

**Skeetchestn Indian Band
Consolidated Financial Statements
For the year ended March 31, 2022**

Contents

Management's Responsibility for Financial Reporting	3
Independent Auditor's Report	4 - 6
Consolidated Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	7
Exhibit B - Consolidated Statement of Change in net Financial Assets	8
Exhibit C - Consolidated Statement of Operations	9
Exhibit D - Consolidated Statement of Remeasurement Gains and Losses	10
Exhibit E - Consolidated Statement of Change in Net Financial Assets	11
Notes to Consolidated Financial Statements	12 - 45

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Skeetchestn Indian Band (the "Group") are the responsibility of management and have been approved by the Chief and another Councilor of the Government.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Group maintains systems of internal accounting and administrative controls. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Government's assets are appropriately accounted for and adequately safeguarded.

The Group is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Chief and Council review the Government's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. BDO Canada LLP has full access to the Government.



Handwritten signatures of the Chief and Councilors. The signatures are in blue ink and appear to be Tracy Hewitt, Councilor, and Archie Deneault. The signatures are placed over three horizontal lines, with the names written below them.

Chief Councilor Tracy Hewitt

Councilor Archie Deneault

Independent Auditor's Report

**To the Chief and Council of Skeetchestn Indian Band
Skeetchestn Indian Band - Consolidated**

Opinion

We have audited the consolidated financial statements of Skeetchestn Indian Band and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of changes in net assets, operations and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2022 and the results of its operations, change in net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure has not been determined on the net book value of tangible capital assets as at March 31, 2022 and 2021, the related amortization expense and annual surplus for the year ended March 31, 2022 and 2021 and equity in tangible capital assets as at April 1 and March 31 for both the 2022 and 2021 years

The financial statements for the certain Government Business Enterprises or Government Business Partnership have not been prepared under a standard financial reporting framework. Canadian public sector accounting standards require that a Government Business Enterprise prepare its financial statements in accordance with international financial reporting standards (IFRS). We have not been engaged to audit the differences that may arise under IFRS. Therefore, we are unable to determine the impact of this departure from Canadian public sector accounting standards on investments in Government Business Enterprises as at March 31, 2022 and 2021, Government Business Enterprises income and annual surplus (deficit) for the years ended March 31, 2022 and 2021, and the accumulated surplus as at April 1 and March 31 for both the 2022 and 2021 years.

Our audit opinion on the consolidated financial statements for the year ended March 31, 2022 was modified for the above matters.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 24 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2021 has been restated. Our opinion is not modified in respect of this matter.

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements January 11, 2022.

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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Consolidated Group'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.
- 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 Group'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 Group'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 Group's 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Chartered Professional Accountants

Kamloops, British Columbia

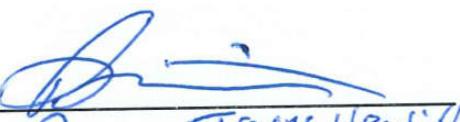
January 25, 2023

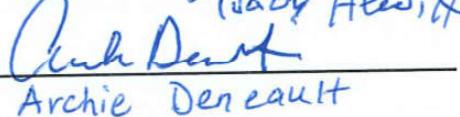
Skeetchestn Indian Band
Exhibit A - Consolidated Statement of Financial Position

March 31	2022	2021
		(restated)
Financial Assets		
Cash	\$ 20,877,961	\$ 13,013,789
Accounts receivable (Note 3)	2,590,876	1,364,458
Restricted cash (Note 4)	1,485,313	1,778,190
Funds held in trust (Note 5)	5,123,348	5,049,236
Long-term investments (Note 6)	3,371	3,371
Investments in government partnerships (Note 7)	7,764,592	7,525,602
Investments in government business enterprises (Note 8)	3,242,573	3,039,328
Due from related parties (Note 9)	1,419,233	1,719,657
	<u>42,507,267</u>	<u>33,493,631</u>
Liabilities		
Accounts payable and accruals	2,404,368	1,278,417
Deferred revenue (Note 10)	4,953,815	676,721
Long-term debt (Note 11)	2,238,774	1,633,178
Construction loan payable (Note 12)	-	282,330
	<u>9,596,957</u>	<u>3,870,646</u>
Net Financial Assets	<u>32,910,310</u>	<u>29,622,985</u>
Non-Financial Assets		
Prepaid expenses	44,071	44,071
Tangible capital assets (Note 12)	<u>11,010,029</u>	<u>11,554,814</u>
	<u>11,054,100</u>	<u>11,598,885</u>
Accumulated Surplus (Note 13)	<u>\$ 43,964,410</u>	<u>\$ 41,221,870</u>

Commitments and contingencies (Note 14)

Approved on behalf of the Skeetchestn Indian Band:


 Tracy Heistik


 Archie Denault

Councilor

Councilor

Skeetchestn Indian Band
Exhibit B - Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	Budget		2021
	2022	2022	
	(Note 18)		(restated)
Excess of revenue over expenses	\$ 552,352	\$ 3,393,916	\$ 4,260,713
Net remeasurement gains for the year	-	101,651	964,903
Acquisition of tangible capital assets	-	(359,976)	(1,278,765)
Proceeds on sale of tangible capital assets	-	-	249,749
Gain on sale of tangible capital assets	-	-	(24,124)
Amortization of tangible capital assets	-	770,555	806,243
Change in prepaid expenses	-	-	1,814
Net book value of assets consolidated in from former Business entities	-	(618,821)	-
Prior period adjustments	-	-	(3,703,292)
Increase in net financial assets	552,352	3,287,325	1,277,241
Net financial assets, beginning of year	29,622,985	29,622,985	28,345,744
Net financial assets, end of year	30,175,337	32,910,310	29,622,985
Net financial assets, opening - as previously stated	\$ -	\$ 34,584,879	\$ 28,345,745
Prior period adjustments (Note 24)	-	(4,961,894)	-
Net financial assets, opening - restated	-	29,622,985	28,345,745
Increase (decrease) in net financial assets - as previously stated	-	3,287,325	6,239,134
Prior period adjustment	-	-	(4,961,894)
Increase in net financial assets - restated	-	3,287,325	1,277,240
Net financial assets, ending	\$ -	\$ 32,910,310	\$ 29,622,985

