
**SKOWKALE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025**

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
July 23, 2025

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, 2025, 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, 2025, 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.

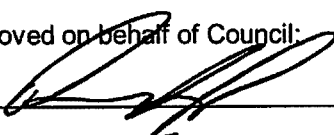
Manning Elliott LLP

MANNING ELLIOTT LLP
Chartered Professional Accountants
Abbotsford, British Columbia
July 23, 2025

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

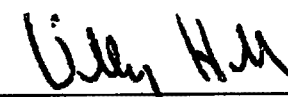
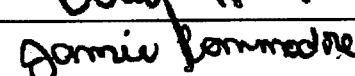
	2025	2024
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 36,896,237	\$ 33,277,246
Term deposits (Note 2)	50,000	50,000
Accounts receivable (Note 3)	769,189	471,053
Due from government and other government organizations (Note 4)	1,700,060	1,378,186
Investments in government business enterprises (Note 5)	258,937	208,885
Investments in government business partnerships (Note 6)	4,303,516	3,844,340
	43,977,939	39,229,710
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	4,705,769	2,599,397
Deposits	222,699	-
Deferred revenue (Note 7)	4,570,713	65,527
Long-term debt (Note 8)	3,939,084	2,348,181
	13,438,265	5,013,105
NET FINANCIAL ASSETS	30,539,674	34,216,605
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 9)	50,591,897	35,399,903
Prepaid expenses and deposits	8,300	14,133
	50,600,197	35,414,036
ACCUMULATED SURPLUS (Note 10)	\$ 81,139,868	\$ 69,630,641

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, 2025

	Budget (Note 13)	Total 2025	Total 2024
REVENUE			
Indigenous Services Canada	\$ 5,023,863	\$ 5,023,863	\$ 13,230,261
Property taxes	2,072,202	2,483,777	2,305,793
First Nation Goods and Services Tax	1,474,814	1,474,814	1,222,352
Grants and other revenues	2,628,938	4,492,250	4,442,620
First Nations Health Authority	1,086,140	1,086,140	1,038,362
Net income from government business partnerships	-	614,347	621,484
Gaming revenue	428,568	318,841	394,252
First Nation's Education and Steering Committee	97,211	97,211	160,238
Ministry of Children and Family Development	-	-	90,000
Interest	652,000	1,463,406	842,422
Sto:lo Service Agency Society	67,982	54,372	55,324
Rental income	132,858	215,779	167,934
Net income from government business enterprises	-	49,852	38,040
School District #33	11,400	11,400	13,490
Land fees	126,581	126,581	-
	13,802,557	17,512,633	24,622,572
EXPENSES (Note 13)			
Administration	847,745	617,061	612,502
Amortization of tangible capital assets	-	798,494	665,781
Childcare centre	1,049,762	874,723	668,086
Community benefits	696,034	443,853	431,464
Community building	601,240	489,523	512,326
Community programs	559,344	265,789	467,245
Culture and language	490,010	573,487	-
Economic development	177,787	88,407	19,787
Gaming	230,000	-	-
Governance	467,000	296,853	272,515
Lands	1,315,264	934,565	-
Non-profit housing	14,000	26,014	8,996
Property taxation	2,072,202	1,334,879	1,185,285
Public works	646,306	716,482	283,902
Special projects	1,256,004	1,256,004	709,632
	10,422,698	8,716,134	5,837,521
SURPLUS FOR THE YEAR	3,379,859	8,796,499	18,785,051
ACCUMULATED SURPLUS - BEGINNING OF YEAR	69,630,641	69,630,641	50,845,590
ACCUMULATED SURPLUS ASSUMED FROM SAY LANDS (Note 11)	-	2,712,728	-
ACCUMULATED SURPLUS - END OF YEAR	\$ 73,010,500	\$ 81,139,868	\$ 69,630,641

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
SURPLUS FOR THE YEAR	\$ 8,796,499	\$ 18,785,051
Net purchase of tangible capital assets	(14,789,398)	(11,520,281)
Amortization of tangible capital assets	798,494	665,781
Financial assets assumed from SAY Lands (Note 11)	1,507,349	-
Acquisition (use) of prepaids	10,125	(14,133)
	(12,473,430)	(10,868,633)
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(3,676,931)	7,916,418
NET FINANCIAL ASSETS - BEGINNING OF YEAR	34,216,605	26,300,187
NET FINANCIAL ASSETS - END OF YEAR	\$ 30,539,674	\$ 34,216,605

