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**SKOWKALE FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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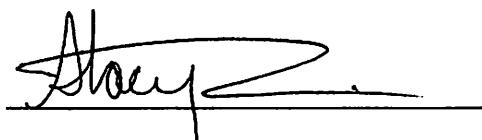
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements,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

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## INDEPENDENT AUDITORS' REPORT

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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, 2022, 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, 2022, 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.

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## INDEPENDENT AUDITORS' REPORT

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- 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*

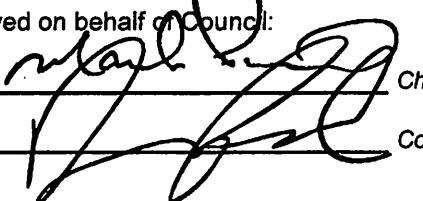
MANNING ELLIOTT LLP  
Chartered Professional Accountants  
Abbotsford, British Columbia  
July 11, 2022

**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2022**

	2022	2021
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 2)	\$ 10,852,725	\$ 16,183,748
Term deposits	5,000,000	-
Accounts receivable (Note 3)	720,311	373,016
Due from government and other government organizations (Note 4)	2,485,559	2,246,274
Trust funds held by federal government (Note 5)	2,240	2,224
Investments in government business enterprises (Note 6)	155,490	147,545
Investment in government business partnerships (Note 7)	3,197,488	2,876,678
	<u>22,413,813</u>	<u>21,829,485</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable and accrued liabilities	2,060,963	1,946,906
Deferred revenue (Note 8)	1,215,442	32,439
Long term debt (Note 9)	2,495,676	2,663,197
	<u>5,772,081</u>	<u>4,642,542</u>
<b>NET FINANCIAL ASSETS</b>	<b><u>16,641,732</u></b>	<b><u>17,186,943</u></b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 10)	21,619,992	14,302,964
Prepaid expenses and deposits	347	17,772
	<u>21,620,339</u>	<u>14,320,736</u>
<b>ACCUMULATED SURPLUS (Note 11)</b>	<b><u>\$ 38,262,071</u></b>	<b><u>\$ 31,507,679</u></b>

**CONTINGENT LIABILITIES (Note 12)**

Approved on behalf of Council:

 *Wally P. S.* *Wally P. S.*  
 Chief Councillor  
 *Lilly Hill* *Lilly Hill*  
 Councillor Councillor

**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	Budget (Note 13)	Total 2022	Total 2021
<b>REVENUE</b>			
Indigenous Services Canada	\$ 308,034	\$ 5,055,804	\$ 2,167,848
Property taxes	1,525,788	1,949,146	1,300,289
Ministry of Transportation and Infrastructure	-	1,061,505	2,902,725
First Nation Goods and Services Tax	-	853,172	681,631
Grants and other revenues	-	826,228	620,099
First Nations Health Authority	-	511,269	2,504,500
Net income from government business partnerships	-	320,810	166,247
Gaming revenue	182,468	182,468	319,711
First Nation's Education and Steering Committee	-	166,230	47,789
Ministry of Children and Family Development	-	90,000	90,000
Interest	75,475	72,058	82,595
Sto:lo Service Agency Society	109,667	46,723	32,438
Rental income	90,834	15,000	15,000
Net income from government business enterprises	-	7,945	22,335
CMHC - Retrofit Initiative	6,433	5,897	6,433
School District #33	-	5,500	5,500
Province of British Columbia	-	-	696,000
SAY Lands	-	-	500,000
Income from CFB Lands claim settlement	-	-	572,022
	2,298,699	11,169,755	12,733,162
<b>EXPENSES (Note 14)</b>			
Administration	226,966	291,304	211,401
Amortization of tangible capital assets	-	204,849	109,976
Community benefits	348,150	82,783	67,873
Community building	215,471	4,078	-
Community programs	80,455	45,041	37,016
Economic development	-	27,000	-
Gaming	180,000	-	-
Governance	210,500	179,969	104,297
Non-profit housing	14,777	5,744	6,452
Property taxation	1,525,788	1,010,691	997,005
Public works	246,025	229,808	262,216
Special projects	-	2,334,096	1,146,544
	3,048,132	4,415,363	2,942,780
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<b>(749,433)</b>	<b>6,754,392</b>	<b>9,790,382</b>
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>	<b>39,437,746</b>	<b>31,507,679</b>	<b>21,717,297</b>
<b>ACCUMULATED SURPLUS - END OF YEAR</b>	<b>\$ 38,688,313</b>	<b>\$ 38,262,071</b>	<b>\$ 31,507,679</b>

