

SKEETCHESTN INDIAN BAND
SUMMARY FINANCIAL STATEMENTS
March 31, 2015

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 ACCUMULATED SURPLUS	
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
	2015 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2014 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3

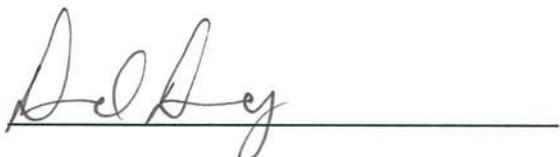
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Skeetchestn Indian Band 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 Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

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 Chartered Accountants LLP in accordance with Canadian public sector accounting standards.





INDEPENDENT AUDITORS' REPORT

To the members of,
SKEETCHESTN INDIAN BAND

EXHIBIT A1

Report on the Financial Statements

We have audited the accompanying financial statements of SKEETCHESTN INDIAN BAND, which comprise the summary statement of financial position as at March 31, 2015, and the summary statement of accumulated surplus, 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 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 summary financial statements present fairly, in all material respects, the financial position of SKEETCHESTN INDIAN BAND as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

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 54 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

Kamloops, BC
July 14, 2015

Disclaimer of Liability

These summary financial statements were examined and this Audit Opinion issued solely for the use of SKEETCHESTN INDIAN BAND. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company Chartered Accountants LLP.

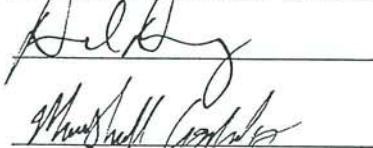
EXHIBIT A2

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2015

FINANCIAL ASSETS	2015	2014
Cash	\$ 1,231,251	\$ 1,800,805
Grants and accounts receivable (Note A3)	322,018	999,613
CMHC subsidy accrual	9,804	9,877
Restricted cash (Note A4)	3,060,044	2,173,358
Funds held in trust (Note A5)	4,486,409	4,481,263
Long-term investments (Note A6)	3,251	3,251
Investment in Stk'emlupsemc te Secwepemc Nation (Note A7)	985,926	1,040,658
Investment in Stk'emlupsemc Enterprises Inc. (Note A8)	(67,828)	(163,976)
Investment in Stk'emlupsemc Limited Partnership (Note A9)	348,341	5,195
Investment in Skeetchestn Holdings Limited Liability Partnership (Note A10)	567,208	512,411
Investment in Painted Rock Aggregates & Contracting LLP (Note A11)	(58,745)	347,132
Investment in Knucwentwecw Development Corporation (Note A12)	2,479,829	1,885,810
Investment in Big Sky Station Ltd. (Note A13)	786,305	749,778
Investment in Secwepemc Reconciliation Framework Agreement (Note A14)	50,733	-
Investment in Skeetchestn Natural Resources LLP (Note A15)	747,706	-
	14,952,252	13,845,175
LIABILITIES		
Accounts payable and accruals	312,073	824,522
Prepaid rents	9,016	8,238
Security deposits	11,542	11,542
Deferred revenue (Note A17)	68,239	23,040
Reforestation obligation - Woodlot	58,806	58,806
Demand loans (Note A18)	185,926	233,266
Long-term debt (Note A19)	1,484,918	1,647,818
	2,130,520	2,807,232
NET FINANCIAL ASSETS	12,821,732	11,037,943
NON FINANCIAL ASSETS		
Prepaid expenses	47,151	130,386
Tangible capital assets (Note A20)	8,677,553	9,020,657
	8,724,704	9,151,043
ACCUMULATED SURPLUS (Note A21)	\$ 21,546,436	\$ 20,188,986

COMMITMENTS AND CONTINGENCIES (Note A22)

APPROVED ON BEHALF OF COUNCIL:



SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
For the year ended March 31, 2015

	2015	2014
ACCUMULATED SURPLUS, beginning of year	\$ 20,188,986	\$ 18,983,369
EXCESS OF REVENUE OVER EXPENSES (Exhibit A4)	1,356,679	1,236,617
UNREALIZED GAINS (LOSSES) (Exhibit A5)	771	(31,000)
<u>ACCUMULATED SURPLUS, end of year</u>	<u>\$ 21,546,436</u>	<u>\$ 20,188,986</u>

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2015

	Budget	2015	2014
REVENUE:			
Aboriginal Affairs and Northern Development Canada	\$ 2,104,909	\$ 2,108,901	\$ 3,303,955
Property taxes	585,000	629,191	604,227
Logging	-	44,438	248,269
Province of British Columbia	204,096	81,546	334,748
Rental income	230,291	236,089	234,212
Cultural Heritage contracts	357,000	34,830	345,497
Q'wemtsi'n Health Society	147,227	147,254	135,126
Canada Mortgage and Housing Corporation	118,514	118,081	120,790
First Nations Education Steering Committee	196,732	188,663	143,366
First Nations Health Authority	7,596	34,254	23,758
Fisheries & Oceans Canada	70,000	35,000	70,000
Interest	12,874	53,797	41,656
Royalties - Painted Rock Aggregates & Contracting LLP	-	61,024	44,722
Secwepemc Fisheries Commission	132,000	-	47,950
Shuswap Training and Employment Program	87,167	81,775	91,247
Stk'emlupsemc te Secwepemc Nation	-	1,241,875	349,646
Equity in long-term investments	-	1,086,608	(28,821)
Independent Schools	32,095	114,432	32,095
Western Economic Diversification	-	110	31,590
Other	883,321	1,641,754	1,318,720
	5,168,822	7,939,622	7,492,753
EXPENSES:			
Segments:			
Band Revenue	652,669	598,660	253,510
Administration	895,378	738,724	796,206
Social Development	723,404	681,706	541,920
Social Housing	351,381	295,016	297,004
Education	1,545,102	1,551,331	1,402,627
Public Works	736,502	1,070,756	1,518,502
Housing & Capital Projects	392,826	190,723	376,410
Natural Resources	1,399,833	1,456,027	1,069,957
	6,697,095	6,582,943	6,256,136
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (1,528,273)	\$ 1,356,679	\$ 1,236,617

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended March 31, 2015

	2015	2014
ACCUMULATED REMEASUREMENT GAINS, beginning of year	\$ 44,516	\$ 75,516
UNREALIZED GAINS (LOSSES) ATTRIBUTED TO:		
Equity in long-term investments - Sk7ain Ventures Ltd.	<u>771</u>	<u>(31,000)</u>
ACCUMULATED REMEASUREMENT GAINS, end of year	\$ 45,287	\$ 44,516

