
**SKOWKALE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024**

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

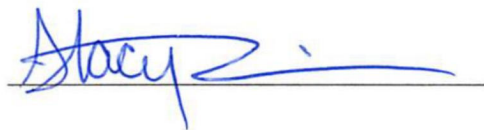
These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements,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

A handwritten signature in blue ink, appearing to read "Stacy", is written over a horizontal line.

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, 2024, 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, 2024, 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 28, 2024

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024

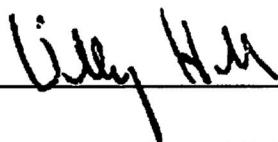
| | 2024 | 2023 |
|---|----------------------|----------------------|
| FINANCIAL ASSETS | | |
| Cash and cash equivalents (Note 2) | \$ 33,277,246 | \$ 18,283,400 |
| Term deposits | 50,000 | 5,131,632 |
| Accounts receivable (Note 3) | 471,053 | 568,409 |
| Due from government and other government organizations (Note 4) | 1,378,186 | 6,695,110 |
| Trust funds held by federal government | - | 629 |
| Investments in government business enterprises (Note 5) | 208,885 | 170,845 |
| Investment in government business partnerships (Note 6) | 3,844,340 | 3,403,268 |
| | 39,229,710 | 34,253,293 |
| FINANCIAL LIABILITIES | | |
| Accounts payable and accrued liabilities | 2,599,397 | 1,739,751 |
| Deferred revenue (Note 7) | 65,527 | 3,790,543 |
| Long term debt (Note 8) | 2,348,181 | 2,422,812 |
| | 5,013,105 | 7,953,106 |
| NET FINANCIAL ASSETS | 34,216,605 | 26,300,187 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 9) | 35,399,903 | 24,545,403 |
| Prepaid expenses and deposits | 14,133 | - |
| | 35,414,036 | 24,545,403 |
| ACCUMULATED SURPLUS (Note 10) | \$ 69,630,641 | \$ 50,845,590 |

CONTINGENT LIABILITIES (Note 11)

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, 2024

| | Budget (Note 12) | Total 2024 | Total 2023 |
|---|----------------------|----------------------|----------------------|
| REVENUE | | | |
| Indigenous Services Canada | \$ 2,374,537 | \$ 13,230,261 | \$ 10,262,467 |
| Property taxes | 2,072,202 | 2,305,793 | 2,191,147 |
| First Nation Goods and Services Tax | - | 1,222,352 | 1,091,771 |
| Grants and other revenues | - | 4,442,620 | 1,568,057 |
| First Nations Health Authority | - | 1,038,362 | 327,185 |
| Net income from government business partnerships | - | 621,484 | 205,780 |
| Gaming revenue | 428,568 | 394,252 | 428,568 |
| First Nation's Education and Steering Committee | - | 160,238 | 171,769 |
| Ministry of Children and Family Development | - | 90,000 | 90,000 |
| Interest | 652,000 | 842,422 | 335,129 |
| Sto:lo Service Agency Society | 67,982 | 55,324 | 46,723 |
| Rental income | 132,858 | 167,934 | 133,548 |
| Net income from government business enterprises | - | 38,040 | 15,355 |
| School District #33 | - | 13,490 | 10,500 |
| | 5,728,147 | 24,622,572 | 16,877,999 |
| EXPENSES (Note 13) | | | |
| Administration | 847,745 | 612,502 | 222,556 |
| Amortization of tangible capital assets | - | 665,781 | 431,268 |
| Childcare centre | 1,049,762 | 668,086 | 103,236 |
| Community benefits | 696,034 | 431,464 | 142,237 |
| Community building | 601,240 | 512,326 | 221,608 |
| Community programs | 559,344 | 467,245 | 193,197 |
| Economic development | 177,787 | 19,787 | 2,330 |
| Gaming | 230,000 | - | - |
| Governance | 467,000 | 272,515 | 208,101 |
| Non-profit housing | 14,000 | 8,996 | 12,255 |
| Property taxation | 2,072,202 | 1,185,285 | 1,075,049 |
| Public works | 646,305 | 283,902 | 276,102 |
| Special projects | 490,011 | 709,632 | 1,406,541 |
| | 7,851,430 | 5,837,521 | 4,294,480 |
| SURPLUS (DEFICIT) FOR THE YEAR | (2,123,283) | 18,785,051 | 12,583,519 |
| ACCUMULATED SURPLUS - BEGINNING OF YEAR | 50,845,590 | 50,845,590 | 38,262,071 |
| ACCUMULATED SURPLUS - END OF YEAR | \$ 48,722,307 | \$ 69,630,641 | \$ 50,845,590 |

