

**SKEETCHESTN INDIAN BAND**  
**SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2016**

**EXHIBIT**

***SUMMARY FINANCIAL STATEMENTS:***

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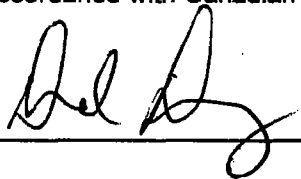
## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 CPA LLP in accordance with Canadian generally accepted auditing standards.

  
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## 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, 2016, 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 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 summary financial statements present fairly, in all material respects, the financial position of SKEETCHESTN INDIAN BAND as at March 31, 2016, 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 58 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

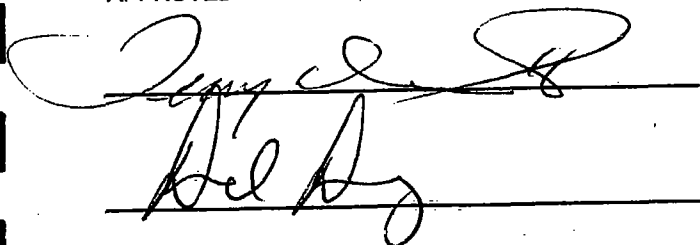
Kamloops, BC  
July 12, 2016

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**March 31, 2016**

<b>FINANCIAL ASSETS</b>	<b>2016</b>	<b>2015</b>
Cash	\$ 2,285,787	\$ 1,231,251
Grants and accounts receivable (Note A4)	1,472,496	322,018
CMHC subsidy accrual	5,124	9,804
Restricted cash (Note A5)	2,273,500	3,060,044
Funds held in trust (Note A6)	4,549,402	4,486,409
Long-term investments (Note A7)	3,251	3,251
Investment in government business enterprises (Note A8)	5,665,061	5,839,475
	<u>16,254,621</u>	<u>14,952,252</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	743,026	312,073
Prepaid rents	6,920	9,016
Security deposits	5,178	11,542
Deferred revenue (Note A9)	22,694	68,239
Reforestation obligation - Woodlot	58,806	58,806
Demand loans (Note A10)	136,615	185,926
Long-term debt (Note A11)	1,490,483	1,484,918
	<u>2,463,722</u>	<u>2,130,520</u>
<b>NET FINANCIAL ASSETS</b>	<u>13,790,899</u>	<u>12,821,732</u>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	35,023	47,151
Tangible capital assets (Note A12)	8,128,613	8,677,553
	<u>8,163,636</u>	<u>8,724,704</u>
<b>ACCUMULATED SURPLUS (Note A13)</b>	<u>\$ 21,954,535</u>	<u>\$ 21,546,436</u>

**COMMITMENTS AND CONTINGENCIES (Note A14)**

**APPROVED ON BEHALF OF COUNCIL:**



**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF ACCUMULATED SURPLUS**  
**For the year ended March 31, 2016**

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	2016	2015
ACCUMULATED SURPLUS, beginning of year	\$ 21,546,436	\$ 20,188,986
EXCESS OF REVENUE OVER EXPENSES (Exhibit A4)	384,412	1,356,679
UNREALIZED GAINS (Exhibit A5)	<u>23,687</u>	<u>771</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 21,954,535</u>	<u>\$ 21,546,436</u>

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See accompanying notes to financial statements.

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF OPERATIONS**  
**Year ended March 31, 2016**