Skeetchestn Indian Band
Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget		2022	2021
	2022	(Note 18)		
Revenue				(restated)
Indigenous Services Canada	\$ 2,813,732	\$ 4,112,758	\$ 3,116,351	
First Nations Health Authority	38,800	105,068	789,756	
Canada Mortgage and Housing Corporation	4,192,379	495,768	140,594	
Province of British Columbia	367,141	475,522	239,568	
Income from investments in government business enterprises	-	1,926,172	-	
Partnership income	100,000	507,419	650,695	
Property taxes	643,259	623,705	644,394	
Logging	-	-	-	
Rental income	67,300	243,537	243,142	
Q'wemtsi'n Health Society	258,367	305,224	238,010	
First Nations Education Steering Committee	350,733	401,737	422,907	
First Peoples Heritage, Language & Culture Council	150,000	149,098	152,084	
Enbridge	-	1,000	150,000	
Aboriginal Skills and Employment Training Strategy	3,500	8,018	4,486	
Shuswap Nation Tribal Council	-	11,345	6,414	
Scw'emax Child & Family Services Society	-	-	-	
FCRSA	-	646,555	1,421,026	
BC Gaming	221,598	221,598	378,841	
Interest	527,031	442,632	349,850	
Consulting and contract	2,762,995	1,912,816	2,983,917	
Other	429,520	1,655,833	1,219,531	
	12,926,355	14,245,805	13,151,566	
Expenses				
Administration	1,759,299	2,454,419	1,462,246	
Band Revenue	570,420	925,996	1,492,009	
Education	1,946,835	2,026,576	1,644,556	
Housing & Capital Projects	5,126,225	689,758	935,908	
Natural Resources	254,546	1,241,756	1,016,240	
Public Works	1,125,562	1,703,881	643,343	
Social Development	1,591,116	1,519,334	1,446,701	
Social Housing	-	290,169	249,850	
	12,374,003	10,851,889	8,890,853	
Excess of revenue over expenses	\$ 552,352	\$ 3,393,916	\$ 4,260,713	
Accumulated surplus, opening - as previously stated	\$ -	\$ 42,670,902	\$ 36,954,075	
Prior period adjustments (Note 24)	-	(353,013)	-	
Accumulated surplus, opening - restated	-	41,214,788	36,954,075	
Surplus for the year - as previously stated	-	3,393,916	4,613,726	
Prior period adjustment	-	(644,293)	(353,013)	
Surplus for the year - restated (Note 24)	-	2,749,623	4,260,713	
Accumulated surplus, ending	\$ -	\$ 43,964,411	\$ 41,214,788	

Skeetchestn Indian Band
Exhibit E - Consolidated Statement of Cash Flows

For the year ended March 31	2022	2021
		(restated)
Cash flows from operating transactions		
Excess of revenue over expenses	\$ 3,393,916	\$ 4,260,713
Adjustments for items not affecting cash:		
Amortization of tangible capital assets	770,555	806,243
Equity income from partnerships	(1,544,939)	(2,508,663)
Changes from government business enterprises	<u>(783,378)</u>	<u>(2,013,519)</u>
	1,836,154	544,774
Change in non-cash working capital:		
Accounts receivable	(1,226,418)	259,051
Prepaid expenses	92,825	9,700
Accounts payable and accruals	1,125,951	(751,539)
Deferred revenue	<u>4,277,094</u>	<u>48,020</u>
	<u>4,269,452</u>	<u>(434,768)</u>
Cash flows from operating transactions		
Capital transactions		
Acquisition of tangible capital assets	(618,023)	(1,278,765)
Proceeds on disposal of tangible capital assets	-	249,749
	<u>(618,023)</u>	<u>(1,029,016)</u>
Cash flows from capital transactions		
Investing transactions		
Drawings from partnerships	895,845	335,173
Investment and advances	208,300	(1,167,739)
Funds held in trust	<u>(74,112)</u>	<u>53,181</u>
	<u>1,030,033</u>	<u>(779,385)</u>
Cash flows from investing transactions		
Financing transactions		
Proceeds from long-term debt	448,083	282,330
Repayment of long-term debt	<u>605,596</u>	<u>(107,001)</u>
	<u>1,053,679</u>	<u>175,329</u>
Net increase (decrease) in cash	7,571,295	(1,523,066)
Cash, beginning of year	<u>14,791,979</u>	<u>16,315,045</u>
Cash, end of year	<u>\$22,363,274</u>	<u>\$ 14,791,979</u>
Represented By:		
Cash	\$20,877,961	\$13,013,789
Restricted Cash	<u>1,485,313</u>	<u>1,778,190</u>
	<u>\$22,363,274</u>	<u>\$ 14,791,979</u>

Skeetchestn Indian Band Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies

These consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as prescribed by the Public Sector Accounting Board.

The significant accounting policies are summarized as follows:

Reporting Entity and Principles of Financial Reporting

The Skeetchestn Indian Band reporting entity includes the Skeetchestn Indian Band government and all related entities which are accountable to the Skeetchestn Indian Band and are either owned or controlled by the Skeetchestn Indian Band.

The Skeetchestn Indian Band consolidates Social Housing operations as Skeetchestn Indian Band administers services to provide social housing to the Groups members.

All controlled entities are consolidated in the Skeetchestn Indian Band's financial statements according to the Skeetchestn Indian Band's percentage ownership except for entities that meet the definition of a government business enterprises or a government business partnership, which are included in the financial statements on a modified equity basis. Under this method, the Skeetchestn Indian Band's investment in the business enterprise and its net income and other changes in equity are recorded in proportion to its percentage ownership. No adjustment is made to conform the accounting policies of the government business enterprises or partnership to those of the Skeetchestn Indian Band. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on transactions of assets that remain within the consolidated First Nation entity.

The following organizations and partnerships are owned or controlled by the Skeetchestn Indian Band and which are not dependent on the Band for their continuing operations, are included in the consolidated financial statements using the modified equity method:

- Knucwentwecw Development Corporation.
- Big Sky Station Ltd.
- Skeetchestn Natural Resources Corporation
- Ckukutusem Utility Services (2021) Limited Liability Partnership
- Stk'emlupsemc Limited Partnership
- Skeetchestn Holdings Limited Liability Partnership
- Painted Rock Aggregates & Contracting LLP
- Skeetchestn Natural Resources LLP

iv. The First Nation's interest in reserve lands is not reflected in these financial statements, as no consideration was paid by the First Nation to acquire these lands.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash equivalents include instruments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value.

Use of Estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant areas requiring the use of management estimates relate to determining the allowance for doubtful accounts, the useful lives of non-financial assets for amortization, liability for contaminated sites, and provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the consolidated financial statements in the period that the change in estimate is made, as well as in the period of settlement if the amount is different. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Long-term Investments

Long-term investments are recorded in non-controlled entities, which are not subject to significant interest are recorded at cost.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	25 years
Bridges and cattle guards	25 years
Water system	25 years
Automotive equipment	7 years
Office equipment	7 years
Equipment	7 years
Farm irrigation equipment	7 years
Property and equipment	10 to 25 years
Roads	10 years

Assets under construction are not amortized until the asset is available for productive use.

