

SPLATSIN
FINANCIAL STATEMENTS

March 31, 2017

EXHIBIT

SUMMARY FINANCIAL STATEMENTS:

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITORS' REPORT	
A2	SUMMARY STATEMENT OF FINANCIAL POSITION	
A3	SUMMARY STATEMENT OF MEMBERS' EQUITY	
A4	SUMMARY STATEMENT OF OPERATIONS	
A5	SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES	
A6	SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A7	SUMMARY STATEMENT OF CASH FLOWS	
	NOTES TO SUMMARY FINANCIAL STATEMENTS	
	SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2

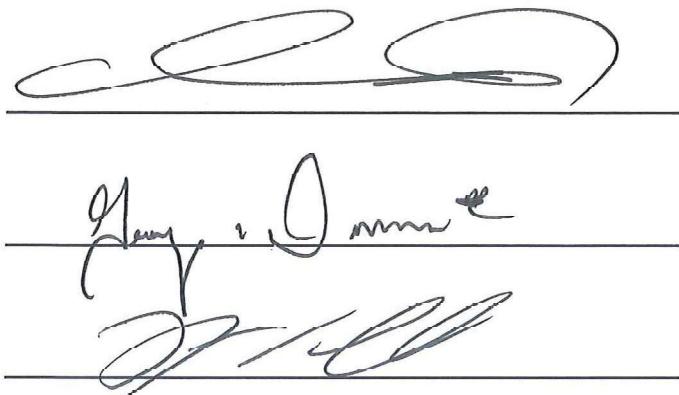
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of SPLATSIN have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgements. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of SPLATSIN's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee is appointed by the Council and meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by Daley & Company CPA LLP in accordance with Canadian generally accepted auditing standards.



Handwritten signatures of Daley & Company CPA LLP partners, including 'Daley', 'Dale', and 'Dale' (repeated), are displayed over three horizontal lines.



INDEPENDENT AUDITORS' REPORT

To the Members,
SPLATSIN

EXHIBIT A1

Report on the Financial Statements

We have audited the accompanying financial statements of SPLATSIN, which comprise the summary statement of financial position as at March 31, 2017, and the summary statement of members' equity, summary statement of operations, summary statement of remeasurement gains and losses, summary statement of change in net financial assets and summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of SPLATSIN as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

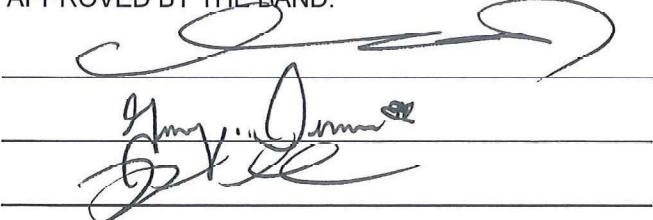
Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2 and schedules 1 to 43 are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the summary financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Daley & Company LLP
Chartered Professional Accountants

SPLATSIN
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2017

FINANCIAL ASSETS	2017	2016
Cash	\$ 7,613,415	\$ 4,967,251
Restricted cash (Note A3)	3,260,378	2,176,285
Grants and accounts receivable (Note A4)	1,230,842	480,699
Loans receivable (Note A5)	366,492	380,859
Investments and advances (Note A6)	<u>2,970,113</u>	<u>2,401,044</u>
	<u>15,441,240</u>	<u>10,406,138</u>
LIABILITIES		
Accounts payable and accruals (Note A8)	1,342,946	1,791,030
Deferred revenue (Note A9)	3,054,944	68,217
Demand loans (Note A10)	704,436	666,958
Internally restricted funds payable (Note A3)	1,652,354	1,015,381
Mortgages payable (Note A11)	255,551	305,830
Long-term debt (Note A12)	<u>16,553,020</u>	<u>16,946,529</u>
	<u>23,563,251</u>	<u>20,793,945</u>
NET FINANCIAL DEBT	<u>(8,122,011)</u>	<u>(10,387,807)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A13)	25,620,744	25,340,216
Prepaid expenses	<u>200,878</u>	<u>42,732</u>
	<u>25,821,622</u>	<u>25,382,948</u>
ACCUMULATED SURPLUS (Note A15)	<u>\$ 17,699,611</u>	<u>\$ 14,995,141</u>
COMMITMENTS AND CONTINGENCIES (Note A16)		

APPROVED BY THE BAND:



SPLATSIN
SUMMARY STATEMENT OF MEMBERS' EQUITY
Year ended March 31, 2017

	2017	2016
ACCUMULATED SURPLUS, beginning of year	\$ 14,995,141	\$ 14,587,196
EXCESS OF REVENUE OVER EXPENSES	2,286,473	12,215
UNREALIZED GAINS (Exhibit A5)	<u>417,997</u>	<u>395,730</u>
ACCUMULATED SURPLUS, end of year	\$ 17,699,611	\$ 14,995,141