	Budget	2016	2015
<b>REVENUE:</b>			
Indigenous and Northern Affairs Canada	\$ 2,179,544	\$ 2,108,166	\$ 2,108,901
Property taxes and grants in lieu	623,596	1,105,170	629,191
Logging royalties	-	75,000	44,438
Province of British Columbia	36,210	70,222	81,546
Rental income	230,291	199,181	236,089
Cultural Heritage contracts	-	-	34,830
Q'wemtsi'n Health Society	166,078	181,905	147,254
Canada Mortgage and Housing Corporation	676,608	242,233	118,081
First Nations Education Steering Committee	170,047	183,095	188,663
First Nations Health Authority	36,180	43,004	34,254
Fisheries & Oceans Canada	-	-	35,000
Interest	13,976	39,404	53,797
Royalties - Painted Rock Aggregates & Contracting LLP	-	239,694	61,024
Aboriginal Skills and Employment Training Services	15,000	7,500	81,775
Stk'emlupsemc te Secwepemc Nation	97,500	406,228	1,241,875
Stk'emlupsemc Limited Partnership	-	765,680	-
Equity in long-term investments	-	(407,851)	1,086,608
Independent Schools	76,288	67,116	114,432
Western Economic Diversification	-	-	110
Other	475,187	1,971,230	1,641,754
	<u>4,796,505</u>	<u>7,296,977</u>	<u>7,939,622</u>
<b>EXPENSES:</b>			
Band Revenue	1,366,299	328,380	598,660
Administration	915,130	564,052	738,724
Social Development	727,888	772,472	681,706
Social Housing	359,395	185,174	295,016
Education	1,468,380	1,460,594	1,551,331
Public Works	916,865	1,008,990	1,070,756
Housing & Capital Projects	617,169	374,463	190,723
Natural Resources	-	1,174,488	1,456,027
	<u>6,371,126</u>	<u>5,868,613</u>	<u>6,582,943</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES BEFORE OTHER MATTERS</b>	<u>(1,574,621)</u>	<u>1,428,364</u>	<u>1,356,679</u>
<b>OTHER MATTERS</b>			
Mortgage payout on Phases 3, 4 & 5 from Replacement Reserve	-	(320,896)	-
Equity transfer to Band Members on payout of Phases 3, 4 & 5	-	(723,056)	-
	<u>-</u>	<u>(1,043,952)</u>	<u>-</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ (1,574,621)</u>	<u>\$ 384,412</u>	<u>\$ 1,356,679</u>

See accompanying notes to financial statements.

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**For the year ended March 31, 2016**

	2016	2015
ACCUMULATED REMEASUREMENT GAINS, beginning of year	\$ 45,287	\$ 44,516
UNREALIZED GAINS ATTRIBUTED TO:		
Equity in long-term investments - Sk7ain Ventures Ltd.	12,880	771
Equity in long-term investments - Ckukutusem Utility Services LLP	10,807	-
	<u>23,687</u>	<u>771</u>
ACCUMULATED REMEASUREMENT GAINS, end of year	<u>\$ 68,974</u>	<u>\$ 45,287</u>

See accompanying notes to financial statements.

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended March 31, 2016**

	Budget	2016	2015
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ (1,574,621)</b>	<b>\$ 384,412</b>	<b>\$ 1,356,679</b>
Net remeasurement gains for the year	-	23,687	771
Acquisition of tangible capital assets	-	(1,188,851)	(528,816)
Disposal of tangible capital assets	-	8,572	180,935
Mortgage payout on Phases 3, 4 & 5	-	320,896	-
Equity transfer to Band Members on payout of Phases 3, 4 & 5	-	723,056	-
Amortization of tangible capital assets	-	685,267	690,985
Change in prepaid expenses	-	12,128	83,235
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(1,574,621)</b>	<b>969,167</b>	<b>1,783,789</b>
<b>NET FINANCIAL ASSETS, beginning of year</b>	<b>12,821,732</b>	<b>12,821,732</b>	<b>11,037,943</b>
<b>NET FINANCIAL ASSETS, end of year</b>	<b>\$ 11,247,111</b>	<b>\$ 13,790,899</b>	<b>\$ 12,821,732</b>

See accompanying notes to financial statements.