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|--|----------------------|----------------------|
| SURPLUS FOR THE YEAR | \$ 18,785,051 | \$ 12,583,519 |
| Net purchase of tangible capital assets | (11,520,281) | (3,356,678) |
| Amortization of tangible capital assets | 665,781 | 431,268 |
| Acquisition (use) of prepaids | (14,133) | 346 |
| | (10,868,633) | (2,925,064) |
| INCREASE IN NET FINANCIAL ASSETS | 7,916,418 | 9,658,455 |
| NET FINANCIAL ASSETS - BEGINNING OF YEAR | 26,300,187 | 16,641,732 |
| NET FINANCIAL ASSETS - END OF YEAR | \$ 34,216,605 | \$ 26,300,187 |

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

| | 2024 | 2023 |
|---|----------------------|----------------------|
| OPERATING ACTIVITIES | | |
| Surplus for the year | \$ 18,785,051 | \$ 12,583,519 |
| Items not affecting cash: | | |
| Amortization of tangible capital assets | 665,781 | 431,268 |
| Net income from government business enterprises | (38,040) | (15,355) |
| Net income from government business partnerships | (441,072) | (205,780) |
| | 18,971,720 | 12,793,652 |
| Changes in non-cash working capital: | | |
| Accounts receivable | 97,356 | 151,902 |
| Due from government and other government organizations | 5,316,924 | (4,209,551) |
| Prepaid expenses and deposits | (14,133) | 347 |
| Accounts payable and accrued liabilities | 859,646 | (321,212) |
| Deferred revenue | (3,725,016) | 2,575,099 |
| | 2,534,777 | (1,803,415) |
| | 21,506,497 | 10,990,237 |
| CAPITAL AND INVESTING TRANSACTIONS | | |
| Net purchase of tangible capital assets | (11,520,281) | (3,356,678) |
| Trust funds held by federal government | 629 | 1,611 |
| | (11,519,652) | (3,355,067) |
| OTHER NON-FINANCIAL ASSETS | | |
| Repayment of long term debt | (74,631) | (72,863) |
| CHANGE IN CASH DURING THE YEAR | 9,912,214 | 7,562,307 |
| CASH - BEGINNING OF YEAR | 23,415,032 | 15,852,725 |
| CASH - END OF YEAR | \$ 33,327,246 | \$ 23,415,032 |
| CASH FLOWS SUPPLEMENTARY INFORMATION | | |
| Interest received | \$ 842,422 | \$ 335,129 |
| Interest paid | \$ 60,864 | \$ 62,633 |
| 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 | \$ 33,277,246 | \$ 18,283,400 |
| Term deposits | 50,000 | 5,131,632 |
| | \$ 33,327,246 | \$ 23,415,032 |

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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
- 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, 2024

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

(d) Long-lived assets and discontinued operations

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using discounted future cash flows. Any impairment is included in surplus for the year.

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

(f) Segments

The First Nation conducts its business through four reportable segments: Community Operations, Government Business Enterprises, Investments and Tangible Capital Asset Fund. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance.

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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

(g) 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. At which point the loan is paid off, the social housing assets will continue to be amortized over their remaining useful lives.

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 |

(h) 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, 2024

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

(i) 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.

(j) 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.

(k) Financial instruments

The First Nation recognizes its financial instruments when the First Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the First Nation may irrevocably elect to subsequently measure any financial instrument at fair value. The First Nation has made such an election during the year.