SPLATSIN
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2017

	Budget	2017	2016
REVENUE:			
Indigenous and Northern Affairs Canada	\$ 4,240,361	\$ 5,430,743	\$ 4,407,683
First Nations Health Authority	1,239,029	1,232,529	1,173,229
Consulting and contract	1,566,819	3,087,449	1,755,690
Forest Consultation and Revenue Sharing Agreement	749,000	1,167,202	748,415
Income from investment in Splatsin business enterprises	330,000	782,628	492,054
Interest and dividend income	29,400	86,102	47,213
Canada Mortgage and Housing Corporation	70,653	210,540	10,643
Leases, rentals and grants in lieu	518,257	1,229,622	873,753
Miscellaneous	<u>1,216,706</u>	<u>794,581</u>	331,909
	<u><u>\$ 9,960,225</u></u>	<u><u>14,021,396</u></u>	9,840,589
EXPENSES:			
Administration	\$ 2,004,944	2,295,576	2,030,703
Community Operations	584,120	1,779,385	1,212,143
Economic Development	41,638	127,500	76,640
Education	1,629,310	1,699,042	1,501,020
Health	1,133,961	1,360,787	1,088,409
Housing	329,599	572,362	329,345
Infrastructure and Capital Improvements	-	82,412	53,750
Natural Resource and Title and Rights	1,022,547	930,279	1,293,571
Social Development	825,930	856,503	758,044
Splatsin Stsmamlt Services	<u>1,351,785</u>	<u>2,031,077</u>	1,484,749
	<u><u>\$ 8,923,834</u></u>	<u><u>11,734,923</u></u>	9,828,374
EXCESS OF REVENUE OVER EXPENSES	\$ 2,286,473	\$ 12,215	

SPLATSIN
SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year ended March 31, 2017

	2017	2016
ACCUMULATED REMEASUREMENT GAINS, beginning of year	<u>\$ 846,695</u>	<u>\$ 450,965</u>
UNREALIZED GAINS ATTRIBUTED TO:		
Equity in partnerships (Note A6)	544,120	547,842
Losses in partnerships (Note A6)	<u>(126,123)</u>	<u>(152,112)</u>
	<u>417,997</u>	<u>395,730</u>
ACCUMULATED REMEASUREMENT GAINS, end of year	<u>\$ 1,264,692</u>	<u>\$ 846,695</u>

SPLATSIN
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2017

	2017	2016
EXCESS OF REVENUE OVER EXPENSES	\$ 2,286,473	\$ 12,215
Acquisition of tangible capital assets	(1,377,854)	(5,708,765)
Amortization of tangible capital assets	1,050,373	1,007,014
Loss on disposal of assets in the year	3,953	-
Proceeds on disposal of assets	43,000	-
Unrealized gains (Exhibit A5)	417,997	395,730
Change in prepaid expenses	<u>(158,146)</u>	<u>21,036</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	2,265,796	(4,272,770)
NET FINANCIAL DEBT, beginning of year	<u>(10,387,807)</u>	<u>(6,115,037)</u>
NET DEBT, end of year	<u>\$ (8,122,011)</u>	<u>\$(10,387,807)</u>

SPLATSIN
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 2,286,473	\$ 12,215
Non-cash charges to operations:		
Amortization	1,050,373	1,007,014
Loss on disposal of assets	3,953	-
Adjustment for capital and investment transactions included in operations:		
Loss from investment in Splatsin business enterprises	(782,628)	(492,054)
(Increase) decrease in:		
Accounts receivable	(750,143)	519,204
Loans receivable	14,367	257,225
Prepaid expenses	(158,146)	21,036
Increase (decrease) in:		
Accounts payable and accruals	(448,084)	(597,472)
Deferred revenue	2,986,727	62,532
Funds held in trust	636,973	64,856
Cash flows from operations	<u>4,839,865</u>	<u>854,556</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	104,686	4,307,348
Demand loans	37,478	(244,114)
Long-term debt reduction	<u>(548,474)</u>	<u>(302,180)</u>
Cash flows from (used in) financing	<u>(406,310)</u>	<u>3,761,054</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of property and equipment	(1,377,854)	(5,708,765)
Proceeds on assets disposed of during the year	43,000	-
Cash used in capital	<u>(1,334,854)</u>	<u>(5,708,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Restricted cash	(1,084,093)	(142,008)
Equity in Partnerships	417,997	395,730
Long-term investments	<u>213,559</u>	<u>(67,643)</u>
Cash from (used in) investing	<u>(452,537)</u>	<u>186,079</u>
INCREASE (DECREASE) IN CASH	2,646,164	(907,076)
CASH, beginning of year	4,967,251	5,874,327
CASH, end of year	\$ 7,613,415	\$ 4,967,251