Under the terms of the agreement with CMHC amortization is provided annual in amounts equal to the principal reduction of the mortgage on the related housing project. Each project will therefore be amortized over the amortization period of the related mortgage.

The Skeetchestn Indian Band reviews the useful lives and the carrying values of its tangible capital assets at least annually or more frequently if events or changes in circumstances indicate that the assets might be impaired, by reference to the assets' contribution to the Skeetchestn Indian Band's ability to provide services. When assets no longer have any long-term service potential, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected service potential of the assets.

Skeetchestn Indian Band Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies (continued)

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt except in unusual circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Revenue Recognition

The Skeetchestn Indian Band derives revenues from a number of sources. Revenue is recognized on the accrual basis as it is earned, is measurable, and becomes receivable under the terms of the applicable funding agreement.

Own source revenues derived from such sources as property taxes, housing rents, resource based revenues, and interest income are reported when received or receivable and collection is reasonably assured.

All other revenues are recognized in the period in which the events that give rise to the revenue occurs.

Government Transfers

Government transfers are recognized as revenue in the financial statements 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.

Ottawa Trust Funds

Skeetchestn Indian Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized as revenue of the Band upon authorized withdrawal from the Ottawa Trust Funds.

Deferred Revenue

Funds received for a specific purpose which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statements of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purposes.

Leased Assets

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. Capital leases are amortized in a manner consistent with the tangible capital asset type, and the obligation, including interest thereon, is liquidated over the term of the lease. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Non-financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services or consumed in normal operations. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

1. Basis of Presentation and Significant Accounting Policies (continued)

Segmented Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the Band. The Band identifies segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

Budget

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2021/2022 operating and capital budgets approved by Chief and Council.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

2. Financial Instruments

Fair Value of Financial Assets and Financial Liabilities:

The carrying values of cash, grants and accounts receivable, CMHC subsidy accrual, restricted cash, funds held in trust and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of long- term debt approximates its fair value as the terms and conditions of the borrowing arrangements are comparable to current market terms and conditions for similar items.

It is not practicable to determine the fair value of long- term investments and advances to subsidiaries due to the limited amount of comparable market information available.

Credit Risk:

The Band is exposed to a credit risk by its customers. However, because the majority of revenues is from government agencies, credit risk concentration is reduced to the minimum.

Interest Rate Risk:

Long- term debt has fixed rates; therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

3. Accounts Receivable

Band Operations

	2022	2021
Grants Receivable	\$ 60,418	\$ -
Other Accounts Receivable	2,840,047	1,686,479
Social housing (recovery)	(2,722)	(461)
Band Members	<u>151,319</u>	<u>136,626</u>
	<u>3,049,062</u>	<u>1,822,644</u>

Allowance for Doubtful Accounts:

Other Accounts Receivable	(323,596)	(323,596)
Band Members	<u>(134,590)</u>	<u>(134,590)</u>
	<u>(458,186)</u>	<u>(458,186)</u>
	<u>\$ 2,590,876</u>	<u>\$ 1,364,458</u>

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

4. Restricted Cash

	2022	2021
Ottawa trust funds	\$ 1,194,582	\$ 1,458,011
Replacement reserve	267,703	236,086
Operating reserve	23,028	84,093
	<hr/>	<hr/>
	\$ 1,485,313	\$ 1,778,190

a) Ottawa Trust Funds

The Ottawa Trust Accounts 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

b) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$29,854 (2021- \$ 26,490) annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/ or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time.

	2022	2021
Balance, beginning of year	\$ 217,820	\$ 213,579
Allocation for the year	29,854	26,490
Expenses for the year	(30,088)	(22,879)
Interest earned	430	630
	<hr/>	<hr/>
Balance, end of year	\$ 218,016	\$ 217,820

The Replacement Reserve is represented by:

Cash	<hr/>	<hr/>
	\$ 267,703	\$ 236,086

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

c) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, after the payment of all costs and expenses, including the allocation of the Replacement Reserve, any surplus revenue related to Social Housing Operation Phase 6 - 11 will be retained by the First Nation within an Operating Reserve fund. Interest earnings must accrue to and be maintained in the Operating Reserve fund. The Operating Reserve fund may only be used for the ongoing operating costs of the housing projects committed under the On-Reserve Program. Accordingly, future years' deficits may be recovered from the Operating Reserve fund. The First Nation agrees to maintain Operating Reserve funds in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation, or as may otherwise be mutually agreed to by the First Nation and Canada Mortgage and Housing Corporation.

	2022	2021
Balance, beginning of year	\$ 44,495	\$ 65,982
Current year deficiency	(16,370)	(21,711)
Interest	215	224
Balance, end of year	\$ 28,340	\$ 44,495

The Operating Reserve is represented by:

Cash	\$ 23,028	\$ 84,093
------	-----------	-----------

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

5. Funds Held in Trust

On March 21, 2007, Her Majesty the Queen in Right of Canada (Canada) signed the Smith/ Curtis Specific Claim Settlement Agreement (Settlement Agreement) with the Skeetchestn Indian Band (the Band). Under the terms of the Settlement Agreement, Canada agreed to pay compensation to the Band for damage and losses caused by the alienation of land within the Skeetchestn Reserve without the Band's consent or approval. As compensation for this settlement, Canada paid \$4,777,000 less \$249,865 in outstanding loans extended to the Band for the purposes of negotiations and settlement.

The trust agreement was established to hold the compensation and any income there from for the benefit of current and future generations of members of the Skeetchestn Indian Band. Royal Trust Corporation of Canada will administer the trust in accordance with the trust agreement. The trust agreement governs the distribution of income earned and distributed from the trust in the best interests of the Band and its members.

Under the terms of the trust agreement, the core capital of the trust may never be less than \$3,000,000, indexed to inflation. The expenses from the trust fund may only be made in areas of education, health, economic development, community infrastructure and land purchases. An amount may also be drawn for a reasonable management fee.