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2015

	Budget	2015	2014
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (1,528,273)	\$ 1,356,679	\$ 1,236,617
Net remeasurement gains (losses) for the year	- 771	(31,000)	
Acquisition of tangible capital assets	- (528,816)	(350,192)	
Disposal of tangible capital assets	- 180,935	-	
Amortization of tangible capital assets	- 690,985	664,204	
Change in prepaid expenses	- 83,235	(89,235)	
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,528,273)	1,783,789	1,430,394
NET FINANCIAL ASSETS, beginning of year	<u>11,037,943</u>	<u>11,037,943</u>	9,607,549
NET FINANCIAL ASSETS, end of year	<u>\$ 9,509,670</u>	<u>\$ 12,821,732</u>	<u>\$ 11,037,943</u>

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 1,356,679	\$ 1,236,617
Non-cash charges to operations:		
Amortization	690,985	664,204
Funds held in trust	(5,146)	(101,311)
(Increase) decrease in:		
Grants and accounts receivable	677,595	(452,683)
CMHC Subsidy accrual	73	570
Prepaid expenses	83,235	(89,235)
Increase (decrease) in:		
Accounts payable and accruals	(512,449)	397,826
Prepaid rents	778	(2,185)
Deferred revenue	45,199	23,040
Cash from operations	<u>2,336,949</u>	<u>1,676,843</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(886,686)	(378,943)
Repayment of long-term debt and demand loans	<u>(210,240)</u>	<u>(202,161)</u>
Cash used in financing	<u>(1,096,926)</u>	<u>(581,104)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments	(1,462,467)	(12,946)
Net remeasurement gains (losses) for the year	771	(31,000)
Cash used in investing	<u>(1,461,696)</u>	<u>(43,946)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	(528,816)	(350,192)
Proceeds on disposal of tangible capital assets	180,935	-
Cash used in capital	<u>(347,881)</u>	<u>(350,192)</u>
INCREASE (DECREASE) IN CASH	(569,554)	701,601
CASH, beginning of year	<u>1,800,805</u>	<u>1,099,204</u>
CASH, end of year	<u>\$ 1,231,251</u>	<u>\$ 1,800,805</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary financial statements have been prepared by management in accordance with Canadian public sector accounting standards. The significant accounting policies are summarized as follows:

a) Fund Accounting:

The Skeetchestn Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the summary financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Skeetchestn Band maintains the following funds:

- The Band Operating Fund which reports the general activities of the First Nation Administration
- The Trust Fund which reports on trust funds owned by the First Nation and held by third parties
- The Capital Fund which reports the property and equipment of the First Nation, together with their related financing.
- The Social Housing Fund Phase 3 - 5 and Phase 6 - 9 which report the Social Housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

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

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles which lend themselves to consolidation:

- Skeetchestn Band Operating Fund
- Skeetchestn Band Trust Fund
- Skeetchestn Band Capital Fund
- Skeetchestn Band Social Housing Phase 3 - 5 Fund
- Skeetchestn Band Social Housing Phase 6 - 9 Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Skeetchestn Indian Band and which are not dependent on the First Nation for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

- Knucwentwecw Development Corporation
- Big Sky Station Ltd.
- Skeetchestn Holdings Limited Liability Partnership
- Painted Rock Aggregates & Contracting LLP
- Skeetchestn Natural Resources LLP
- Skeetchestn Natural Resources Corporation

Investments in non-controlled entities and subject to significant influence are included in the summary financial statements using the modified equity method. These include:

- Stk'emlupsemc te Secwepemc Nation
- Stk'emlupsemc Enterprises Inc.
- Stk'emlupsemc Limited Partnership
- Secwepemc Reconciliation Framework Agreement

Long-term investments in non-controlled entities and not subject to significant influence and marketable securities are recorded at the lower of cost or net realizable value.

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Revenues and expenses have been translated at the average rates of exchange during the year

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

c) Non-financial Assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

i) 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:

Major Asset Category

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 recorded at appraised value	10 to 25 years
Roads	10 years

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

The 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 Band's ability to provide services. When assets no longer have any long-term service potential to the Band, 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.

ii) Contributions of Tangible Capital Assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

iii) Leases:

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. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

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

d) Revenue Recognition:

The Skeetchestn Indian Band derives revenues from a number of sources.

Amounts received from Aboriginal Affairs and Northern Development Canada (AANDC) are reported in accordance with the terms of the funding arrangement. Amounts specified as set contributions are reported as revenue as program terms and conditions are met and delivered. Any resulting surpluses are repayable to AANDC and any deficits incurred are refundable by AANDC. Amounts specified as fixed contributions are recognized as revenue as program terms and conditions are met and delivered. Any resulting surpluses may be retained by the Band provided delivery of the program is complete at March 31. Any resulting deficits are the responsibility of the Band. Grants received from AANDC are unconditional and are reported as revenue when received or receivable and collection is reasonably assured.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued):

- d) Revenue Recognition (continued):
Amounts received from other government departments, both federal and provincial, are reported as revenue in accordance with the terms of the contract or agreement.

Own source revenues derived from such sources as housing rents, resource based revenues, interest income, etc. are reported when received or receivable and collection is reasonably assured.
- e) Replacement Reserve:
The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.
- f) Operating Reserve:
The Operating Reserve account is funded by an allocation of the excess or shortfall of annual minimum revenue contribution and CMHC subsidies over current eligible expenses.
- g) Subsidy Surplus Reserve:
The Subsidy Surplus Reserve account is funded by an allocation of the excess or shortfall of revenues over expenses to a maximum of \$500 per unit.
- h) Accrual Method:
The accrual method is used in accounting for all funds.
- i) Deferred Revenue:
Revenue is recorded in the period to which it relates.
- j) Reforestation:
As part of the Band's forest licence agreement, the Band is required to perform reforestation on areas logged under conditions set out in the acts governing forestry operations. The Band estimates the costs of reforestation through to the free-to-grow stage and records the present value obligation of these costs as timber is harvested.
- k) Use of Estimates:
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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. 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.