**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**Year ended March 31, 2016**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	\$ 384,412	\$ 1,356,679
Non-cash charges to operations:		
Amortization	685,267	690,985
Gain on disposal of tangible capital assets	(35,528)	-
Funds held in trust	(62,993)	(5,146)
Mortgage payout on Phases 3, 4 & 5	320,896	-
Equity transfer to Band Members on payout of Phases 3, 4 & 5	723,056	-
(Increase) decrease in:		
Grants and accounts receivable	(1,150,478)	677,595
CMHC Subsidy accrual	4,680	73
Prepaid expenses	12,128	83,235
Increase (decrease) in:		
Accounts payable and accruals	430,953	(512,449)
Prepaid rents	(2,096)	778
Security deposits	(6,364)	-
Deferred revenue	(45,545)	45,199
Cash from operations	<u>1,258,388</u>	<u>2,336,949</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Restricted cash	786,544	(886,686)
Proceeds from long-term debt	441,778	-
Repayment of long-term debt and demand loans	(485,524)	(210,240)
Cash from (used in) financing	<u>742,798</u>	<u>(1,096,926)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Long-term investments	174,414	(1,462,467)
Net remeasurement gains for the year	23,687	771
Cash from (used in) investing	<u>198,101</u>	<u>(1,461,696)</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Purchase of tangible capital assets	(1,188,851)	(528,816)
Proceeds on disposal of tangible capital assets	44,100	180,935
Cash used in capital	<u>(1,144,751)</u>	<u>(347,881)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>1,054,536</b>	<b>(569,554)</b>
<b>CASH, beginning of year</b>	<b><u>1,231,251</u></b>	<b><u>1,800,805</u></b>
<b>CASH, end of year</b>	<b>\$ 2,285,787</b>	<b>\$ 1,231,251</b>

See accompanying notes to financial statements.

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2016**

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**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, 2016**

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**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 Indigenous and Northern Affairs Canada (INAC) 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 INAC and any deficits incurred are refundable by INAC. 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 INAC 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, 2016**

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**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. ADOPTION OF NEW ACCOUNTING POLICY:**

On April 1, 2014, the Band adopted PS 3260 Liability for Contaminated Sites. The Standard was applied on a retroactive basis to April 1, 2014 and did not result in any adjustments to financial liabilities, tangible capital assets or accumulated surplus of the Band.

**NOTE A3. 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, 2016**

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE:	2016	2015
<u>Band Operations:</u>		
Grants Receivable	\$ 277,811	\$ 142,427
Other Accounts Receivable	1,184,101	145,327
Band Members	10,584	34,058
	<u>1,472,496</u>	<u>321,812</u>
Social Housing Operations 3 - 5	-	206
	<u>\$ 1,472,496</u>	<u>\$ 322,018</u>

NOTE A5. RESTRICTED CASH:	2016	2015
Ottawa trust funds	\$ 685,214	\$ 652,292
Replacement reserve	197,238	747,626
Operating reserve	95,147	92,068
Internally restricted cash	1,295,901	1,568,016
Subsidy surplus reserve	-	42
	<u>\$ 2,273,500</u>	<u>\$ 3,060,044</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 \$33,024 (2015 - \$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.

	2016	2015
Balance, beginning of year	\$ 732,191	\$ 691,466
Allocation for the year	33,024	48,048
Adjustment per CMHC	-	1,992
Expenses for the year	(69,167)	(14,354)
Payout of Phase 3, 4 & 5 mortgages	(320,896)	-
Maturing unit adjustment	(198,729)	-
Interest earned	2,996	5,039
Balance, end of year	<u>\$ 179,419</u>	<u>\$ 732,191</u>
The Replacement Reserve is represented by:		
Cash	<u>\$ 197,238</u>	<u>\$ 747,626</u>

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2016**

**NOTE A5. 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.

	2016	2015
Balance, beginning of year	\$ 94,674	\$ 91,399
Adjustment per CMHC	(93)	-
Current year surplus	9,053	2,663
Interest	426	612
	<u>\$ 104,060</u>	<u>\$ 94,674</u>
Balance, end of year		
The Operating Reserve is represented by:		
Cash	<u>\$ 95,147</u>	<u>\$ 92,068</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.

	2016	2015
Capital Reserve Fund (Schedule 2)	\$ 105,812	\$ 104,944
Stabilization Reserve Fund (Schedule 2)	97,491	96,612
Per Capita Distribution Reserve Funds (Schedule 2)	24,998	26,767
Net Smelter Royalties Reserve Fund (Schedule 6)	308,105	560,108
Economic & Community Development Agreement Fund (Schedule 7)	596,970	618,241
Six Mile Settlement Reserve Fund (Schedule 9)	162,525	161,344
	<u>\$ 1,295,901</u>	<u>\$ 1,568,016</u>

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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**NOTE A5. 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.