The First Nation subsequently measures investments in equity investments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses. Interest income is recognized in the statement of operations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, and subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

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

(l) Changes in accounting policies

Effective April 1, 2022, the First Nation adopted the recommendations relating to the following accounting policies, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 3450 *Financial Instruments*
- PS 3280 *Asset Retirement Obligations*

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. The adoption of PS 3450 had a material impact on the financial statements, due to the nature of investment income earned from the First Nation's investment in Nation business entities. The adoption of PS 3280 did not have a material impact on the financial statements.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of the following:

| | 2024 | 2023 |
|--|----------------------|----------------------|
| Externally restricted | | |
| Security deposit | \$ 25,000 | \$ 25,000 |
| Internally restricted | | |
| Prepaid rents | 53,317 | 39,650 |
| Tangible capital asset reserve | 7,062,553 | 6,162,813 |
| Unrestricted | | |
| Operating | 24,581,207 | 10,726,915 |
| Taxation | 1,555,169 | 1,329,022 |
| Total cash and cash equivalents | \$ 33,277,246 | \$ 18,283,400 |

3. ACCOUNTS RECEIVABLE

| | 2024 | 2023 |
|-------------------------------------|-------------------|-------------------|
| Goods and services taxes receivable | \$ 155,464 | \$ 424,922 |
| Property taxes | 26,107 | 14,365 |
| Other receivables | 289,482 | 129,122 |
| | \$ 471,053 | \$ 568,409 |

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Accounts receivable consists of the following:

| | 2024 | 2023 |
|---|---------------------|---------------------|
| Aitchelitz First Nation | \$ 317,801 | \$ 1,855,941 |
| Canada Mortgage and Housing Corporation | 43,453 | 50,053 |
| First People Cultural Council | 44,616 | 50,000 |
| Indigenous Services Canada | 2,574 | 2,561,130 |
| Minister of Finance | 100,000 | - |
| Province of British Columbia | 110,800 | - |
| SAY Lands | 60,810 | 38,594 |
| Xyolhemeylh | 353,389 | 276,909 |
| Yakweakwioose First Nation | 344,743 | 1,862,483 |
| | \$ 1,378,186 | \$ 6,695,110 |

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

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

| | | | 2024 | 2023 |
|---|---------------|----|---------|------------|
| Ch-Ihl-Kway-Uhk Tribe Society | 1/9 ownership | \$ | 116,006 | \$ 99,037 |
| Ts'elxweyeqw Tribe Management Ltd. | 1/7 ownership | | 1 | 1 |
| Seven Generations Environmental Services Ltd. | 1/6 ownership | | 92,858 | 71,787 |
| | | \$ | 208,865 | \$ 170,825 |

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 6.

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. | 2024 | 2023 |
|--------------------------------|-------------------------------|------------|---------------------|--------------|
| Current assets | \$ 923,611 | \$ 618,499 | \$ 1,542,110 | \$ 1,223,069 |
| Capital assets | - | 4,686 | 4,686 | 8,589 |
| Due from related party | 355,010 | - | 355,010 | 335,010 |
| Total assets | 1,278,621 | 623,185 | 1,901,806 | 1,566,668 |
| Current liabilities | 234,566 | 66,042 | 300,608 | 244,616 |
| Due to shareholders | - | 353,258 | 353,258 | 353,258 |
| Total liabilities | 234,566 | 419,300 | 653,866 | 597,874 |
| Equity | 1,044,055 | 203,885 | 1,247,940 | 968,794 |
| Total liabilities and equity | 1,278,621 | 623,185 | 1,901,806 | 1,566,668 |
| Revenue | 189,756 | 793,776 | 983,532 | 682,524 |
| Expenses | (37,042) | (667,344) | (704,386) | (545,191) |
| Net income (loss) for the year | 152,714 | 126,432 | 279,146 | 137,333 |

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

6. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

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

| | | 2024 | 2023 |
|--|-----------------|---------------------|---------------------|
| Ch-Ihl-Kway-Uhk Forestry Limited Partnership | Nil | \$ - | \$ 240,742 |
| Centre Creek Limited Partnership | Nil | - | 173,959 |
| Ts'elxweyeqx Tribe Limited Partnership | 10/71 ownership | 3,844,340 | 2,988,567 |
| | | \$ 3,844,340 | \$ 3,403,268 |

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

During the year, Skowkale First Nation's ownership interest in Ch-Ihl-Kway-Uhk Forestry Limited Partnership and Centre Creek Limited Partnership were transferred to Ts'elxweyeqx Tribe Limited Partnership. As at March 31, 2024, Skowkale First Nation does not have any ownership interest in Ch-Ihl-Kway-Uhk Forestry Limited Partnership (2023 - 11/89 ownership) and Centre Creek Limited Partnership (2023 - 11/100 ownership).