**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
<b>SURPLUS FOR THE YEAR</b>	<b>\$ 6,754,392</b>	<b>\$ 9,790,382</b>
Net purchase of tangible capital assets	(7,521,878)	(6,285,682)
Amortization of tangible capital assets	204,849	109,976
Acquisition of prepaids	(346)	(17,772)
Use of prepaids	17,772	18,269
	(7,299,603)	(6,175,209)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(545,211)</b>	<b>3,615,173</b>
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	<b>17,186,943</b>	<b>13,571,770</b>
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	<b>\$ 16,641,732</b>	<b>\$ 17,186,943</b>

**SKOWKALE FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Surplus for the year	\$ 6,754,392	\$ 9,790,382
Items not affecting cash:		
Amortization of tangible capital assets	204,849	109,976
Net income from government business enterprises	(7,945)	(22,335)
Net income from government business partnerships	(320,810)	(166,247)
	<hr/> 6,630,486	<hr/> 9,711,776
Changes in non-cash working capital:		
Accounts receivable	(347,295)	(328,347)
Due from government and other government organizations	(239,285)	(2,039,973)
Prepaid expenses and deposits	17,425	497
Accounts payable and accrued liabilities	114,057	1,647,534
Deferred revenue	1,183,004	(10,237)
	<hr/> 727,906	<hr/> (730,526)
	<hr/> 7,358,392	<hr/> 8,981,250
<b>CAPITAL AND INVESTING TRANSACTION</b>		
Net purchase of tangible capital assets	(7,521,878)	(6,285,682)
Trust funds held by federal government	(16)	(21)
	<hr/> (7,521,894)	<hr/> (6,285,703)
<b>OTHER NON-FINANCIAL ASSETS</b>		
Repayment of long term debt	(167,521)	(63,601)
<b>CHANGE IN CASH DURING THE YEAR</b>	<hr/> (331,023)	<hr/> 2,631,946
<b>CASH - BEGINNING OF YEAR</b>	<hr/> 16,183,748	<hr/> 13,551,802
<b>CASH - END OF YEAR</b>	<hr/> \$ 15,852,725	<hr/> \$ 16,183,748
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest received	\$ 72,042	\$ 82,595
Interest paid	\$ 86,819	\$ 101,718
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	\$ 10,852,725	\$ 16,183,748
Term deposits	5,000,000	-
	<hr/> \$ 15,852,725	<hr/> \$ 16,183,748

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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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**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.

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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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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.

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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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

**(f) Use of estimates**

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

**(g) Asset classification**

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

**(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:

	2022	2021
<b>Externally restricted</b>		
Security deposit	\$ 25,000	\$ 25,000
<b>Internally restricted</b>		
Prepaid rents	32,188	27,008
Tangible capital asset reserve	5,541,037	10,087,275
<b>Unrestricted</b>		
Operating	4,261,477	5,458,139
Taxation	993,023	586,326
<b>Total cash and cash equivalents</b>	<b>\$ 10,852,725</b>	<b>\$ 16,183,748</b>

**3. ACCOUNTS RECEIVABLE**

	2022	2021
Goods and services taxes receivable	\$ 653,962	\$ 349,418
Property taxes	14,308	22,815
Other receivables	52,041	783
	<b>\$ 720,311</b>	<b>\$ 373,016</b>

**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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

Accounts receivable consists of the following:

	2022	2021
Canada Mortgage and Housing Corporation	\$ 59,864	\$ 42,540
First Nation Health Authority	387,284	-
Indigenous Services Canada	1,193,796	863,813
Ministry of Transportation & Infrastructure	537,257	1,236,510
SAY Lands	31,304	30,661
Sto:lo Xwexwilmexw Treaty Association	-	8,000
Ts'elxweyeqw Tribe Management	-	64,750
Tzaechten First Nation	276,054	-
	<b>\$ 2,485,559</b>	<b>\$ 2,246,274</b>

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

	2021	Additions	Withdrawals	2022
Revenue	\$ 636	\$ 652	\$ (636)	\$ 652
Capital	1,588	-	-	1,588
<b>Total</b>	<b>\$ 2,224</b>	<b>\$ 652</b>	<b>\$ (636)</b>	<b>\$ 2,240</b>

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, 2022**

**6. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES**

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

			2022	2021
Ch-Ihl-Kway-Uhk Tribe Society	1/9 ownership	\$ 83,970	\$ 72,419	
Ts'elxweyeqw Tribe Management Ltd.	1/7 ownership	1	1	
Ch-Ihl-Kway-Uhk Forest Ltd.			10	10
1/9 ownership			10	10
Centre Creek Management Ltd.	1/8 ownership	10	10	
Seven Generations Environmental Services Ltd.	1/6 ownership	71,499	75,105	
		\$ 155,490	\$ 147,545	

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

Ts'elxweyeqw Tribe Management Ltd. (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.	2022	2021
Current assets	\$ 617,424	\$ 445,790	\$ 1,063,214	\$ 1,000,694
Capital assets	30	11,217	11,247	15,143
Due from related party	315,010	-	315,010	323,700
<b>Total assets</b>	<b>932,464</b>	<b>457,007</b>	<b>1,389,471</b>	<b>1,339,537</b>
Current liabilities	176,730	28,022	<b>204,752</b>	237,142
Due to shareholders	-	353,258	<b>353,258</b>	353,258
<b>Total liabilities</b>	<b>176,730</b>	<b>381,280</b>	<b>558,010</b>	590,400
Equity	755,734	75,727	<b>831,461</b>	749,137
<b>Total liabilities and equity</b>	<b>932,464</b>	<b>457,007</b>	<b>1,389,471</b>	<b>1,339,537</b>
Revenue	132,852	315,288	<b>448,140</b>	469,642
Expenses	28,891	336,926	<b>365,817</b>	328,078
<b>Net income (loss) for the year</b>	<b>103,961</b>	<b>(21,638)</b>	<b>82,323</b>	<b>141,564</b>

**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

**7. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS**

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

	2022	2021
Ch-Ihl-Kway-Uhk Forestry Limited Partnership	\$ 191,848	\$ 116,150
Centre Creek Limited Partnership	170,583	166,664
Ts'elxwyeqx Tribe Limited Partnership	2,835,057	2,593,864
	<b>\$ 3,197,488</b>	<b>\$ 2,876,678</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'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, 2021 and year ended December 31, 2020 is as follows:

	Ch-Ihl-Kway- Uhk (consolidated)	Centre Creek (consolidated)	Ts'elxwyeqx Tribe (consolidated)	2021 December	2020 December
Current assets	\$ 1,684,362	\$ 26,393	\$ 19,988,321	<b>\$ 21,699,076</b>	\$ 17,656,691
Capital assets	-	2,314,501	32,573	<b>2,347,074</b>	2,361,029
Due from related parties	61,289	-	1,945,868	<b>2,007,157</b>	1,376,794
<b>Total assets</b>	<b>1,745,651</b>	<b>2,340,894</b>	<b>21,966,762</b>	<b>26,053,307</b>	21,394,514
Current liabilities	88,207	34,689	173,824	<b>296,720</b>	860,272
Due to related parties	-	832,394	2,892,511	<b>3,724,905</b>	725,507
<b>Total liabilities</b>	<b>88,207</b>	<b>867,083</b>	<b>3,066,335</b>	<b>4,021,625</b>	1,585,779
Equity	1,657,444	1,473,811	18,900,427	<b>22,031,682</b>	19,808,735
<b>Total liabilities and equity</b>	<b>1,745,651</b>	<b>2,340,894</b>	<b>21,966,762</b>	<b>26,053,307</b>	21,394,514
Revenue	1,381,877	126,000	2,651,199	4,159,076	2,664,896
Expenses	762,545	90,350	1,081,542	1,934,437	1,616,912
<b>Net income</b>	<b>619,332</b>	<b>35,650</b>	<b>1,569,657</b>	<b>2,224,639</b>	1,047,984