	Cost	Unrealized Gain (loss)	Fair Market Value 2022	Fair Market Value 2021
Common stock & equivalents	\$ 3,851,325	\$ 845,638	\$ 4,696,963	\$ 5,155,356
Fixed income securities	983,377	(55,058)	928,319	965,314
Cash & equivalents	288,636	-	288,636	150,968
Other	10	-	10	10
	<hr/> \$ 5,123,348	<hr/> \$ 790,580	<hr/> \$ 5,913,928	<hr/> \$ 6,271,648

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

6. Long-term Investments and Advances

	2022	2021
All Nations Trust Company, at cost: 3,750 Common shares, par value \$1.00	\$ 3,251	\$ 3,251
BC First Nations Gaming Revenue Sharing Limited Partnership 0.52% interest in partnership Balance, end of year	100	100
Shares in the General Partner, BCFN GRS GP Inc., a corporation incorporated under the BC Business Corporations Act. Share represents a 0.49% interest in the Company at March 31, 2020	10	10
Stk'emlupsemc Enterprises Inc. Shares: Common - 50% Advances Valuation allowance	10 - - <hr/> 10	10 - - <hr/> 10
	<hr/> \$ 3,371	<hr/> \$ 3,371

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

7. Investments in Partnerships

	2022	2021
Stk'emlupsemc Limited Partnership	\$ 83,242	\$ 1,051,557
Skeetchestn Holdings Limited Liability Partnership	700,729	564,672
Painted Rock Aggregates & Contracting LLP		2,944,251
2,030,396		
Skeetchestn Natural Resources LLP	3,597,537	3,893,905
Ckukutusem Utility Services (2021) LLP	438,833	(14,929)
 Investment balance, end of year	 \$ 7,764,592	 \$ 7,525,601

Skeetchestn Holdings Limited Liability Partnership (“SHLLP”) is a partnership domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. SHLLP is engaged in trucking, natural resources management and rental. SHLLP is controlled by the First Nation (Limited Partner 99%). Net income (loss) of the Partnership is allocated to the respective partners annually.

Painted Rock Aggregates & Contracting LLP (“Painted Rock LLP”) is a partnership domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. Painted Rock LLP is engaged in the management of a gravel pit in Savona, BC and markets a wide variety of gravel related products. Painted Rock LLP is controlled by the First Nation (Limited Partner 99%). Net income of Painted Rock LLP is allocated to the respective partners annually.

Skeetchestn Natural Resources LLP (“SNRLLP”) is a partnership domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. SNRLLP is engaged in the operations of the First Nation’s former Natural Resources department, primarily in the promoting of land and resource development and economic opportunities in the First Nation’s traditional territory. SNRLLP is controlled by the First Nation (Limited Partner 99.9%). Net income of SNRLLP is allocated to the respective Partners annually.

Ckukutusem Utility Services (2021) Limited Liability Partnership (“CUSLLP”) is a partnership domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. CUSLLP is engaged in the operations of providing oil and gas pipeline infrastructure, installation and maintenance services. This includes spill response, project management, labour supply, and safety and environmental training. CUSLLP is controlled by the First Nation (Limited Partner 99.9%). Net income of CUSLLP is allocated to the respective Partners annually.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

7. Investments in Partnerships (continued)

Stk'emlupsemc Limited Partnership	2022	2021
Interest		
Units - 49.995%	\$ -	\$ -
Partnership interest:		
Opening balance	1,051,557	894,604
Net income allocation	483,071	1,558,213
Contributions (drawings)	<u>(1,451,386)</u>	<u>(1,401,260)</u>
Balance, end of year	<u>\$ 83,242</u>	<u>\$ 1,051,557</u>

Financial information for Stk'emlupsemc Limited Partnership is as follows:

	The Groups portion		
	Total	2022	2021
Cash	\$ 14,033	\$ 7,016	\$ 112,039
Other assets	614,428	307,183	930,662
Due from related parties	<u>4,936,445</u>	<u>2,467,976</u>	<u>1,934,225</u>
	5,564,906	2,782,175	2,976,926
Accounts payable	151,980	75,982	12,471
Deferred revenue	<u>5,244,544</u>	<u>2,622,010</u>	<u>1,912,103</u>
	5,396,524	2,697,992	1,924,574
Equity	\$ 168,382	\$ 84,191	\$ 1,052,352
Revenues	3,709,099	1,854,364	1,563,844
Other comprehensive income	203,322	101,651	750,077
Expenses	<u>2,946,183</u>	<u>1,472,944</u>	<u>755,633</u>
Net income	<u>\$ 966,238</u>	<u>\$ 483,071</u>	<u>\$ 1,558,288</u>

Stk'emlupsemc Limited Partnership is a partnership with the object of the entity to recover the costs of maintaining the natural resource rights and title within its traditional territory.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

7. Investments in Partnerships (continued)

Investment in Skeetchestn Holdings Limited Liability Partnership

	2022	2021
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	<u>137,823</u>	<u>137,823</u>
	147,723	147,723
Partnership interest:		
Opening balance	416,949	351,399
Net gain (loss) allocation	<u>136,057</u>	<u>65,550</u>
	553,006	416,949
	\$ 700,729	\$ 564,672

Financial information for Skeetchestn Holdings Limited Liability Partnership is as follows:

	2022	2021
Current assets	\$ 6,531	\$ 24,869
Property and equipment	19,026	342,001
Due from related party	<u>735,858</u>	<u>444,222</u>
	761,415	811,092
Current liabilities	15,000	2,363
Obligation under capital lease	-	199,746
Long term debt	<u>40,000</u>	<u>40,000</u>
	55,000	242,109
Equity	\$ 706,415	\$ 568,983
Revenues	\$ 165,735	\$ 215,257
Expenses	<u>28,303</u>	<u>149,045</u>
Net gain (loss)	\$ 137,432	\$ 66,212

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

7. Investments in Partnerships (continued)

Investment in Painted Rock Aggregates and Contracting LLP

	2022	2021
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	-	-
	<hr/>	<hr/>
	9,900	9,900
Partnership interest:		
Opening balance	2,020,496	1,012,774
Net gain (loss) allocation	913,855	1,007,722
	<hr/>	<hr/>
Balance, end of year	2,934,351	2,020,496
	<hr/>	<hr/>
	\$ 2,944,251	\$ 2,030,396

Financial information for Painted Rock Aggregates & Contracting LLP is as follows:

	2022	2021
Cash	\$ 360,161	\$ -
Accounts receivable	834,905	1,135,336
Inventory	2,958,037	1,966,839
Due from partners	6,728	6,728
Other assets	170,888	77,687
Property and equipment	5,784,784	5,676,310
	<hr/>	<hr/>
	10,115,503	8,862,900
Accounts payable	878,144	689,208
Other current liabilities	6,546	53,062
Due to related parties	2,425,521	1,637,379
Debt and capital lease obligations	3,771,301	4,372,347
Reclamation cost obligations	60,000	60,000
	<hr/>	<hr/>
Equity (deficiency)	7,141,512	6,811,996
	\$ 2,973,991	\$ 2,050,904
Revenues	\$ 8,259,897	\$ 7,832,202
Expenses	7,336,811	6,814,302
	<hr/>	<hr/>
Net gain (loss)	\$ 923,086	\$ 1,017,900