The summary of the unaudited financial statements for the period ended December 31, 2023 and year ended December 31, 2022 is as follows:

| | 2023 <i>December</i> | 2022 <i>December</i> |
|------------------------------|-------------------------|-------------------------|
| Current assets | \$ 23,537,549 | \$ 23,027,150 |
| Capital assets | 751,184 | 3,060,581 |
| Due from related parties | 4,909,850 | 2,168,351 |
| Total assets | 29,198,583 | 28,256,082 |
| Current liabilities | 2,628,616 | 3,121,226 |
| Due to related parties | - | 794,803 |
| Total liabilities | 2,628,616 | 3,916,029 |
| Equity | 26,569,967 | 24,340,053 |
| Total liabilities and equity | 29,198,583 | 28,256,082 |
| Revenue | 6,580,706 | 6,221,863 |
| Expenses | (2,154,173) | (3,909,968) |
| Net income | 4,426,533 | 2,311,895 |

7. DEFERRED REVENUE

| | 2024 | 2023 |
|-----------------------------------|------------------|---------------------|
| Deposits | \$ 62,985 | \$ 45,040 |
| Prepaid Replacement Reserve | 2,542 | 8,682 |
| Deferred Development Cost Charges | - | 1,175,691 |
| Deferred Revenue - Miscellaneous | - | 2,561,130 |
| | \$ 65,527 | \$ 3,790,543 |

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

| 8. LONG TERM DEBT | 2024 | 2023 |
|---|---------------------|---------------------|
| 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 2028 | \$ 2,495,446 | \$ 2,570,077 |
| First Nations Finance Authority Debt Reserve Fund | (147,265) | (147,265) |
| | <u>\$ 2,348,181</u> | <u>\$ 2,422,812</u> |

Anticipated annual principal repayments over the five years is as follows:

| | |
|---------------------|---------------------|
| 2025 | \$ 76,442 |
| 2026 | 78,297 |
| 2027 | 80,197 |
| 2028 and thereafter | <u>2,113,245</u> |
| | <u>\$ 2,348,181</u> |

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

9. TANGIBLE CAPITAL ASSETS

| | Cost | Additions (Adjustments) | Accumulated amortization | 2024 Net book value |
|---------------------------|----------------------|----------------------------|-----------------------------|---------------------------|
| Land | \$ 339,622 | \$ 20,023 | \$ - | \$ 359,645 |
| Commercial buildings | 363,161 | - | 153,981 | 209,180 |
| Residential buildings | 311,078 | - | 173,662 | 137,416 |
| Administration buildings | 10,609,020 | 240,011 | 715,327 | 10,133,704 |
| Daycare building | 4,054,429 | (1,235,236) | 107,889 | 2,711,304 |
| Equipment and furnishings | 306,248 | 97,775 | 84,743 | 319,280 |
| Computer equipment | 16,764 | - | 16,764 | - |
| Maintenance equipment | 48,977 | 19,963 | 59,438 | 9,502 |
| North Subdivision | 3,232,813 | 41,046 | 21,826 | 3,252,033 |
| Underground networks | 3,838,694 | - | 1,028,618 | 2,810,076 |
| Projects in progress | 3,125,969 | 12,269,886 | - | 15,395,855 |
| Vehicles | - | 66,813 | 4,905 | 61,908 |
| | \$ 26,246,775 | \$ 11,520,281 | \$ 2,367,153 | \$ 35,399,903 |

During the year, the First Nation accrued \$662,543 related to Aitchelitz, and Yakweakwioose's contributions to the administration building project.

| | Cost | Additions (Disposal) | Accumulated amortization | 2023 Net book value |
|---------------------------|----------------------|-------------------------|-----------------------------|---------------------------|
| Land | \$ 315,969 | \$ 23,653 | \$ - | \$ 339,622 |
| Commercial buildings | 363,161 | - | 139,455 | 223,706 |
| Residential buildings | 311,078 | - | 173,662 | 137,416 |
| Administration buildings | 12,527,812 | (1,918,792) | 318,271 | 10,290,749 |
| Daycare building | 627,986 | 3,426,443 | - | 4,054,429 |
| Equipment and furnishings | 133,180 | 173,068 | 54,622 | 251,626 |
| Computer equipment | 16,764 | - | 15,142 | 1,622 |
| Maintenance equipment | 48,977 | - | 48,977 | - |
| Underground networks | 6,983,407 | 88,103 | 951,846 | 6,119,664 |
| Projects in progress | 1,562,364 | 1,564,205 | - | 3,126,569 |
| | \$ 22,890,698 | \$ 3,359,680 | \$ 1,701,975 | \$ 24,545,403 |

In 2022, the First Nation completed construction of a building ("SAY Land Building"). The First Nation holds the legal ownership of the building, with beneficial ownership being joint between the above three First Nations. The First Nations have formed a joint relationship to manage administration and lands.