NOTE A2. 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, accounts payable and accrued liabilities and demand loans 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:

Demand loans have variable interest rates based on the bank's prime rate, therefore the interest expense will vary with changes in the bank's prime rate. 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.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A3. GRANTS AND ACCOUNTS RECEIVABLE:	2015	2014
<u>Band Operations:</u>		
Grants Receivable	\$ 142,427	\$ 435,420
Other Accounts Receivable	145,327	537,974
Band Members	<u>34,058</u>	<u>25,939</u>
	<u>321,812</u>	<u>999,333</u>
Social Housing Operations 3 - 5	<u>206</u>	<u>280</u>
	<u><u>\$ 322,018</u></u>	<u><u>\$ 999,613</u></u>

NOTE A4. RESTRICTED CASH:	2015	2014
Ottawa trust funds	\$ 652,292	\$ 621,293
Replacement reserve	747,626	659,437
Operating reserve	92,068	90,034
Internally restricted cash	<u>1,568,016</u>	<u>793,117</u>
Subsidy surplus reserve	<u>42</u>	<u>9,477</u>
	<u><u>\$ 3,060,044</u></u>	<u><u>\$ 2,173,358</u></u>

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 \$48,048 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. Withdrawals are credited to interest first and then principal.

	2015	2014
Balance, beginning of year	\$ 691,466	\$ 632,219
Allocation for the year	48,048	48,048
Adjustment per CMHC	1,992	-
Transfer from subsidy surplus reserve	-	12,000
Expenses for the year	<u>(14,354)</u>	<u>(5,415)</u>
Interest earned	<u>5,039</u>	<u>4,614</u>
Balance, end of year	<u><u>\$ 732,191</u></u>	<u><u>\$ 691,466</u></u>

The Replacement Reserve is represented by:

Cash	<u><u>\$ 747,626</u></u>	<u><u>\$ 659,437</u></u>
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SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A4. RESTRICTED CASH (continued):

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 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 Project's 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.

	2015	2014
Balance, beginning of year	\$ 91,399	\$ 89,397
Current year surplus	2,663	1,344
Interest	<u>612</u>	<u>658</u>
Balance, end of year	<u><u>\$ 94,674</u></u>	<u><u>\$ 91,399</u></u>
The Operating Reserve is represented by:		
Cash	<u><u>\$ 92,068</u></u>	<u><u>\$ 90,034</u></u>

d) **Internally Restricted:**

The Capital Reserve Fund has been established for the sole purpose of constructing or upgrading Band property and equipment, as required by the Band's Financial Management Bylaw.

The Stabilization Reserve Fund has been established for the sole purpose of supplementing future operational costs, as required by the Band's Financial Management Bylaw.

Per Capita Distribution Reserve Funds has been invested for future distribution to Band members of \$998 plus interest on their 19th birthday.

The Net Smelter Royalties Reserve Fund and Economic & Community Development Agreement Fund has been established for the sole purpose of capacity development.

The Six Mile Settlement Reserve Fund has been established for the sole purpose of capacity development and training for tourism business development.

	2015	2014
Capital Reserve Fund (Schedule 2)	\$ 104,944	\$ 103,612
Stabilization Reserve Fund (Schedule 2)	96,612	95,268
Per Capita Distribution Reserve Funds (Schedule 2)	26,767	52,452
Net Smelter Royalties Reserve Fund (Schedule 6)	560,108	58,640
Economic & Community Development Agreement Fund (Schedule 6)	618,241	323,646
Six Mile Settlement Reserve Fund (Schedule 8)	<u>161,344</u>	<u>159,499</u>
	<u><u>\$ 1,568,016</u></u>	<u><u>\$ 793,117</u></u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A4. RESTRICTED CASH (continued):

e) Subsidy Surplus Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess federal assistance payments may be retained in a Subsidy Surplus Reserve up to a maximum of \$500 per unit plus interest. The reserve is to be comprised of monies deposited in a separate bank account. The funds in the account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. Withdrawals are credited to interest first and then principal. In 2012, CMHC approved the transfer of the subsidy surplus reserve balance to the replacement reserve, this adjustment has been recorded in 2014.

	2015	2014
Balance, beginning of year	\$ -	\$ 12,000
Adjustment per CMHC	36	(12,000)
Interest earned	41	-
Transfer to operations	<u>(77)</u>	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>
The Subsidy Surplus Reserve is represented by:		
Cash	<u>\$ 42</u>	<u>\$ 9,477</u>

NOTE A5. 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 damages 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.

The trust assets are as follows:

	Cost	Unrealized Gain	Fair Market Value 2015	Fair Market Value 2014
Common stock & equivalents	\$ 3,570,612	\$ 760,594	\$ 4,331,206	\$ 4,058,602
Fixed income securities	860,258	14,726	874,984	860,855
Cash & equivalents	55,529	-	55,529	68,478
Other	<u>10</u>	<u>-</u>	<u>10</u>	<u>10</u>
	<u>\$ 4,486,409</u>	<u>\$ 775,320</u>	<u>\$ 5,261,729</u>	<u>\$ 4,987,945</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A5. FUNDS HELD IN TRUST (continued):

During the year the trust's income and expenses were follows

	2015	2014
REVENUE:		
Interest	\$ 33,156	\$ 29,943
Dividends	210,446	123,515
Capital gains	74,498	82,636
	<u>318,100</u>	<u>236,094</u>
EXPENSES:		
Management fees	66,110	61,311
Distributions (Schedule 3)	246,844	73,472
	<u>312,954</u>	<u>134,783</u>
NET INCOME	5,146	101,311
OPENING BALANCE, at cost	4,481,263	4,379,952
ENDING BALANCE, at cost	4,486,409	4,481,263
UNREALIZED GAIN	775,320	506,682
ENDING BALANCE, at fair market value	<u>\$ 5,261,729</u>	<u>\$ 4,987,945</u>

NOTE A6. LONG-TERM INVESTMENTS:

2015

2014

All Nations Trust Company, at cost:		
3,750 Common shares, par value \$1.00	<u>\$ 3,251</u>	<u>\$ 3,251</u>

NOTE A7. INVESTMENT IN STK'EMLUPSEMC TE SECWEPEMC NATION:

2015

2014

Interest:		
50%	\$ 1	\$ 1
Accumulated equity	<u>985,925</u>	<u>1,040,657</u>
	<u>\$ 985,926</u>	<u>\$ 1,040,658</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A7. INVESTMENT IN STK'EMLUPSEMC TE SECWEPEMC NATION (continued):