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

7. Investments in Partnerships (continued)

Investment in Skeetchestn Natural Resources LLP

	2022	2021
Partnership units - 99.9%	\$ 999	\$ 999
Advances	<u>331,757</u>	<u>331,757</u>
	332,756	332,756
 Partnership interest:		
Opening balance	3,561,149	3,191,737
Net gain (loss) allocation	<u>(296,368)</u>	<u>369,412</u>
Balance, end of year	3,264,781	3,561,149
	\$ 3,597,537	\$ 3,893,905

Financial information for Skeetchestn Natural Resources LLP is as follows:

	2022	2021
Cash	\$ 752,390	\$ 598,234
Accounts receivable	1,631,521	1,821,519
Other current assets	-	19,288
Property and equipment	<u>1,353,446</u>	<u>1,555,992</u>
	3,737,357	3,995,033
 Current liabilities	 493,902	 653,209
Other liabilities	40,000	40,000
Due to related parties	<u>(397,351)</u>	<u>(595,647)</u>
	136,551	97,562
Equity	\$ 3,600,806	\$ 3,897,471
 Revenues	 \$ 6,546,532	 \$ 4,500,446
Expenses	<u>6,843,197</u>	<u>4,130,480</u>
Net gain (loss)	\$ (296,665)	\$ 369,966

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

7. Investments in Partnerships (continued)

Investment in Ckukutusem Utility Services (2021) Limited Liability Partnership

	2022	2021
Partnership units - 99.9%	\$ -	\$ -
Advances	- -	- -
	- -	- -
 Partnership interest:		
Opening balance	(14,929)	-
Net gain (loss) allocation	453,762	(14,929)
	438,833	(14,929)
Balance, end of year	\$ 438,833	\$ (14,929)

Financial information for Ckukutusem Utility Services (2021) Limited Liability Partnership is as follows:

	2022	2021
Cash	\$ 251,094	\$ 313,668
Accounts receivable	366,886	159
Other current assets	268,084	-
Property and equipment	960,105	-
	1,846,169	313,827
 Current liabilities	 582,700	 15,239
Other liabilities	465,072	-
Due to related parties	33,340	-
	1,081,112	15,239
Equity	\$ 765,057	\$ 298,588
 Revenues	 4,405,158	 -
Expenses	3,946,813	15,080
Net gain (loss)	\$ 458,345	\$ (15,080)

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

8. Investment in Government Business Enterprises

	2022	2021
Knucwentwecw Development Corporation	1,212,311	1,184,094
Big Sky Station Ltd.	2,030,262	1,822,684
Skeetchestn Natural Resources Corporation		-
32,550		
Investment balance, end of year	<u>\$ 3,242,573</u>	<u>\$ 3,039,328</u>

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

8. Investment in Government Business Enterprises (continued)

Investment in Knucwentwecw Development Corporation:

	2022	2021
Shares:		
Common - 100%	\$ 100,001	\$ 100,001
Advances	-	-
	100,001	100,001
Partnership interest:		
Opening balance	1,062,082	1,032,113
Net gain (loss) allocation	28,217	29,969
	1,090,299	1,062,082
Balance, end of year	\$ 1,190,300	\$ 1,162,083

Financial information for Knucwentwecw Development Corporation is as follows:

	2022	2021
Cash	\$ 10,527	\$ 25,214
Accounts receivable	37,705	63,754
Due from related parties	434,861	422,378
Property and equipment	2,836,808	2,901,138
Other assets	232	232
	3,320,133	3,412,716
Current liabilities	72,968	81,954
Long term & callable debt	489,148	605,430
Due to related parties	1,545,707	1,541,239
	2,107,823	2,228,623
Equity (deficiency)	\$ 1,212,310	\$ 1,184,093
Revenues	\$ 293,618	\$ 317,567
Expenses	265,401	287,598
Net gain (loss)	\$ 28,217	\$ 29,969

Knucwentwecw Development Corporation ("KDC") is a company domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. The First Nation holds 100% of the outstanding shares in KDC. KDC is engaged in providing management and consulting services.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

8. Investment in Government Business Enterprises (continued)

Investment in Big Sky Station Ltd:

	2022	2021
Shares:		
Preferred shares - 100%	\$ 179,695	\$ 179,695
Advances	-	-
	<hr/>	<hr/>
Accumulated equity	179,695	179,695
	<hr/>	<hr/>
	1,850,567	1,642,989
	<hr/>	<hr/>
	2,030,262	1,822,684
	<hr/>	<hr/>

Financial information for Big Sky Station Ltd is as follows:

	2022	2021
Cash	\$ 187,828	\$ 546,485
Accounts receivable	57,000	67,953
Inventory	165,657	129,761
Other current assets	1,347,719	753,599
Property and equipment	379,550	442,506
	<hr/>	<hr/>
	2,137,754	1,940,304
Current liabilities	67,372	40,008
Other liabilities	219,695	71,451
Deferred revenue	-	6,044
	<hr/>	<hr/>
Equity (deficiency)	287,067	117,503
	<hr/>	<hr/>
\$ 1,850,687	\$ 1,822,801	
Revenues	\$ 5,401,860	\$ 4,098,522
Expenses	5,194,279	3,778,460
	<hr/>	<hr/>
Net gain (loss)	\$ 207,581	\$ 320,062
	<hr/>	<hr/>

Financial information for Big Sky Station Ltd. has been consolidated into the financial statements of KDC. Big Sky Station Ltd. is a company domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. The company is engaged in the operation of a retail store and fuel sales outlet on reservation land near Savona, BC.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

8. Investment in Government Business Enterprises (continued)

Investment in Skeetchestn Natural Resources Corporation:

	2022	2021
Shares - 100%	\$ 1	\$ 1
Advances	1,000	-
Surplus (Deficit)	(1,001)	32,549
	<hr/>	<hr/>
	-	32,550
	<hr/>	<hr/>

Financial information for Skeetchestn Natural Resources Corporation is as follows:

	2022	2021
Cash	\$ 167,879	\$ -
Long-term investments	674,323	527,992
Capital assets	30,554	-
Other assets	26,718	-
	<hr/>	<hr/>
Total Assets	899,474	527,992
	<hr/>	<hr/>
Current liabilities	1,000	1,000
Due to related parties	943,465	494,444
	<hr/>	<hr/>
	944,465	495,444
	<hr/>	<hr/>
Equity	(44,991)	32,548
	<hr/>	<hr/>
Revenues	\$ (297)	\$ 370
Other Comprehensive income	4,433	214,826
Expenses	-	217,866
	<hr/>	<hr/>
Net gain (loss)	\$ 4,136	\$ (2,670)
	<hr/>	<hr/>