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Surplus for the year	\$ 8,796,499	\$ 18,785,051
Items not affecting cash:		
Amortization of tangible capital assets	798,494	665,781
Net income from government business enterprises	(49,852)	(38,040)
Net income from government business partnerships	(614,347)	(441,072)
	8,930,794	18,971,720
Changes in non-cash working capital:		
Accounts receivable	(298,137)	97,356
Due from government and other government organizations	(321,874)	5,316,924
Prepaid expenses and deposits	5,833	(14,133)
Accounts payable and accrued liabilities	1,992,770	859,646
Deferred revenue	4,505,185	(3,725,016)
Deposits received	222,699	-
	6,106,476	2,534,777
	15,037,270	21,506,497
CAPITAL AND INVESTING TRANSACTIONS		
Net purchase of tangible capital assets	(14,789,398)	(11,520,281)
Trust funds held by federal government	-	629
	(14,789,398)	(11,519,652)
OTHER NON-FINANCIAL ASSETS		
Proceeds from long term debt	1,688,834	-
Repayment of long term debt	(76,442)	(74,631)
	1,612,392	(74,631)
OTHER CASH FLOW ITEMS		
Cash assumed from SAY Lands	1,758,727	-
CHANGE IN CASH DURING THE YEAR	3,618,991	9,912,214
CASH - BEGINNING OF YEAR	33,327,246	23,415,032
CASH - END OF YEAR	\$ 36,946,237	\$ 33,327,246

SKOWKALE FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*
FOR THE YEAR ENDED MARCH 31, 2025

	2025	2024
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 1,463,406	\$ 842,422
Interest paid	\$ 73,341	\$ 60,864
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	\$ 36,896,237	\$ 33,277,246
Term deposits	50,000	50,000
	\$ 36,946,237	\$ 33,327,246

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025

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 or partnership, 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
- 1507927 Energy 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, 2025

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, 2025

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. Infrastructure assets acquired prior to 1996 are the only assets where nominal values were assigned. The cost, less residual value, of the tangible capital assets are recognized at a nominal value.

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, 2025

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 not 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, 2025

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents is comprised of the following:

	2025	2024
Externally restricted		
Security deposit	\$ 25,000	\$ 25,000
Term deposit	50,000	50,000
Internally restricted		
Prepaid rents	71,022	53,317
Tangible capital asset reserve	8,159,997	7,062,553
Unrestricted		
Operating	26,642,419	24,581,207
Taxation	1,998,199	1,555,169
Total cash and cash equivalents	\$ 36,946,637	\$ 33,327,246

3. ACCOUNTS RECEIVABLE

	2025	2024
Goods and services taxes receivable	\$ 423,549	\$ 155,464
Property taxes	26,831	26,107
Other receivables	318,808	289,482
	\$ 769,188	\$ 471,053

4. DUE FROM GOVERNMENT AND OTHER GOVERNMENT ORGANIZATIONS

Accounts receivable consists of the following:

	2025	2024
Aitchelitz First Nation	\$ 319,426	\$ 317,801
Canada Mortgage and Housing Corporation	43,453	43,453
Department of Fisheries and Oceans	653,040	-
First People Cultural Council	-	44,616
Indigenous Services Canada	215,085	2,574
Minister of Finance	75,000	100,000
Natural Resources Canada	35,100	-
Province of British Columbia	26,534	110,800
SAY Lands	-	60,810
Shxw̓ha:y Village	14,923	-
Xyolhemeylh	-	353,389
Yakweawkwoose First Nation	317,499	344,743
	\$ 1,700,060	\$ 1,378,186

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025

5. INVESTMENTS IN GOVERNMENT BUSINESS ENTERPRISES

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

			2025	2024
Ch-Ihl-Kway-Uhk Tribe Society	1/9 ownership	\$	132,667	\$ 116,026
Ts'elxweyeqw Tribe Management Ltd.	1/7 ownership		1	1
Seven Generations Environmental Services Ltd.	1/6 ownership		126,069	92,858
1570927 BC Ltd.	-		200	-
		\$	258,937	\$ 208,885

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.

1570927 BC Ltd. is the general partner for 1570927 Energy Limited Partnership.

The summary of the unaudited financial statements for the year ended is as follows:

	Ch-Ihl-Kway-Uhk Tribe Society	SGES Ltd.	2025	2024
Current assets	\$ 1,111,291	\$ 801,687	\$ 1,912,978	\$ 1,542,110
Capital assets	-	3,348	3,348	4,686
Due from related party	335,010	-	335,010	355,010
Total assets	1,446,301	805,035	2,251,336	1,901,806
Current liabilities	272,302	48,745	321,047	300,608
Due to shareholders	-	353,258	353,258	353,258
Total liabilities	272,302	402,003	674,305	653,866
Equity	1,193,999	403,032	1,597,031	1,247,940
Total liabilities and equity	1,446,301	805,035	2,251,336	1,901,806
Revenue	191,710	1,082,367	1,274,077	983,532
Expenses	(41,765)	(883,220)	(924,985)	(704,386)
Net income (loss) for the year	149,945	199,147	349,092	279,146