**SKOWKALE FIRST NATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

## 8. DEFERRED REVENUE

	2022	2021
Prepaid Replacement Reserve	\$ 6,680	\$ 4,681
Deferred Development Cost Charges	1,175,691	-
Deferred Revenue - Miscellaneous	2,000	750
Deposits	31,071	27,008
	<b>\$ 1,215,442</b>	<b>\$ 32,439</b>

## 9. LONG TERM DEBT

	2022	2021
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	\$ 2,642,941	\$ 2,707,942
Project #1 - All Nations Trust Company - C.M.H.C. mortgage - repaid during the year	-	102,520
First Nations Finance Authority Debt Reserve Fund	(147,265)	(147,265)
	\$ 2,495,676	\$ 2,663,197

Anticipated annual principal repayments over the next year is as follows:

2023 \$ 2,495,676

**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

**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 \$12,527,812 and the accumulated surplus is \$8,445,453.

	Cost	Additions (Disposal)	Accumulated amortization	2022 Net book value
Land	\$ 315,969	\$ -	\$ -	\$ 315,969
Commercial buildings	363,161	-	124,928	238,233
Residential buildings	311,078	-	173,662	137,416
Administration buildings	7,240,701	5,915,097	-	13,155,798
Equipment and furnishings	133,180	-	36,278	96,902
Computer equipment	13,568	3,196	11,789	4,975
Maintenance equipment	48,977	-	48,977	-
Underground networks	6,856,634	126,773	875,072	6,108,335
Projects in progress	85,555	1,476,809	-	1,562,364
	\$ 15,368,823	\$ 7,521,877	\$ 1,270,706	\$ 21,619,992

	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

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**SKOWKALE FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2022**

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**11. ACCUMULATED SURPLUS**

	2022	2021
Operations fund	\$ 9,123,022	\$ 4,809,704
Tangible capital asset reserve	21,141,573	19,837,185
Ottawa trust fund	4,783	4,766
Investments in government business enterprises	155,490	147,544
Investments in government business partnerships	3,713,246	3,392,437
Capital plan reserve	4,123,957	3,316,043
	<b>\$ 38,262,071</b>	<b>\$ 31,507,679</b>

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, 2022, the amount guaranteed under this program was \$871,211 (2021 - \$622,223).

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, 2022, the liability totaled \$213,750 (2021 - \$213,750).

**13. BUDGETED FIGURES**

The unaudited budgets for the year April 1, 2021 to March 31, 2022 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, 2022**

**14. EXPENSES BY OBJECT**

	Budget	2021	2021
Amortization of tangible capital assets	\$ 136,341	\$ 204,849	\$ 109,976
Band functions	563,150	21,283	9,271
BC School tax	290,000	289,455	287,235
General government expenses	53,600	51,294	71,094
Honoraria	115,000	100,275	98,175
Insurance	40,800	17,583	20,711
Interest and bank charges	6,250	5,929	6,499
Interest on long term debt	-	86,819	101,718
Meeting expenses	16,820	22,431	110
Office and miscellaneous	28,130	18,185	15,364
Professional fees	121,580	88,091	32,962
Projects	-	2,332,364	1,178,077
Repairs and maintenance	101,525	72,826	122,387
Service agreements	1,169,461	588,388	538,434
Travel	9,930	5,337	3,183
Utilities	97,624	82,960	67,176
Wages and benefits	297,921	427,294	280,408
	\$ 3,048,132	\$ 4,415,363	\$ 2,942,780

**15. 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, 2022, the First Nation's financial position has not been significantly affected by the pandemic.