Skeetchestn Natural Resources Corporation (“SNR”) is a company domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. SNR is engaged in holding the partnership interest in SNRLLP.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

9. Due from Related Party

	2022	2021
Skeetchestn Indian Band		
Skeetchestn Natural Resources Limited Liability Partnership	\$ (92,123)	126,745
Big Sky	799	799
Painted Rock Limited Liability Partnership	81,523	163,710
KDC	1,428,404	1,428,404
Skeetchestn Holdings Limited Liability Partnership	-	-
Skeetchestn Natural Resources Corporation (payable)	-	(1)
Social Housing		
Skeetchestn Indian Band (payable)	631	(1)
	<hr/> \$ 1,419,234	<hr/> \$ 1,719,656

The amounts advanced to related entities are non-interest bearing, unsecured and have no specified terms of repayment.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

10. Deferred Revenue

	2022	2021
Skeetchestn Indian Band		
Property taxes - BC Hydro	\$ 295,400	\$ 359,333
Naut'Sa Mawt Tribal Council - Recycle Program	-	141,888
Province of BC - Ministry of Child & Family		
Development 2022 Funding	30,000	30,000
Province of BC - Memorandum of Agreement	4,628,415	145,500
	<hr/>	<hr/>
	<hr/>	<hr/>
	\$ 4,953,815	\$ 676,721

BC Hydro:

BC Hydro paid the First Nation \$1,120,000 during fiscal 2007 for a 20 year taxation agreement that expires August 31, 2027. \$56,000 of property tax revenue is recognized under this agreement annually until the expiration date.

Naut'Sa Mawt Tribal Council - Recycle Program:

The Band has received contributions of \$217,763 during fiscal 2021 to operate a recycling program for the next two years that commenced during that year. These projects will be completed in the next two fiscal years and the payments will be applied towards project costs as they are incurred. At March 31, 2022, \$nil (2021 - \$141,888) in related costs are still to be incurred.

Province of BC - Ministry of Child & Family Development 2022 Funding:

The Band has received contributions of \$30,000 during fiscal 2021 for Child & Family Development programs for the 2022 fiscal year. These programs will commence in the next fiscal year and the payments will be applied towards program costs as they are incurred.

Province of BC - Memorandum of Agreement:

The Band has received contributions of \$4,628,415 (2021 - \$145,500) for various projects that have not commenced as of March 31, 2022. These projects will be completed in the next fiscal year and the payments will be applied towards project costs as they are incurred.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

11. Long-term Debt

	2022	2021
<u>Social Housing Phase 6 - 11:</u>		
All Nations Trust Company, 6-Unit, mortgage, repayable in monthly installments of \$1,919 including interest at 1.69% per annum, secured by houses with a carrying value of \$213,504, due May 2024	\$ 48,956	\$ 70,957
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$976 including interest at 1.14% per annum, secured by houses with a carrying value of \$129,130 due June 2026	47,647	58,753
All Nations Trust Company, 1-Unit, mortgage, repayable in monthly installments of \$368 including interest at 0.69% per annum, secured by houses with a carrying value of \$59,691 due June 2025	35,042	39,199
All Nations Trust Company, 8-Unit, mortgage, repayable in monthly installments of \$4,145 including interest at 2.52% per annum secured by houses with a carrying value of \$714,467, due September 2023.	493,284	530,148
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$1,767 including interest at 1.30% per annum, secured by houses with a carrying value of \$511,272 due April 2026.	358,309	374,781
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$2,748 including interest at 2.70% per annum, secured by houses with a carrying value of \$723,130, due November 2023.	541,167	559,340
All Nations Trust Company, 3-unit, mortgage, repayable in monthly installments of \$2,828 including interest at 1.22% per annum, secured by houses with a carrying value of \$714,368, due July 2026.	714,369	-
	<u>\$ 2,238,774</u>	<u>\$ 1,633,178</u>

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

11. Long-term Debt (continued)

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

Principal repayments due in the ensuing 5 years are approximately as follows:

2023	\$ 99,047
2024	1,023,090
2025	47,542
2026	17,312
2027	320,000
Thereafter	<u>1,853,920</u>
	 <u>\$ 2,238,774</u>

12. Tangible Capital Assets

	2022	2021
Buildings	\$ 6,940,943	\$ 6,367,822
Bridges and cattle guards	40,410	45,277
Water system	397,218	450,410
Automotive equipment	206,017	267,369
Office equipment	141,362	158,175
Equipment	68,810	87,152
Appraised property and equipment	4,159	-
Roads	4,168	-
Assets under construction	275,105	1,718,641
Social housing operations phase 6 - 11	<u>2,931,837</u>	<u>2,335,213</u>
	 <u>\$ 11,010,029</u>	 <u>\$ 11,430,059</u>

Assets under construction include the development of a new social housing phase that was funded by CMHC through a construction loan. The construction loan balance and the related assets under construction balance will be transferred to social housing upon completion.

For additional information, see the Summary of Schedule of Tangible Capital Assets (Appendix 1).