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025

6. INVESTMENTS IN GOVERNMENT BUSINESS PARTNERSHIPS

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

		2025	2024
Ts'elxweyeqx Tribe Limited Partnership	10/71 ownership	\$ 4,303,316	\$ 3,844,340
1507927 Energy Limited Partnership	99% ownership	200	-
		\$ 4,303,516	\$ 3,844,340

Ts'elxweyeqx Tribe Limited Partnership (TTLP) is in the business of managing the business ventures that the Partners wish to enter into together and to defend the aboriginal title and rights collectively held by members of the Partners within the traditional territory of the Tribe, to acquire and manage properties of the Tribe, to enter into agreements, licenses, leases with the Crown or third parties on behalf of the Partners or the Tribe and to hold and monies, properties, or other assets produced therefrom.

1507927 Energy Limited Partnership was formed to acquire indirect equity interest in Westcoast Energy Limited Partnership which serves as the owner of Enbridge BC's pipeline system.

The summary of the unaudited financial statements for the period ended December 31, 2024 and year ended December 31, 2023 is as follows:

	2024 <i>December</i>	2023 <i>December</i>
Current assets	\$ 28,132,423	\$ 23,537,549
Capital assets	744,059	751,184
Due from related parties	5,340,497	4,909,850
Total assets	34,216,979	29,198,583
Current liabilities	4,138,516	2,628,616
Due to related parties	-	-
Total liabilities	4,138,516	2,628,616
Equity	29,782,681	26,569,967
Total liabilities and equity	34,219,979	29,198,583
Revenue	6,681,905	6,580,706
Expenses	(2,581,598)	(2,154,173)
Net income	4,300,307	4,426,633

7. DEFERRED REVENUE

	2025	2024
Forgivable loan - CMHC	\$ 4,482,830	\$ -
Deposits	83,340	62,985
Prepaid Replacement Reserve	4,542	2,542
	\$ 4,570,712	\$ 65,527

The forgivable CMHC loan is forgiven at 5% per year over a 20 year term which begins once the project is completed. As at March 31, 2025 the project is not completed.

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025

8. LONG TERM DEBT

	2025	2024
First Nations Finance Authority loan - authorized up to \$2,857,000, blended payments due monthly at the Prime Lending Rate, secured by "local revenues" due January 2028	\$ 2,419,004	\$ 2,495,446
Canada Mortgage and Housing Corporation - interest only at 3.39% calculated semi-annually, until the the stabilization date, due February 1, 2035	1,688,834	-
First Nations Finance Authority Debt Reserve Fund	(168,754)	(147,265)
	<u>\$ 3,939,084</u>	<u>\$ 2,348,181</u>

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

2026	\$ 78,297
2027	80,197
2028	82,143
2029 and thereafter	2,009,613
2030	1,688,834
	<u>\$ 3,939,084</u>

SKOWKALE FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2025

9. TANGIBLE CAPITAL ASSETS

	Cost	Additions (Adjustments)	Accumulated amortization	2025 Net book value
Land	\$ 359,645	\$ -	\$ -	\$ 359,645
Commercial buildings	418,276	12,739	172,594	258,421
Residential buildings	311,078	373,138	173,662	510,554
Administration buildings	10,849,032	607,458	1,159,061	10,297,429
Daycare building	2,819,193	80,048	223,592	2,675,649
Equipment and furnishings	348,908	131,633	127,678	352,863
Computer equipment	16,764	-	16,764	-
Maintenance equipment	68,940	-	68,940	-
North Subdivision	3,273,863	6,925	87,442	3,193,346
Underground networks	3,838,694	-	1,105,393	2,733,301
Projects in progress	15,396,454	14,623,872	-	30,020,326
Vehicles	66,813	149,094	25,454	190,453
	\$ 37,767,660	\$ 15,990,488	\$ 3,160,580	\$ 50,591,897

	Cost	Additions (Disposal)	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	5,181,776
Equipment and furnishings	306,249	97,775	84,743	319,280
Computer equipment	16,764	-	16,764	-
Maintenance equipment	48,977	19,963	59,438	9,502
North Subdivision	3,232,812	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	\$ 37,870,375

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 Skowkale First Nation, Aitchelitz First Nation, and Yakweakioose First Nation. 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, 2025

10. ACCUMULATED SURPLUS

	2025	2024
Operations fund	\$ 9,276,247	\$ 17,189,998
Tangible capital asset reserve	58,343,728	41,418,021
Ottawa trust fund	4,760	4,760
Investments in government business entities	5,077,811	4,568,983
Capital plan reserve	8,437,325	6,448,879
	\$ 81,139,871	\$ 69,630,641

11. SAY LANDS

Effective April 1, 2024, SAY Lands amalgamated with Skowkale First Nation. As a result, all assets, liabilities, and operations of SAY Lands were transferred to Skowkale First Nation. The following summarized the net financial position of SAY Lands as at April 1, 2024, which has been included in these financial statements:

	2025
Financial Assets	2,202,360
Liabilities	695,011
Net Financial Assets	1,507,349
Non-Financial Assets	1,205,379
Accumulated Surplus	2,712,728

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. As at March 31, 2025, the amount guaranteed under this program was \$706,100 (2024 - \$742,150).