**16. 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, 2022**

**16. SEGMENTED INFORMATION CONT'D**

	<b>Community Operations</b>	<b>Government Business Enterprises</b>	<b>Investments</b>	<b>Tangible Capital Asset Fund</b>	<b>2022</b>	<b>2021</b>
<b>Revenue</b>						
I.S.C.	\$ 5,055,804	\$ -	\$ -	\$ -	5,055,804	\$ 2,167,848
Canada Mortgage Housing Corporation	5,897	-	-	-	5,897	6,433
Property taxes	1,949,146	-	-	-	1,949,146	1,300,289
Rental income	15,000	-	-	-	15,000	15,000
Land lease	-	-	-	-	-	-
Sto:lo Service Agency Society	46,723	-	-	-	46,723	32,438
School district #33	5,500	-	-	-	5,500	5,500
F.N.E.S.C	166,230	-	-	-	166,230	47,789
MCFD	90,000	-	-	-	90,000	90,000
Interest income	-	-	72,058	-	72,058	82,595
Water service and garbage collection	2,395	-	-	-	2,395	1,993
Honoraria and travel reimbursements	-	-	-	-	-	-
Income from trust funds held by government	-	-	-	-	-	-
First Nations Goods and Services tax	853,172	-	-	-	853,172	681,631
Ministry of Transportation and Infrastructure	1,061,505	-	-	-	1,061,505	2,902,725
SAY Lands Code	-	-	-	-	-	500,000
Province of BC	-	-	-	-	-	696,000
First Nations Health Authority	511,269	-	-	-	511,269	2,504,500
Projects	823,833	-	-	-	823,833	618,106
Income from CFB land claim settlement	-	-	-	-	-	572,022
Gaming revenue	182,468	-	-	-	182,468	319,711
Development Cost Charges	-	-	-	-	-	-
Business income	-	7,945	-	-	7,945	22,335
Partnership income	-	320,810	-	-	320,810	166,247
	<u>10,768,942</u>	<u>328,755</u>	<u>72,058</u>	<u>-</u>	<u>11,169,755</u>	<u>12,733,162</u>
<b>Expenditures by object</b>						
Amortization	-	-	-	204,849	204,849	109,976
Band functions	21,283	-	-	-	21,283	9,271
BC school tax	289,455	-	-	-	289,455	287,235
General government expenses	51,294	-	-	-	51,294	71,094
Honoraria	100,275	-	-	-	100,275	98,175
Insurance	17,583	-	-	-	17,583	20,711
Interest and bank charges	5,929	-	-	-	5,929	6,499
Interest on long term debt	86,819	-	-	-	86,819	101,718
Meeting expenses	22,431	-	-	-	22,431	110
Office and miscellaneous	18,185	-	-	-	18,185	15,364
Professional fees	88,091	-	-	-	88,091	32,962
Projects	2,332,364	-	-	-	2,332,364	1,178,077
Repairs and maintenance	72,826	-	-	-	72,826	122,387
Service agreements	588,388	-	-	-	588,388	538,434
Travel	5,337	-	-	-	5,337	3,183
Utilities	82,960	-	-	-	82,960	67,176
Wages and benefits	427,294	-	-	-	427,294	280,408
	<u>4,210,514</u>	<u>-</u>	<u>-</u>	<u>204,849</u>	<u>4,415,363</u>	<u>2,942,780</u>
Annual surplus (deficit)	6,558,428	328,755	72,058	(204,849)	6,754,392	9,790,382
Transfer between funds	-	-	-	-	-	-
Accumulated surplus, beginning of year	<u>12,913,081</u>	<u>384,622</u>	<u>3,165,070</u>	<u>15,044,906</u>	<u>31,507,679</u>	<u>21,717,297</u>
Accumulated Surplus, end of year	<b>\$ 19,471,509</b>	<b>\$ 713,377</b>	<b>\$ 3,237,128</b>	<b>\$ 14,840,057</b>	<b>\$ 38,262,071</b>	<b>\$ 31,507,679</b>