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

10. ACCUMULATED SURPLUS

| | 2024 | 2023 |
|---|----------------------|----------------------|
| Operations fund | \$ 17,189,998 | \$ 10,989,533 |
| Tangible capital asset reserve | 41,418,021 | 30,588,521 |
| Ottawa trust fund | 4,760 | 4,760 |
| Investments in government business entities | 4,568,983 | 4,089,871 |
| Capital plan reserve | 6,448,879 | 5,172,905 |
| | \$ 69,630,641 | \$ 50,845,590 |

11. 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. As at March 31, 2024, the amount guaranteed under this program was \$742,150 (2023 - \$724,939).

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, 2024, the liability totaled \$213,750 (2023 - \$213,750).

12. BUDGETED FIGURES

The unaudited budgets for the year April 1, 2023 to March 31, 2024 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, 2024

13. EXPENSES BY OBJECT

| | Budget | 2024 | 2023 |
|---|--------------|--------------|--------------|
| Amortization of tangible capital assets | \$ - | \$ 665,781 | \$ 431,268 |
| Band functions | 1,127,494 | 271,323 | 92,319 |
| BC School tax | 350,000 | 334,755 | 310,385 |
| Daycare | - | 24,977 | - |
| General government expenses | 65,940 | 87,138 | 59,901 |
| Honoraria | 330,150 | 174,570 | 143,100 |
| Insurance | 101,642 | 89,163 | 55,496 |
| Interest and bank charges | 11,000 | 14,088 | 7,988 |
| Interest on long term debt | - | 60,864 | 62,633 |
| Meetings | 217,270 | 39,677 | 16,829 |
| Office and miscellaneous | 346,197 | 144,947 | 110,089 |
| Professional fees | 601,103 | 319,190 | 78,887 |
| Projects | 32,057 | 889,675 | 1,412,565 |
| Repairs and maintenance | 386,363 | 338,365 | 138,499 |
| Service agreements | 1,656,262 | 701,866 | 641,718 |
| Supplies | - | 196,964 | 148,867 |
| Travel | 54,800 | 28,119 | 8,558 |
| Utilities | 481,770 | 143,838 | 137,493 |
| Wages and benefits | 2,089,382 | 1,312,221 | 437,885 |
| | \$ 7,851,430 | \$ 5,837,521 | \$ 4,294,480 |

14. FINANCIAL INSTRUMENTS

The First Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the First Nation's risk exposure and concentration as of March 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from its accounts receivable. The First Nation deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The majority of the First Nation's receivables are from government agencies which have minimal risk of default, therefore there is no allowance for doubtful accounts recorded in the year.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The First Nation is exposed to this risk mainly in respect of its accounts payable and long term debt. The First Nation mitigates liquidity risk by ensuring it documents when authorized payments become due and monitors cash balances and cash flows generated from operations against its anticipated, committed and contemplated outflows.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

14. FINANCIAL INSTRUMENTS *(continued)*

Currency risk

Currency risk is the risk to the First Nation's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The First Nation is not exposed to currency risk as the First Nation does not hold any financial instruments in foreign currency and all transactions are conducted in Canadian dollars.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The First Nation is not exposed to interest rate risk as the First Nation does not have any bank indebtedness or credit facilities with floating interest rates as the long term debt is at a fixed rate.

The First Nation is exposed to interest rate risk with respect to cash and cash equivalents, guaranteed investment certificates and restricted cash, all of which are expected to be realized within one year, and which are subject to fixed rates of interest.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The First Nation is not exposed to other price risk.