Skeetchestn Indian Band

Notes to Consolidated Financial Statements

March 31, 2022

12. Tangible Capital Assets (Continued)

											Totals		
		Buildings & Cattle Guards		Automotive Equipment		Office Equipment		Farm & Irrigation Equipment		Appraised Property & Equipment		Social Housing Operations Phase 6-11	
Cost, beginning of year	\$ 13,189,681	\$ 614,324	\$ 2,150,103	\$ 1,647,097	\$ 506,460	\$ 356,319	\$ 181,062	\$ 668,708	\$ 164,847	\$ 3,501,485	\$ 22,980,086	\$ 22,146,197	
Additions	9,680	-	-	29,993	36,567	-	-	4,244	4,387	275,105	-	359,976	
Disposals	-	-	-	-	-	-	-	-	-	-	-	(435,375)	
Transfers (temp)	(731,125)	-	-	-	-	-	-	-	-	-	-	-	
Cost, end of year	<u>12,468,236</u>	<u>614,324</u>	<u>2,150,103</u>	<u>1,677,090</u>	<u>543,027</u>	<u>356,319</u>	<u>181,062</u>	<u>672,952</u>	<u>169,234</u>	<u>275,105</u>	<u>4,232,610</u>	<u>23,340,062</u>	<u>23,114,342</u>
Accumulated amortization, beginning of year	5,103,219	569,047	1,699,693	1,379,728	348,285	288,167	162,062	668,708	164,847	-	1,175,722	11,559,478	10,963,035
Amortization	424,074	4,867	53,192	91,345	53,380	16,822	1,520	85	219	-	125,051	770,555	806,243
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	(209,750)
Accumulated amortization, end of year	<u>5,527,293</u>	<u>573,914</u>	<u>1,752,885</u>	<u>1,471,073</u>	<u>401,665</u>	<u>304,989</u>	<u>163,582</u>	<u>668,793</u>	<u>165,066</u>	<u>-</u>	<u>1,300,773</u>	<u>12,330,033</u>	<u>11,559,528</u>
Net carrying amount, end of year	<u>\$ 6,940,943</u>	<u>\$ 40,410</u>	<u>\$ 397,218</u>	<u>\$ 51,330</u>	<u>\$ 141,362</u>	<u>\$ 17,480</u>	<u>\$ 4,159</u>	<u>\$ 4,168</u>	<u>\$ 275,105</u>	<u>\$ 11,010,029</u>	<u>\$ 11,554,814</u>		

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

13. Accumulated Surplus

	2022	2021
Unrestricted Surplus	\$ 27,010,259	\$ 23,776,918
Equity in Social Housing	826,788	826,788
Equity in Capital Assets	8,809,320	9,094,847
Equity in Trust Funds	6,317,930	6,507,246
Equity in Investments	753,756	753,756
Equity in Replacement Reserve	<u>246,357</u>	<u>262,315</u>
	<hr/> <u>\$ 43,964,410</u>	<hr/> <u>\$ 41,221,870</u>

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

14. Commitments and Contingencies

Commitment:

The Band leases photocopiers and telephone equipment and internet under long-term leases which expire May 2022 through November 2022.

Future minimum lease payments as at March 31, 2022, are as follows:

2023	<u>\$ 14,460</u>
\$ 14,460	

a) Funding agreement:

The First Nation receives a portion of its funding under a contribution authority with ISC which, if unexpended, may be refundable to ISC. Further, amounts which are over expensed may be reimbursed by ISC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

b) Pension Plan:

The First Nation and its employees contribute to a defined contribution pension plan. There is no obligation for past service or periods in which an employee was not employed. Total contributions to the plan during the year were \$69,279 (2021 - \$62,484).

c) Environmental Renewal:

The Band is engaged in logging operations which will result in silviculture costs and other potential environmental renewal and recovery costs. Estimated costs in connection with current operations have been accrued; however, the total costs cannot be determined with certainty at year-end due to potential external events such as changes in regulations and advances in remediation technology.

d) Site Restoration:

The Band has contracted Painted Rock LLP to operate a gravel pit. In this agreement, Painted Rock LLP is responsible for any site restoration costs. Should Painted Rock LLP default on the agreement, the First Nation may be responsible for any site restoration not performed by Painted Rock LLP. The net present value of such a liability is not determinable at this time.

e) Lawsuits:

The Band may be subject to lawsuits from time to time. It is the opinion of management that any lawsuits against the First Nation are not material in the aggregate.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

14. Commitments and Contingencies (continued)

f) Guarantee:

The Band has provided a guarantee for the credit facility of SNRLLP. At March 31, 2022, the outstanding loan balance was \$Nil. The maximum liability to the First Nation with respect to these loans is \$510,000.

The First Nation has provided a guarantee for the credit facility of KDC. As at March 31, 2022, the outstanding loan balance was \$565,431. The maximum liability to the First Nation with respect to these loans is \$650,000.

The First Nation has provided a guarantee for the credit facility of SHLLP. As at March 31, 2022, the outstanding loan balances were \$159,643. The maximum liability to the First Nation with respect to these loans is \$850,000.

The First Nation has provided a guarantee for the credit facility of Painted Rock LLP. As at March 31, 2022, the outstanding loan balance was \$Nil. The maximum liability to the First Nation with respect to these loans is \$150,000.:

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

15. Related Party Transactions

During the year, the Group made purchases of \$121,473 (2021 - \$72,881) from Big Sky Station Ltd. for fuel and supplies. The Group also earned \$35,000 (2021 - \$35,000) in rent and received \$5,500 (2021 - \$5,000) in donations from Big Sky Station Ltd. Included in accounts payable is \$15,715 (2021 - \$6,146) due to Big Sky Station Ltd.

During the year, the Group paid \$nil (2021 - \$43,838) for community economic development services to KDC.

During the year, the Group paid \$414,261 (2021 - \$437,765) for management fees, and earned \$16,083 (2021 - \$16,-83) in interest. Included in accounts payable is \$nil (2021 - \$311,037) due to Painted Rock LLP.

During the year, the Group earned \$30,055 (2021 - \$137,697) from Stk'emlupsemc Enterprises Inc., a significantly influenced entity, in dividends.

During the year, the Group paid \$1,927,926 (2021 - \$1,731,149) in contract services to SNRLLP. Included in accounts payable is \$980,659 (2021 - \$326,264) due to SNRLLP.

During the year, the Group received \$31,178 (2021 - \$27,836) for supplies and vehicle operating costs from SNRLLP. Included in accounts receivable is \$8,238 (2021 - \$49,480) due from SNRLLP.

These transactions are in the normal course of operations and are measured at the carrying amount, which is the amount of consideration established and agreed to by the related parties.

16. Economic Dependence

The First Nation receives 31% (2021 - 20%) of its revenue pursuant to a Funding Agreement with Indigenous Services Canada.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

17. Funds Held in Trust - Ministry of Transportation and Highways

The Band has funds held in trust by Morelli Chertkow LLP, Lawyers, regarding compensation received from the Ministry of Transportation and Highways for lands, as follows:

	2022
Deadman - Vidette Road No. 1247	\$ 63,707
Deadman - Vidette Road Intersection - District Plan 215-1427-20	\$ 5,406

The funds are to be held in trust until the lands are transferred to the Ministry by passage of a Federal Privy Council Order, and will be recognized as a revenue upon transfer.

18. Budget

An annual budget was presented by the Chief and Council of the First Nation and approved by the members on (TBD). The budget information presented in these consolidated financial statements is based upon this approved budget. Adjustments to the budgeted amounts are required to comply with PSAS for inclusion in the Consolidated Statement of Operations and Consolidated Statement of Changes in Net Financial Assets.