Financial information for Stk'emlupsemc te Secwepemc Nation is as follows:

	Total	Band's Share 2015	Band's Share 2014
Cash	\$ 1,406,429	\$ 703,215	\$ 733,580
Other Assets	31,122	15,561	16,977
Due from related party	<u>596,745</u>	<u>298,373</u>	300,000
	<u>2,034,296</u>	<u>1,017,149</u>	1,050,557
Liabilities	62,442	31,224	9,900
Equity	<u>\$ 1,971,854</u>	<u>\$ 985,925</u>	<u>\$ 1,040,657</u>
Revenues	\$ 2,081,486	\$ 1,040,743	\$ 810,920
Expenses	<u>2,190,950</u>	<u>1,095,475</u>	529,942
Net income (loss)	<u>\$ (109,464)</u>	<u>\$ (54,732)</u>	<u>\$ 280,978</u>

Stk'emlupsemc te Secwepemc Nation is an unincorporated political entity that is the caretaker of the land base which is inhabited by the Tk'emlups te 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.

NOTE A8. INVESTMENT IN STK'EMLUPSEMC ENTERPRISES INC.:

	2015	2014
Shares:		
Common - 50%	\$ 10	\$ 10
Accumulated deficit	<u>(67,838)</u>	<u>(163,986)</u>
	<u>\$ (67,828)</u>	<u>\$ (163,976)</u>

Financial information for Stk'emlupsemc Enterprises Inc. is as follows:

	Total	Band's Share 2015	Band's Share 2014
Cash	\$ 397,893	\$ 198,947	\$ 226,487
Other Assets	108,078	54,039	14,158
Due from related parties	<u>28,957</u>	<u>14,479</u>	51,361
	<u>534,928</u>	<u>267,465</u>	292,006
Accounts Payable	75,519	37,760	119,674
Due to related parties	<u>595,065</u>	<u>297,533</u>	336,308
	<u>670,584</u>	<u>335,293</u>	455,982
Equity	<u>\$ (135,656)</u>	<u>\$ (67,828)</u>	<u>\$ (163,976)</u>
Revenues	\$ 1,041,924	\$ 520,962	\$ 343,946
Expenses	<u>921,627</u>	<u>460,814</u>	330,054
Net income	<u>\$ 120,297</u>	<u>\$ 60,148</u>	<u>\$ 13,892</u>

Stk'emlupsemc Enterprises Inc. primary function is to recover the costs of maintaining the natural resource rights within the traditional territory of the Stk'emlupsemc.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A9. INVESTMENT IN STK'EMLUPSEMC LIMITED PARTNERSHIP:

	2015	2014
Interest:		
Units - 49.99%	\$ -	\$ -
Partnership interest:		
Opening balance	5,195	-
Net income allocation	1,088,022	369,866
Contributions (drawings)	(744,876)	(364,671)
Balance, end of year	<u>348,341</u>	<u>5,195</u>
	<u><u>\$ 348,341</u></u>	<u><u>\$ 5,195</u></u>

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

	Total	Band's Share 2015	Band's Share 2014
Cash	<u>\$ 1,013,961</u>	<u>\$ 506,979</u>	\$ 225,938
Other Assets	<u>117,633</u>	<u>58,816</u>	3,000
	<u><u>1,131,594</u></u>	<u><u>565,795</u></u>	<u>228,938</u>
Accounts Payable	<u>49,909</u>	<u>24,954</u>	36,854
Due to related parties	<u>-</u>	<u>-</u>	43,230
Deferred KGHM Capacity Funding	<u>385,000</u>	<u>192,500</u>	-
Deferred RFA Revenue	<u>-</u>	<u>-</u>	143,622
	<u><u>434,909</u></u>	<u><u>217,454</u></u>	<u>223,706</u>
Equity	<u>\$ 696,685</u>	<u>\$ 348,341</u>	<u>\$ 5,232</u>
Revenues	<u>\$ 2,940,885</u>	<u>\$ 1,470,148</u>	\$ 788,903
Expenses	<u>849,925</u>	<u>424,878</u>	419,074
Net income	<u><u>\$ 2,090,960</u></u>	<u><u>\$ 1,045,270</u></u>	<u><u>\$ 369,829</u></u>

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

NOTE A10. INVESTMENT IN SKEETCHESTN HOLDINGS LIMITED LIABILITY PARTNERSHIP:

	2015	2014
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	<u>63,326</u>	<u>60,643</u>
	<u><u>73,226</u></u>	<u><u>70,543</u></u>
Accumulated equity	<u>493,982</u>	<u>441,868</u>
	<u><u>\$ 567,208</u></u>	<u><u>\$ 512,411</u></u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A10. INVESTMENT IN SKEETCHESTN HOLDINGS LIMITED LIABILITY PARTNERSHIP (continued):

Financial information for Skeetchestn Holdings Limited Liability Partnership is as follows

	2015	2014
Current Assets	\$ 13,864	\$ 16,464
Property and Equipment	1,352,757	1,383,089
Due from Related Parties	<u>138,926</u>	<u>203,236</u>
	<u>1,505,547</u>	<u>1,602,789</u>
Current Liabilities	427,758	600,527
Obligation Under Capital Lease	64,972	-
Due to Partners	<u>503,846</u>	<u>545,931</u>
	<u>996,576</u>	<u>1,146,458</u>
Equity	<u>\$ 508,971</u>	<u>\$ 456,331</u>
Revenues	\$ 363,480	\$ 354,636
Expenses	<u>310,840</u>	<u>462,910</u>
Net income (loss)	<u>\$ 52,640</u>	<u>\$ (108,274)</u>

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

NOTE A11. INVESTMENT IN PAINTED ROCK AGGREGATES & CONTRACTING LLP:

	2015	2014
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	<u>(65,000)</u>	<u>162,086</u>
	<u>(55,100)</u>	<u>171,986</u>
Accumulated equity	<u>(3,645)</u>	<u>175,146</u>
	<u>\$ (58,745)</u>	<u>\$ 347,132</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A11. INVESTMENT IN PAINTED ROCK AGGREGATES & CONTRACTING LLP (continued):