15. SEGMENTED INFORMATION

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

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

SKOWKALE FIRST NATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

16. SEGMENTED INFORMATION CONT'D

| | Community Operations | Government Business Enterprises | Investments | Tangible Capital Asset Fund | 2024 | 2023 |
|---|---------------------------------|--|---------------------|--|----------------------|----------------------|
| Revenue | | | | | | |
| I.S.C. | \$ 13,230,261 | \$ - | \$ - | \$ - | 13,230,261 | \$ 10,262,467 |
| Canada Mortgage Housing Corporation | - | - | - | - | - | - |
| Property taxes | 2,305,793 | - | - | - | 2,305,793 | 2,191,147 |
| Rental income | 167,934 | - | - | - | 167,934 | 133,549 |
| Land lease | - | - | - | - | - | - |
| Sto:lo Service Agency Society | 55,324 | - | - | - | 55,324 | 46,723 |
| School district #33 | 13,490 | - | - | - | 13,490 | 10,500 |
| F.N.E.S.C | 160,238 | - | - | - | 160,238 | 171,769 |
| MCFD | 90,000 | - | - | - | 90,000 | 90,000 |
| Interest income | - | - | 842,422 | - | 842,422 | 335,129 |
| Water service and garbage collection | 2,243 | - | - | - | 2,243 | 3,303 |
| Honoraria and travel reimbursements | - | - | - | - | - | - |
| Income from trust funds held by government | - | - | - | - | - | - |
| First Nations Goods and Services tax | 1,222,352 | - | - | - | 1,222,352 | 1,091,771 |
| Ministry of Transportation and Infrastructure | - | - | - | - | - | - |
| SAY Lands Code | - | - | - | - | - | - |
| Province of BC | - | - | - | - | - | - |
| First Nations Health Authority | 1,038,362 | - | - | - | 1,038,362 | 327,185 |
| Projects | 4,440,377 | - | - | - | 4,440,377 | 1,564,753 |
| Income from CFB land claim settlement | - | - | - | - | - | - |
| Gaming revenue | 394,252 | - | - | - | 394,252 | 428,568 |
| Development Cost Charges | - | - | - | - | - | - |
| Business income | - | 38,040 | - | - | 38,040 | 15,355 |
| Partnership income | - | 621,484 | - | - | 621,484 | 205,780 |
| | <u>23,120,627</u> | <u>659,524</u> | <u>842,422</u> | <u>-</u> | <u>24,622,572</u> | <u>16,877,999</u> |
| Expenditures by object | | | | | | |
| Amortization | - | - | - | 665,781 | 665,781 | 431,268 |
| Band functions | 271,323 | - | - | - | 271,323 | 92,319 |
| BC school tax | 334,755 | - | - | - | 334,755 | 310,385 |
| Daycare | 24,977 | - | - | - | 24,977 | - |
| General government expenses | 87,138 | - | - | - | 87,138 | 59,901 |
| Honoraria | 174,570 | - | - | - | 174,570 | 143,100 |
| Insurance | 89,163 | - | - | - | 89,163 | 55,496 |
| Interest and bank charges | 14,088 | - | - | - | 14,088 | 7,988 |
| Interest on long term debt | 60,864 | - | - | - | 60,864 | 62,632 |
| Meeting expenses | 39,677 | - | - | - | 39,677 | 16,829 |
| Office and miscellaneous | 341,911 | - | - | - | 341,911 | 258,956 |
| Professional fees | 319,190 | - | - | - | 319,190 | 78,887 |
| Projects | 889,675 | - | - | - | 889,675 | 1,412,565 |
| Repairs and maintenance | 338,365 | - | - | - | 338,365 | 138,499 |
| Service agreements | 701,866 | - | - | - | 701,866 | 641,718 |
| Travel | 28,119 | - | - | - | 28,119 | 8,558 |
| Utilities | 143,838 | - | - | - | 143,838 | 137,493 |
| Wages and benefits | 1,312,221 | - | - | - | 1,312,221 | 437,886 |
| | <u>5,171,740</u> | <u>-</u> | <u>-</u> | <u>665,781</u> | <u>5,837,521</u> | <u>4,294,480</u> |
| Annual surplus (deficit) | 17,948,887 | 659,524 | 842,422 | (665,781) | 18,785,051 | 12,583,519 |
| Transfer between funds | - | - | - | - | - | - |
| Accumulated surplus, beginning of year | 31,930,033 | 934,512 | 3,572,257 | 14,408,789 | 50,845,590 | 38,262,071 |
| Accumulated Surplus, end of year | <u>\$ 49,878,920</u> | <u>\$ 1,594,036</u> | <u>\$ 4,414,679</u> | <u>\$ 13,743,008</u> | <u>\$ 69,630,641</u> | <u>\$ 50,845,590</u> |