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, 2025, the liability totaled \$213,750 (2024 - \$213,750).

13. BUDGETED FIGURES

The unaudited budgets for the year April 1, 2024 to March 31, 2025 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, 2025

14. EXPENSES BY OBJECT

	Budget	2025	2024
Amortization of tangible capital assets	\$ -	\$ 798,494	\$ 665,781
Band functions	1,153,494	203,622	271,323
BC school tax	350,000	349,060	334,755
Daycare	-	66,454	24,977
General government expenses	65,940	94,675	87,138
Honoraria	375,150	234,216	174,570
Insurance	101,642	115,826	89,163
Interest and bank charges	12,600	14,288	14,088
Interest on long term debt	-	59,053	60,864
Meetings	277,270	100,327	39,677
Office and miscellaneous	405,155	416,085	144,947
Professional fees	1,126,623	521,530	319,190
Projects	32,057	1,617,216	889,675
Repairs and maintenance	386,363	450,041	338,365
Service agreements	1,656,262	842,074	701,866
Supplies	-	-	196,964
Travel	65,100	68,136	28,119
Utilities	481,770	205,972	143,838
Wages and benefits	2,677,268	2,559,065	1,312,221
	\$ 9,166,694	\$ 8,716,134	\$ 5,837,521

15. 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, 2025. There has been no changes in the risk exposure from the prior year, except as described below.

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, 2025

15. 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.

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, 2025

16. SEGMENTED INFORMATION CONT'D

	Community Operations	Government Business Enterprises	Investments	Tangible Capital Asset Fund	2025	2024
Revenue						
I.S.C.	\$ 5,023,863				5,023,863	\$ 13,230,261
Canada Mortgage Housing Corporation	-				-	-
Property taxes	2,483,777				2,483,777	2,305,793
Rental income	215,779				215,779	167,934
Sto:lo Service Agency Society	54,372				54,372	55,324
School district #33	11,400				11,400	13,490
F.N.E.S.C	97,211				97,211	160,238
MCFD	-				-	90,000
Interest income	-		1,463,406		1,463,406	842,422
Water service and garbage collection	372				372	2,243
First Nations Goods and Services tax	1,474,814				1,474,814	1,222,352
Ministry of Transportation and Infrastructure	-				-	-
SAY Lands Code	126,581				126,581	-
First Nations Health Authority	1,086,140				1,086,140	1,038,362
Projects	4,491,878				4,491,878	4,440,377
Gaming revenue	318,841				318,841	394,252
Business income	-	49,852			49,852	38,040
Partnership income	-	614,347			614,347	621,484
	<u>15,385,028</u>	<u>664,199</u>	<u>1,463,406</u>	<u>-</u>	<u>17,512,633</u>	<u>24,622,572</u>
Expenditures by object						
Amortization				798,494	798,494	665,781
Band functions	203,622				203,622	271,323
BC school tax	349,060				349,060	334,755
Daycare	66,454				66,454	24,977
General government expenses	94,675				94,675	87,138
Honoraria	234,216				234,216	174,570
Insurance	115,826				115,826	89,163
Interest and bank charges	14,288				14,288	14,088
Interest on long term debt	59,053				59,053	60,864
Meeting expenses	100,327				100,327	39,677
Office and miscellaneous	416,085				416,085	341,911
Professional fees	521,528				521,528	319,190
Projects	1,617,218				1,617,218	889,675
Repairs and maintenance	450,041				450,041	338,365
Service agreements	842,074				842,074	701,866
Travel	68,136				68,136	28,119
Utilities	205,972				205,972	143,838
Wages and benefits	2,559,065				2,559,065	1,312,221
	<u>7,917,640</u>	<u>-</u>	<u>-</u>	<u>798,494</u>	<u>8,716,134</u>	<u>4,294,480</u>
Annual surplus (deficit)	7,467,388	664,199	1,463,406	(798,494)	8,796,499	18,785,051
Transfer between funds	-	-	-	-	-	-
Accumulated surplus, beginning of year	31,930,033	934,512	3,572,257	14,408,789	69,630,641	50,845,590
Accumulated surplus assumed from SAY Lands					2,712,728	
Accumulated Surplus, end of year	<u>\$ 39,397,421</u>	<u>\$ 1,598,711</u>	<u>\$ 5,035,663</u>	<u>\$ 13,610,295</u>	<u>\$ 81,139,868</u>	<u>\$ 69,630,641</u>