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

	2015	2014
Cash	\$ -	\$ 331,982
Accounts Receivable	112,154	153,441
Inventory	318,357	285,348
Other Assets	105,320	43,840
	535,831	814,611
Accounts Payable	146,155	98,316
Other Current Liabilities	72,936	45,030
Due to Related Parties	270,422	280,996
Due to Partners	-	163,354
Reclamation Cost Obligations	40,000	40,000
	529,513	627,696
Equity	\$ 6,318	\$ 186,915
Revenues	\$ 1,308,721	\$ 1,342,566
Expenses	1,489,318	1,606,667
Loss	\$ (180,597)	\$ (264,101)

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

NOTE A12. INVESTMENT IN KNUCWENTWECW DEVELOPMENT CORPORATION:

	2015	2014
Shares:		
Common - 100%	\$ 100,001	\$ 100,001
Advances	1,568,668	975,420
	1,668,669	1,075,421
Accumulated equity	811,160	810,389
	\$ 2,479,829	\$ 1,885,810

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A12. INVESTMENT IN KNUCWENTWECW DEVELOPMENT CORPORATION (continued):

Consolidated financial information for Knucwentwecw Development Corporation is as follows

	2015	2014
Cash	\$ 278,976	\$ 152,440
Accounts Receivable	47,696	61,609
Inventory	76,499	104,221
Due from Related Parties	571,354	560,582
Investment in Jointly Controlled Entities	255,809	409,693
Property and Equipment	2,564,474	1,998,307
Other Assets	39,928	25,693
	<u>3,834,736</u>	<u>3,312,545</u>
Current Liabilities	54,458	115,720
Demand Loans	375,717	405,880
Due to Related Parties	1,572,029	971,203
Deferred Revenue	135,962	160,373
	<u>2,138,166</u>	<u>1,653,176</u>
Equity	<u>\$ 1,696,570</u>	<u>\$ 1,659,369</u>
Revenues	\$ 5,493,088	\$ 6,066,799
Expenses	5,455,790	5,929,336
Net income	<u>\$ 37,298</u>	<u>\$ 137,463</u>

Knucwentwecw Development Corporation is a Company domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. The Company is engaged in providing management and consulting services.

NOTE A13. INVESTMENT IN BIG SKY STATION LTD.:

	2015	2014
Shares:		
Preferred shares - 100%	\$ 179,695	\$ 179,695
Advances	799	799
	<u>180,494</u>	<u>180,494</u>
Accumulated equity	605,811	569,284
	<u>\$ 786,305</u>	<u>\$ 749,778</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A13. INVESTMENT IN BIG SKY STATION LTD. (continued):

Financial information for Big Sky Station Ltd. has been consolidated into the financial statements of Knucwentwecw Development Corporation and is as follows:

	2015	2014
Cash	\$ 245,393	\$ 164,647
Accounts Receivable	22,855	44,895
Inventory	76,499	104,221
Other Current Assets	51,303	27,602
Property and Equipment	<u>571,458</u>	<u>619,933</u>
	<u>967,508</u>	<u>961,298</u>
Current Liabilities	45,921	51,826
Deferred Revenue	<u>135,962</u>	<u>160,373</u>
	<u>181,883</u>	<u>212,199</u>
Equity	<u>\$ 785,625</u>	<u>\$ 749,099</u>
Revenues	\$ 5,333,448	\$ 5,531,889
Expenses	<u>5,296,921</u>	<u>5,363,329</u>
Net income	<u>\$ 36,527</u>	<u>\$ 168,560</u>

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 native land near Savona, BC.

NOTE A14. INVESTMENT IN SECWEPEMC RECONCILIATION FRAMEWORK AGREEMENT:

	2015	2014
Accumulated equity	<u>\$ 50,733</u>	<u>\$ -</u>

Financial information for Secwepemc Reconciliation Framework Agreement is as follows:

	Total	Band's share	Band's share
	2015	2015	2014
Cash	\$ 249,032	\$ 49,806	\$ -
Property and equipment	<u>31,966</u>	<u>6,393</u>	<u>-</u>
	<u>280,998</u>	<u>56,199</u>	<u>-</u>
Current Liabilities	<u>27,331</u>	<u>5,466</u>	<u>-</u>
	<u>27,331</u>	<u>5,466</u>	<u>-</u>
Equity	<u>\$ 253,667</u>	<u>\$ 50,733</u>	<u>\$ -</u>
Revenues	\$ 919,220	\$ 183,844	\$ -
Expenses	<u>665,553</u>	<u>133,111</u>	<u>-</u>
Net income	<u>\$ 253,667</u>	<u>\$ 50,733</u>	<u>\$ -</u>

Secwepemc Reconciliation Framework Agreement is an unincorporated political entity established to investigate rights and titles issues, business opportunities and impact benefit agreements. The agreement was formed by five bands, Adams Lake, Shuswap, Tk'emlups, Skeetchestn and Splatsin.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A15. INVESTMENT IN SKEETCHESTN NATURAL RESOURCES LLP:

	2015	2014
Partnership units - 99.9%	\$ 999	\$ -
Equipment loan	154,496	-
Advances	<u>(149,251)</u>	-
	6,244	-
	<u>741,462</u>	-
	<u><u>\$ 747,706</u></u>	<u><u>\$ -</u></u>

Financial information for Skeetchestn Natural Resources LLP is as follows:

	2015	2014
Accounts Receivable	\$ 760,882	\$ -
Other Current Assets	18,563	-
Property and Equipment	<u>188,106</u>	-
	<u>967,551</u>	-
Current Liabilities	223,945	-
Due to related parties	<u>402</u>	-
	<u>224,347</u>	-
Equity	<u><u>\$ 743,204</u></u>	<u><u>\$ -</u></u>
Revenues	\$ 1,789,582	\$ -
Expenses	<u>1,047,378</u>	-
Net income	<u><u>\$ 742,204</u></u>	<u><u>\$ -</u></u>

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

NOTE A16. INVESTMENT IN SKEETCHESTN NATURAL RESOURCES CORPORATION:

	2015	2014
Shares - 100%	\$ 1	\$ -
Advances	<u>(1)</u>	-
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Financial information for Skeetchestn Natural Resources Corporation is as follows:

Long-term investments	\$ 5,743	\$ -
Current liabilities	<u>6,000</u>	-
Equity (deficit)	<u><u>\$ (257)</u></u>	<u><u>\$ -</u></u>
Revenues	\$ 743	\$ -
Expenses	<u>1,000</u>	-
Net income (loss)	<u><u>\$ (257)</u></u>	<u><u>\$ -</u></u>

Skeetchestn Natural Resources Corporation is a Company domiciled in Canada and has a registered office at 1000 Trans Canada Hwy, Savona, BC. The Company is engaged in holding the partnership interest in Skeetchestn Natural Resources LLP.

**SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015**

NOTE A17. DEFERRED REVENUE:

2015 2014

Amounts deferred are summarized below:

Q'wemts'i'n Health Society	\$ 14,172	\$ -
Ministry of Education - Special Education Grant	20,130	-
New Relationship Trust	16,849	-
New Horizons for Seniors	<u>17,088</u>	<u>23,040</u>
	\$ 68,239	\$ 23,040

Q'wemtsi'n Health Society funding was unexpended as of March 31, 2015 and an extension was granted to spend the funds to September 30, 2015.

Ministry of Education - Special Education Grant funding for the 2016 fiscal year was received prior to year end, and therefore has been deferred.

New Relationship Trust funding for the Band's Comprehensive Community Plan was only partially spent at year end. The Band has until May 31, 2015 to spend the funds.

New Horizons for Seniors, Elders Medicine Wheel Wellness Program was received, but unexpended at year end. The funding agreement runs to March 2016.

NOTE A18. DEMAND LOANS:

2015 2014

Ron Craig Ranch:

Royal Bank of Canada, demand loan, repayable in monthly installments of \$4,455 including interest at 2.84%, secured by a general security agreement covering all the assets of the Band, due November 2015

\$ 185,926 \$ 233,266

Principal repayments due in the ensuing year is approximately as follows

2016 \$ 185,926

NOTE A19. LONG-TERM DEBT:

2015 2014

Social Housing Phase 3 - 5:

Royal Bank of Canada, 12-Unit (95), repayable in monthly installments of \$4,283 including interest at 3.55% per annum, secured by houses with a carrying value of \$564,073, due June 2016

§ 157.593 § 202.547

Royal Bank of Canada, 6-Unit (97), repayable in monthly installments of \$2,291 including interest at 3.05% per annum, secured by houses with a carrying value of \$411,062, due May 2017

176.775 198.524

Royal Bank of Canada, 6-Unit (98), repayable in monthly installments of \$2,861 including interest at 2.22% per annum, secured by houses with a carrying value of \$269,812, due April 2016

36.724 69.847

36.724 69.847

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A19. LONG-TERM DEBT (continued):	2015	2014
<u>Social Housing Phase 6 - 9:</u>		
All Nations Trust Company, 6-Unit, mortgage, repayable in monthly installments of \$1,925 including interest at 1.82% per annum, secured by houses with a carrying value of \$359,469, due September 2019	194,921	213,899
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$1,049 including interest at 2.63% per annum, secured by houses with a carrying value of \$203,213, due June 2016	121,731	130,997
All Nations Trust Company, 1-Unit, mortgage, repayable in monthly installments of \$419 including interest at 2.76% per annum, secured by houses with a carrying value of \$86,998, due June 2015	62,349	65,618
All Nations Trust Company, 8-Unit, mortgage, repayable in monthly installments of \$4,096 including interest at 2.35% per annum, secured by houses with a carrying value of \$956,009, due September 2018	734,825	766,386
	<u>1,113,826</u>	<u>1,176,900</u>
	<u>\$ 1,484,918</u>	<u>\$ 1,647,818</u>

The Social Housing mortgages are guaranteed by Aboriginal Affairs and Northern Development Canada

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

2016	\$ 226,819
2017	302,271
2018	185,326
2019	656,644
2020	113,858

NOTE A20. TANGIBLE CAPITAL ASSETS:	2015	2014
Tangible capital assets consist of the following:		
Buildings	\$ 4,263,985	\$ 4,493,532
Bridges and cattle guards	135,900	160,474
Water system	647,789	722,926
Automotive equipment	603,323	593,662
Office equipment	68,533	29,200
Equipment	202,253	267,287
Assets under construction	143,162	-
Social housing operations phase 3 - 5	1,073,310	1,143,861
Social housing operations phase 6 - 9	<u>1,539,298</u>	<u>1,609,715</u>
	<u>\$ 8,677,553</u>	<u>\$ 9,020,657</u>

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

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A21. ACCUMULATED SURPLUS:	2015	2014
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 3,854,471</u>	<u>\$ 3,982,685</u>
Invested in tangible capital assets	<u>7,006,709</u>	<u>7,139,573</u>
Investments in controlled entities	<u>4,674,403</u>	<u>3,136,791</u>
 Funded Reserves:		
Replacement Reserve Fund	732,191	691,466
Operating Reserve Fund	94,674	91,399
Ottawa Trust Funds	<u>652,292</u>	<u>621,293</u>
	<u>1,479,157</u>	<u>1,404,158</u>
 Committed Reserves:		
Funds held in trust	<u>4,486,409</u>	<u>4,481,263</u>
	<u>21,501,149</u>	<u>20,144,470</u>
Accumulated remeasurement gains	<u>45,287</u>	<u>44,516</u>
	<u><u>\$ 21,546,436</u></u>	<u><u>\$ 20,188,986</u></u>

NOTE A22. COMMITMENTS AND CONTINGENCIES:

Commitment:

The Band leases photocopiers and telephone equipment under long-term leases which expire May 2016 through November 2018.

Future minimum lease payments as at March 31, 2015, are as follows

2016	\$ 14,899
2017	14,899
2018	9,957
2019	<u>744</u>
	<u><u>\$ 40,499</u></u>

Contingencies:

- a) The Band receives a portion of its funding under a contribution authority with Aboriginal Affairs and Northern Development Canada which, if unexpended, may be refundable to Aboriginal Affairs and Northern Development Canada. Further, amounts which are overexpensed may be reimbursed by Aboriginal Affairs and Northern Development Canada to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.
- b) Social Housing Mortgages:
The Band is guarantor of various Social Housing mortgages, secured by Ministerial guarantees, totaling \$1,488,063.
- c) Pension Plan:
The Band 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 \$56,899 (2014 - \$64,653).
- d) 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.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A22. COMMITMENTS AND CONTINGENCIES (continued):

- e) Site Restoration:
The Band has contracted Painted Rock Aggregates & Contracting LLP, a partnership controlled by the Band, to operate the gravel pit. In this agreement Painted Rock Aggregates & Contracting LLP is responsible for any site restoration costs. Should Painted Rock Aggregates & Contracting LLP default on the agreement, the Band may be responsible for any site restoration not performed by Painted Rock Aggregates & Contracting LLP. The net present value of such a liability is not determinable at this time.
- f) Lawsuits:
The Band may be subject to lawsuits from time to time. It is the opinion of management that any lawsuits against the Band are not material in the aggregate.
- g) Guarantee:
The Band has provided a guarantee for the bank indebtedness of Skeetchestn Natural Resources LLP. The Band holds 99% of the partnership units in Skeetchestn Natural Resources LLP. At March 31, 2015, the outstanding loan balance was \$15,000. The maximum liability to the Band with respect to these loans is \$510,000.

