32,438	45,854
School district #33	5,500	-	-	-	-	5,500	10,500
F.N.E.S.C	47,789	-	-	-	-	47,789	22,138
MCFD	90,000	-	-	-	-	90,000	90,000
Interest income	-	-	-	82,595	-	82,595	222,557
Water service and garbage collection	1,993	-	-	-	-	1,993	2,583
Honoraria and travel reimbursements	-	-	-	-	-	-	18,635
Income from trust funds held by government	-	-	-	-	-	-	-
First Nations Goods and Services tax	681,631	-	-	-	-	681,631	137,333
Ministry of Transportation and Infrastructure	2,902,725	-	-	-	-	2,902,725	-
SAY Lands Code	500,000	-	-	-	-	500,000	-
Province of BC	696,000	-	-	-	-	696,000	-
First Nations Health Authority	2,504,500	-	-	-	-	2,504,500	-
Projects	618,106	-	-	-	-	618,106	331,398
Income from CFB land claim settlement	-	-	-	-	572,022	572,022	2,840,414
Gaming revenue	319,711	-	-	-	-	319,711	297,619
Development Cost Charges	-	-	-	-	-	-	602,651
Business income	-	22,335	-	-	-	22,335	3,463
Partnership income	-	166,247	-	-	-	166,247	190,327
	11,889,963	188,582	82,595	572,022	12,733,162	7,403,307	
Expenditures by object							
Amortization	-	-	-	-	109,976	109,976	98,530
Band functions	9,271	-	-	-	-	9,271	43,021
BC school tax	287,235	-	-	-	-	287,235	284,514
General government expenses	71,094	-	-	-	-	71,094	46,534
Honoraria	98,175	-	-	-	-	98,175	94,785
Insurance	20,711	-	-	-	-	20,711	19,013
Interest and bank charges	6,499	-	-	-	-	6,499	5,472
Interest on long term debt	101,718	-	-	-	-	101,718	100,074
Meeting expenses	110	-	-	-	-	110	13,525
Office and miscellaneous	15,364	-	-	-	-	15,364	13,275
Professional fees	32,962	-	-	-	-	32,962	51,477
Projects	1,178,077	-	-	-	-	1,178,077	530,659
Repairs and maintenance	122,387	-	-	-	-	122,387	26,223
Service agreements	538,434	-	-	-	-	538,434	489,667
Travel	3,183	-	-	-	-	3,183	32,623
Utilities	67,176	-	-	-	-	67,176	78,332
Wages and benefits	280,408	-	-	-	-	280,408	224,268
	2,832,804	-	-	-	109,976	2,942,780	2,151,992
Annual surplus (deficit)	9,057,159	188,582	82,595	462,046	9,790,382	5,251,315	
Transfer between funds	-	-	-	-	-	-	-
Accumulated surplus, beginning of year	3,855,922	196,040	3,082,475	14,582,860	21,717,297	16,465,982	
Accumulated surplus (deficit), end of year	\$ 12,913,081	\$ 384,622	\$ 3,165,070	\$ 15,044,906	\$ 31,507,679	\$ 21,717,297	