	Budgeted Amount
Approved consolidated budgeted revenues	\$ 14,380,772
Less:	
Transfers between funds	(356,442)
Inter-department revenue	(1,097,975)
Total consolidated budgeted revenues per statement of operations	<u>\$ 12,926,355</u>
Approved consolidated budgeted expenses	\$ 13,661,712
Less:	
Transfers between funds	(8,944)
Acquisition of capital assets	(1,278,765)
Total consolidated budgeted expenses per statement of operations	<u>\$ 12,374,003</u>

Skeetchestn Indian Band Notes to Consolidated Financial Statements

March 31, 2022

19. Segmented Information

The First Nations provides a range of programs and services to its members. For the purposes of segment disclosure, these services are grouped and reported under services areas/departments that are responsible for providing such services, as follows below. For additional information, see the Statement of Financial Activities - Segmented (Appendix 2).

Band Revenue

The Band Revenue department is responsible for administering projects the First Nation is involved in annually and on an on-going basis relating to the overall objectives of the First Nation.

Administration

Administration supports the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Stk'emlupsemcte Secwepemc Nation

Stk'emlupsemcte Secwepemc Nation is an unincorporated political entity that is the caretaker of the land base which is inhabited by the Tk'emlupste Secwepemc and Skeetchestn Indian Band. The object of the entity is to recover the costs of maintaining the natural resource rights and title within its traditional territory.

Social Development

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

Social Housing

Social Housing department is responsible for the administration and management of Social Housing units.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

19. Segmented Information (continued)

Education

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs. It also provides services for students at the elementary/ secondary and post-secondary level, including instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Public Works

Public Works supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Housing & Capital Projects

Housing & Capital Projects works manages capital projects within the community undertaken to support the growth and or maintenance of the First Nations infrastructure.

Natural Resources

Natural Resources department is responsible for the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, as well as research and advocacy. It also manages economic development planning, proposal development, and planning and implementation of ongoing activities and one- time projects.

March 31, 2022

20. Segment Disclosure

2022

	Band Revenue	Administration	Public works	Education	Natural Resources & Economic Development	Capital	Social Development	Social Housing	Total
Revenue									
ISC	\$ 4,068,204	\$ 1,266,755	\$ 496,934	\$ 1,524,285	\$ 21,646	\$ 140,850	\$ 662,288	\$ -	\$ 4,112,758
Other		499,184	420,583	1,589,789	1,375,746	743,116	1,146,255	280,170	10,133,047
Total	4,068,204	1,765,939	917,517	3,114,074	1,397,392	883,966	1,808,543	280,170	14,245,805
Expenses									
Wages & benefits	44,835	571,800	399,856	991,999	-	289,462	388,171	-	2,686,023
Purchases	88,161	1,882,619	658,521	1,034,677	1,241,756	400,296	1,131,163	165,118	7,395,311
Amortization	-	-	645,504	-	-	-	-	125,051	770,555
Total	925,986	2,454,419	1,703,881	2,026,576	1,241,756	689,758	1,519,334	290,169	10,851,889
Surplus (deficit)	\$ 3,142,208	\$ (688,480)	\$ (786,364)	\$ 1,087,498	\$ 155,636	\$ 194,208	\$ 289,209	\$ 1	\$ 3,393,916

March 31, 2021

20. Segment Disclosure (Continued)

	2021								
	Band Revenue	Administration	Public works	Education	Natural Resources & Economic Development	Capital	Social Development	Social Housing	Total
Revenue									
ISC	\$ 4,752,863	\$ 776,062	\$ 286,721	\$ 1,239,114	\$ 43,418	\$ 51,518	\$ 719,518	\$ -	\$ 3,116,351
Other		684,595	231,923	1,135,394	1,082,850	852,029	1,045,711	249,850	10,035,215
Total	4,752,863	1,460,657	518,644	2,374,508	1,129,268	903,547	1,765,229	249,850	13,151,566
Expenses									
Wages & benefits	32,783	551,333	254,984	979,887	35,500	310,150	337,754	-	2,502,391
Purchases	1,459,226	910,913	388,359	664,669	980,740	625,758	1,108,947	142,849	6,281,461
Amortization	-	-	-	-	-	-	-	107,001	107,001
Total	1,492,009	1,462,246	643,343	1,644,556	1,016,240	935,908	1,446,701	249,850	8,890,853
Surplus (deficit)	\$ 3,260,854	\$ (1,589)	\$ (124,699)	\$ 729,952	\$ 110,028	\$ (32,361)	\$ 318,528	\$ -	\$ 4,260,713

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

20. Cash Flow Information

During the year, the Band paid interest on long-term debt of \$41,219 (2021 - \$35,529) and received interest of \$38,289 (2021 - \$75,910) from various sources.

21. Economic Uncertainty

The impact of COVID-19 in Canada and on the global economy is ongoing. The global pandemic has disrupted economic activities and supply chains. As of the financial statement date the performance of the Band has been relatively unaffected by COVID-19.

22. Comparative Information

Certain prior year information in the comparative figures have been reclassified to conform to the current year presentation.

Skeetchestn Indian Band
Notes to Consolidated Financial Statements

March 31, 2022

23. Prior Period Adjustments

- a) During the year, it was determined that Stk'emplupsemc te Secwepemc Nation is not a government business partnership and that it should not be proportionately consolidated into the financial results of the Group as does not appropriately represent the interest in the partnership. This has an effect of overstating revenue, accumulated surplus, assets, liabilities, and expenses. As a result, adjustments were required to restate these areas.
- b) During the year, it was also determined that there was an overstatement of revenue due to receipt of a phase loan. As a result, the comparative figures have been restated to record an additional \$282,330 in debt and opening accumulated surplus.
- c) It was determined that there was an understatement of revenue due to BC First Nations Gaming revenue was insufficiently reported. As a result, the comparative figures have been restated to record the revenue for \$267,429.

The impact of the restatements are as follows:

	Notes	2021 Reported	Prior Period Adjustments	Restated
Financial Assets	a, c	\$ 40,199,822	\$ (6,713,273)	\$ 33,486,549
Liabilities	a, b	5,607,124	(1,736,478)	3,870,646
Net Financial Assets	a, b, c	34,577,797	(4,961,894)	29,615,903
Non Financial Assets	a	11,606,771	(7,886)	11,598,885
Revenue	a, b, c	16,906,627	(3,755,061)	13,151,566
Expenses	a	12,292,901	(3,402,048)	8,890,853
Annual surplus	a, b, c	4,598,825	(338,112)	4,260,713
Accumulated surplus, beginning of year	a	41,585,743	(4,631,668)	36,954,075
Accumulated surplus, end of year	a, b, c	46,184,568	(4,945,880)	41,214,788