NOTE A23. RELATED PARTY TRANSACTIONS:

During the year, the Band made purchases of \$98,783 (2014 - \$92,571) from Big Sky Station Ltd. for fuel and supplies and earned \$51,375 (2014 - \$28,161) in rent.

During the year, the Band paid \$24,918 (2014 - \$52,542) for community economic development services to and earned \$12,280 (2014 - \$15,340) for security services from Knucwentwecw Development Corporation.

During the year, the Band made purchases of \$50,315 (2014 - \$20,586) for gravel, \$234,291 (2014 - \$NIL) for management fees, and earned \$61,024 (2014 - \$44,722) in Royalties from Painted Rock Aggregates & Contracting LLP.

During the year, the Band earned \$500,000 (2014 - \$110,000) from Stk'emlupsemc te Secwepemc Nation, a significantly influenced entity, for management and other services.

During the year, the Band earned \$NIL (2014 - \$128,790) from Stk'emlupsemc Enterprises Inc., a significantly influenced entity, in dividends.

During the year, the Band earned \$741,876 (2014 - \$364,671) from Stk'emlupsemc Limited Partnership, a significantly influenced entity, for management and other services.

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.

NOTE A24. ECONOMIC DEPENDENCE:

The Band receives a major portion of its revenue pursuant to a Funding Agreement with Aboriginal Affairs and Northern Development Canada.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A25. FUNDS HELD IN TRUST - MINISTRY OF TRANSPORTATION & 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:

Deadman - Vidette Road No. 1427	\$ 60,804
Deadman - Vidette Road Intersection - District Plan 215-1427-2C	<hr/> <hr/> 5,302
	<hr/> <hr/> <u>\$ 66,106</u>

The funds are to be held in trust until the lands are transferred to the Ministry by passage of a Federal Privy Council Order.

NOTE A26. SEGMENTED INFORMATION:

The Skeetchestn Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, social development, education, public works, housing & capital projects and natural resources. For management reporting purposes the First Nations 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 by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Band Revenue

The Band Revenue department is responsible for administering projects the Band 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.

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

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.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2015

NOTE A26. SEGMENTED INFORMATION (continued):

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.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note A1. For additional information see the Statement of Financial Activities - Segmented (Appendix 2).

NOTE A27. CASH FLOW INFORMATION:

During the year, the Band paid interest on demand loans of \$46,360 (2014 - \$57,025) and received interest of \$53,797 (2014 - \$41,656) from various sources.

NOTE A28. COMPARATIVE FIGURES:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

SKEETCHESTN INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2015

	Band Operations										Social Housing Operations			Totals												
	Buildings		Bridges & Cattle Guards		Water System		Automotive Equipment		Office Equipment		Equipment		Farm Irrigation Equipment		Appraised Property & Equipment		Assets Under Construction		Phase 3-5		Phase 6-9		2015		2014	
	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets	Cost	Accumulated amortization	Net Book Value of Tangible Capital Assets		
Cost																										
Balance, beginning of year	\$ 7,678,079	\$ 614,324	\$ 1,902,076	\$ 1,380,360	\$ 126,603	\$ 385,457	\$ 158,262	\$ 668,708	\$ 164,847	\$ -	\$ 2,116,536	\$ 2,112,523	\$ 17,307,775	\$ 16,957,583												
Add: Additions during the year	44,942	-	-	289,849	50,863	(3,744)	(29,138)	-	-	143,162	-	-	-	528,816	350,192											
Less: Disposals during the year	-	-	-	(315,201)	(3,744)	-	-	-	-	-	-	-	-	(348,083)	-											
Balance, end of year	7,723,021	614,324	1,902,076	1,355,008	173,722	356,319	158,262	668,708	164,847	143,162	2,116,536	2,112,523	17,488,508	17,307,775												
Accumulated amortization																										
Balance, beginning of year	3,184,547	453,850	1,179,150	786,698	97,403	118,170	158,262	668,708	164,847	-	972,675	502,808	8,287,118	7,622,914												
Add: Amortization	274,489	24,574	75,137	119,100	9,640	47,077	-	-	-	-	70,551	70,417	690,985	664,204												
Less: Disposals	-	-	-	(154,113)	(1,854)	(11,181)	-	-	-	-	-	-	-	(167,148)	-											
Balance, end of year	3,459,036	478,424	1,254,287	751,685	105,189	154,066	158,262	668,708	164,847	-	1,043,226	573,225	8,810,955	8,287,118												
Net Book Value of Tangible Capital Assets	\$ 4,263,985	\$ 135,900	\$ 647,789	\$ 603,323	\$ 68,533	\$ 202,253	\$ -	\$ -	\$ -	\$ 143,162	\$ 1,073,310	\$ 1,539,298	\$ 8,677,553	\$ 9,020,657												

