

SPLATSIN
FINANCIAL STATEMENTS

March 31, 2018

EXHIBIT

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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.




Position:



Position:



Position:





DALEY & COMPANY LLP

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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, 2018, 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, 2018, 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 41 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.

Chartered Professional Accountants




Kamloops, BC
September 24, 2018

SPLATSIN
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2018

FINANCIAL ASSETS	2018	2017
Cash	\$ 7,207,874	\$ 7,613,415
Restricted cash (Note A3)	3,448,128	3,260,378
Grants and accounts receivable (Note A4)	1,936,977	1,230,842
Loans receivable (Note A5)	353,938	366,492
Investments and advances (Note A6)	4,483,296	2,970,113
	<u>17,430,213</u>	<u>15,441,240</u>
LIABILITIES		
Accounts payable and accruals (Note A8)	2,143,758	1,342,946
Deferred revenue (Note A9)	1,193,561	3,054,944
Demand loans (Note A10)	1,717,709	704,436
Internally restricted funds payable (Note A3)	1,814,856	1,652,354
Mortgages payable (Note A11)	205,305	255,551
Long-term debt (Note A12)	16,094,326	16,553,020
	<u>23,169,515</u>	<u>23,563,251</u>
NET FINANCIAL DEBT	<u>(5,739,302)</u>	<u>(8,122,011)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A13)	30,704,608	25,620,744
Prepaid expenses	227,034	200,878
	<u>30,931,642</u>	<u>25,821,622</u>
ACCUMULATED SURPLUS (Note A15)	<u>\$ 25,192,340</u>	<u>\$ 17,699,611</u>

COMMITMENTS AND CONTINGENCIES (Note A16)

APPROVED BY THE BAND:

See accompanying notes to financial statements.

SPLATSIN
SUMMARY STATEMENT OF MEMBERS' EQUITY
Year ended March 31, 2018

	2018	2017
ACCUMULATED SURPLUS, beginning of year	\$ 17,699,611	\$ 14,995,141
EXCESS OF REVENUE OVER EXPENSES	6,976,830	2,286,473
UNREALIZED GAINS (Exhibit A5)	<u>515,899</u>	<u>417,997</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 25,192,340</u>	<u>\$ 17,699,611</u>

See accompanying notes to financial statements.

SPLATSIN
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2018

	Budget	2018	2017
REVENUE:			
Indigenous and Northern Affairs Canada	\$ 4,856,708	\$ 11,263,022	\$ 5,430,743
First Nations Health Authority	1,195,175	1,399,448	1,232,529
Consulting and contract	1,405,896	2,237,398	3,087,449
Forest Consultation and Revenue Sharing Agreement	1,150,829	1,150,829	1,167,202
Income from investment in Splatsin business enterprises	330,000	1,460,053	782,628
Interest and dividend income	29,504	119,418	86,102
Canada Mortgage and Housing Corporation	10,596	20,480	210,540
Leases, rentals and grants in lieu	639,717	575,918	1,229,622
Miscellaneous	1,495,013	1,004,433	794,581
	<u>\$ 11,113,438</u>	<u>19,230,999</u>	<u>14,021,396</u>
EXPENSES:			
Administration	\$ 1,871,475	2,024,601	2,272,350
Local revenue	140,343	34,823	23,226
Community Operations	1,727,673	2,018,048	1,779,385
Economic Development	41,638	38,232	127,500
Education	1,774,771	1,836,003	1,699,042
Health	1,225,699	1,390,692	1,360,787
Housing	382,831	406,588	572,362
Infrastructure and Capital Improvements	83,040	72,038	82,412
Natural Resource and Title and Rights	621,929	888,917	930,279
Social Development	768,081	1,013,518	856,503
Splatsin Stsmamlt Services	2,170,824	2,530,709	2,031,077
	<u>\$ 10,808,304</u>	<u>12,254,169</u>	<u>11,734,923</u>
EXCESS OF REVENUE OVER EXPENSES		\$ 6,976,830	\$ 2,286,473

SPLATSIN
SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES
Year ended March 31, 2018

	2018	2017
ACCUMULATED REMEASUREMENT GAINS, beginning of year	<u>\$ 1,264,692</u>	<u>\$ 846,695</u>
UNREALIZED GAINS ATTRIBUTED TO:		
Equity in partnerships (Note A6)	594,503	544,120
Losses in partnerships (Note A6)	<u>(78,604)</u>	<u>(126,123)</u>
	<u>515,899</u>	<u>417,997</u>
ACCUMULATED REMEASUREMENT GAINS, end of year	<u><u>\$ 1,780,591</u></u>	<u><u>\$ 1,264,692</u></u>

See accompanying notes to financial statements.

SPLATSIN
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	2018	2017
EXCESS OF REVENUE OVER EXPENSES	\$ 6,976,830	\$ 2,286,473
Acquisition of tangible capital assets	(6,164,803)	(1,377,854)
Amortization of tangible capital assets	1,050,226	1,050,373
Loss on disposal of assets in the year	(12,287)	3,953
Proceeds on disposal of assets	43,000	43,000
Unrealized gains (Exhibit A5)	515,899	417,997
Change in prepaid expenses	<u>(26,156)</u>	<u>(158,146)</u>
INCREASE IN NET FINANCIAL ASSETS	2,382,709	2,265,796
NET FINANCIAL DEBT, beginning of year	<u>(8,122,011)</u>	<u>(10,387,807)</u>
NET DEBT, end of year	\$ <u>(5,739,302)</u>	\$ <u>(8,122,011)</u>

See accompanying notes to financial statements.

SPLATSIN
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 6,976,830	\$ 2,286,473
Non-cash charges to operations:		
Amortization	1,050,226	1,050,373
Loss on disposal of assets	(12,287)	3,953
Adjustment for capital and investment transactions included in operations:		
Loss from investment in Splatsin business enterprises	(1,460,053)	(782,628)
(Increase) decrease in:		
Accounts receivable	(706,135)	(750,143)
Loans receivable	12,554	14,367
Prepaid expenses	(26,156)	(158,146)
Increase (decrease) in:		
Accounts payable and accruals	800,812	(448,084)
Deferred revenue	(1,861,383)	2,986,727
Funds held in trust	162,502	636,973
Cash flows from operations	<u>4,936,910</u>	<u>4,839,865</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	1,086,398	104,686
Demand loans	1,013,273	37,478
Long-term debt reduction	(1,595,338)	(548,474)
Cash flows from (used in) financing	<u>504,333</u>	<u>(406,310)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of property and equipment	(6,164,803)	(1,377,854)
Proceeds on assets disposed of during the year	43,000	43,000
Cash used in capital	<u>(6,121,803)</u>	<u>(1,334,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Restricted cash	(187,750)	(1,084,093)
Equity in Partnerships	515,899	417,997
Long-term investments	(53,128)	213,559
Cash from (used in) investing	<u>275,021</u>	<u>(452,537)</u>
INCREASE (DECREASE) IN CASH	(405,539)	2,646,164
CASH, beginning of year	<u>7,613,415</u>	<u>4,967,251</u>
CASH, end of year	\$ 7,207,876	\$ 7,613,415

See accompanying notes to financial statements.