SKEETCHESTN INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2015

	Band Revenue	Admini- stration	Social Development	Social Housing	Education	Public Works	Housing & Capital Projects	Natural Resources	Total 2015	Total 2014
REVENUE:										
Aboriginal Affairs and Northern Development Canada	\$ 66,829	\$ 273,795	\$ 505,010	\$ -	\$ 957,911	\$ 202,828	\$ 81,144	\$ 21,384	\$ 2,108,901	\$ 3,303,955
Leases and rentals	629,191	-	-	236,089	-	-	-	-	865,280	838,439
CMHC	-	-	-	118,081	-	-	-	-	118,081	120,790
Province of BC	-	-	54,096	-	141,882	-	-	-	195,978	366,843
Consulting and contract	46,308	73,151	162,002	-	286,654	166	10,641	76,371	655,293	1,377,693
Interest	46,616	-	-	6,778	-	-	403	-	53,797	41,656
Miscellaneous	2,051,114	46,619	55,416	-	47,045	162,969	24,710	810,957	3,198,830	1,443,377
	<u>2,840,058</u>	<u>393,565</u>	<u>776,524</u>	<u>360,948</u>	<u>1,433,492</u>	<u>365,963</u>	<u>116,898</u>	<u>908,712</u>	<u>7,196,160</u>	<u>7,492,753</u>
EXPENSES:										
Administration fees	11,553	(311,305)	43,720	22,143	54,996	35,706	4,650	159,609	21,072	18,728
Amortization	-	-	-	140,968	203,943	346,074	-	-	690,985	664,205
Assistance	-	-	273,685	-	-	-	-	-	273,685	288,989
Automotive	-	-	13,569	-	18,220	75,516	2,831	37,344	147,480	150,811
Bad debts and write downs	10,393	-	-	-	-	-	4,419	110,683	125,495	-
Contract services	21,550	41,059	33,859	-	53,269	66,304	2,236	708,610	926,887	851,041
Education	9,911	-	-	-	342,909	-	-	-	352,820	273,999
Honorarium	-	233,758	1,340	-	-	-	-	734	235,832	252,165
Insurance	-	32,857	-	14,280	14,960	31,520	-	1,864	95,481	119,608
Interest and bank charges	-	6,835	-	-	-	-	-	-	6,835	7,060
Interest on demand loans and long-term debt	6,220	-	-	40,140	-	-	-	-	46,360	57,025
Licences, dues and fees	16,157	-	-	-	2,918	-	-	2,892	21,967	18,525
Materials and supplies	47,690	68,248	41,259	-	205,277	106,832	13,669	94,457	577,432	596,359
Office and other	458,618	62,596	27,311	-	7,727	13,281	-	-	569,533	305,384
Professional fees	1,870	103,351	-	16,400	-	15,217	-	5,822	142,660	97,340
Repairs and maintenance	-	-	1,398	58,864	13,436	-	13,965	-	87,663	71,834
Training	953	-	5,274	-	38,074	-	-	-	44,301	60,048
Travel	-	68,535	32,622	2,221	2,528	1,270	2,529	2,642	112,347	118,138
Utilities	-	25,431	4,272	-	34,617	57,690	-	1,048	123,058	107,855
Wages and benefits	13,745	407,359	203,397	-	558,457	321,346	146,424	330,322	1,981,050	2,197,022
	<u>598,660</u>	<u>738,724</u>	<u>681,706</u>	<u>295,016</u>	<u>1,551,331</u>	<u>1,070,756</u>	<u>190,723</u>	<u>1,456,027</u>	<u>6,582,943</u>	<u>6,256,136</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,241,398	\$ (345,159)	\$ 94,818	\$ 65,932	\$ (117,839)	\$ (704,793)	\$ (73,825)	\$ (547,315)	\$ 613,217	\$ 1,236,617

SKEETCHESTN INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2014

	Band Revenue	Admini- stration	Social Development	Social Housing	Education	Public Works	Housing & Capital Projects	Natural Resources	Total 2014
REVENUE:									
Aboriginal Affairs and Northern Development Canada	\$ 151,580	\$ 376,626	\$ 483,725	\$ -	\$ 962,631	\$ 1,233,025	\$ -	\$ 96,368	\$ 3,303,955
Leases and rentals	604,227	-	-	234,212	-	-	-	-	838,439
CMHC	-	-	-	120,790	-	-	-	-	120,790
Province of BC	-	-	35,796	-	32,095	-	-	298,952	366,843
Consulting and contract	248,269	-	160,883	-	229,747	234,425	13,641	490,728	1,377,693
Interest	35,109	-	-	6,547	-	-	-	-	41,656
Miscellaneous	870,876	51,642	22,956	-	25,928	91,398	56,358	324,219	1,443,377
	<u>1,910,061</u>	<u>428,268</u>	<u>703,360</u>	<u>361,549</u>	<u>1,250,401</u>	<u>1,558,848</u>	<u>69,999</u>	<u>1,210,267</u>	<u>7,492,753</u>
EXPENSES:									
Administration fees	12,824	(245,130)	48,050	22,147	63,171	46,982	5,600	65,084	18,728
Amortization	-	-	-	140,969	208,786	285,596	-	28,854	664,205
Assistance	-	-	288,989	-	-	-	-	-	288,989
Automotive	-	-	5,521	-	8,656	57,596	13,939	65,099	150,811
Contract services	60,204	15,615	8,686	-	54,724	568,697	47,559	95,556	851,041
Education	12,300	-	-	-	261,699	-	-	-	273,999
Honorarium	-	252,165	-	-	-	-	-	-	252,165
Insurance	-	20,086	1,167	17,816	27,721	47,140	-	5,678	119,608
Interest and bank charges	-	7,060	-	-	-	-	-	-	7,060
Interest on demand loans and long-term debt	7,718	-	-	49,307	-	-	-	-	57,025
Licences, dues and fees	15,806	-	-	-	2,275	-	-	444	18,525
Materials and supplies	21,549	54,042	11,579	-	69,684	165,898	163,438	110,169	596,359
Office and other	118,745	137,059	21,975	-	6,829	12,049	-	8,727	305,384
Professional fees	-	79,807	-	7,900	-	-	-	9,633	97,340
Repairs and maintenance	-	-	1,139	57,206	10,276	-	3,213	-	71,834
Training	534	5,399	5,109	-	38,169	6,336	-	4,501	60,048
Travel	-	68,631	30,162	1,659	8,457	1,320	987	6,922	118,138
Utilities	-	27,746	3,296	-	26,670	43,582	-	6,561	107,855
Wages and benefits	3,830	373,726	116,247	-	615,510	283,306	141,674	662,729	2,197,022
	<u>253,510</u>	<u>796,206</u>	<u>541,920</u>	<u>297,004</u>	<u>1,402,627</u>	<u>1,518,502</u>	<u>376,410</u>	<u>1,069,957</u>	<u>6,256,136</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 1,656,551</u>	<u>\$ (367,938)</u>	<u>\$ 161,440</u>	<u>\$ 64,545</u>	<u>\$ (152,226)</u>	<u>\$ 40,346</u>	<u>\$ (306,411)</u>	<u>\$ 140,310</u>	<u>\$ 1,236,617</u>