	2016	2015
Balance, beginning of year	\$ -	\$ -
Adjustment per CMHC	-	36
Interest earned	-	41
Transfer to operations	-	(77)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>
The Subsidy Surplus Reserve is represented by:		
Cash	<u>\$ -</u>	<u>\$ 42</u>

**NOTE A6. 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 2016	Fair Market Value 2015
Common stock & equivalents	\$ 3,511,846	\$ 444,489	\$ 3,956,335	\$ 4,331,206
Fixed income securities	926,065	10,492	936,557	874,984
Cash & equivalents	111,481	-	111,481	55,529
Other	10	-	10	10
	<u>\$ 4,549,402</u>	<u>\$ 454,981</u>	<u>\$ 5,004,383</u>	<u>\$ 5,261,729</u>

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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**NOTE A6. FUNDS HELD IN TRUST (continued):**

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

	2016	2015
<b>REVENUE:</b>		
Interest	\$ 39,288	\$ 33,156
Dividends	179,470	210,446
Capital gains	54,381	74,498
	<u>273,139</u>	<u>318,100</u>
<b>EXPENSES:</b>		
Management fees	66,816	66,110
Distributions (Schedule 3)	143,330	246,844
	<u>210,146</u>	<u>312,954</u>
<b>NET INCOME</b>	62,993	5,146
<b>OPENING BALANCE, at cost</b>	<u>4,486,409</u>	<u>4,481,263</u>
<b>ENDING BALANCE, at cost</b>	4,549,402	4,486,409
<b>UNREALIZED GAIN</b>	<u>454,981</u>	<u>775,320</u>
<b>ENDING BALANCE, at fair market value</b>	<u>\$ 5,004,383</u>	<u>\$ 5,261,729</u>

**NOTE A7. LONG-TERM INVESTMENTS:**

	2016	2015
All Nations Trust Company, at cost:		
3,750 Common shares, par value \$1.00	<u>\$ 3,251</u>	<u>\$ 3,251</u>

**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES:**

	2016	2015
Stk'emlupsemc te Secwepemc Nation	\$ 894,806	\$ 985,926
Stk'emlupsemc Enterprises Inc.	(38,906)	(67,828)
Stk'emlupsemc Limited Partnership	196,141	348,341
Skeetchestn Holdings Limited Liability Partnership	444,694	567,208
Painted Rock Aggregates & Contracting LLP	(262,591)	(58,745)
Knucwentwecw Development Corporation	2,359,418	2,479,829
Big Sky Station Ltd.	804,554	786,305
Secwepemc Reconciliation Framework Agreement	85,316	50,733
Skeetchestn Natural Resources LLP	1,182,267	747,706
Skeetchestn Natural Resources Corporation	(638)	-
	<u>\$ 5,665,061</u>	<u>\$ 5,839,475</u>

**INVESTMENT IN STK'EMLUPSEMC TE SECWEPEMC NATION:**

	2016	2015
Interest:		
50%	\$ 1	\$ 1
Accumulated equity	<u>894,805</u>	<u>985,925</u>
	<u>\$ 894,806</u>	<u>\$ 985,926</u>



**SKEETCHESTN INDIAN BAND**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

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

	Total	Band's Share 2016	Band's Share 2015
Cash	\$ 2,473,490	\$ 1,236,745	\$ 703,215
Other Assets	107,125	53,561	15,561
Due from related party	385,024	192,512	298,373
	<u>2,965,639</u>	<u>1,482,818</u>	<u>1,017,149</u>
Liabilities	<u>1,766,331</u>	<u>883,166</u>	<u>31,224</u>
Equity	<u>\$ 1,199,308</u>	<u>\$ 599,652</u>	<u>\$ 985,925</u>
Revenues	\$ 3,327,592	\$ 1,663,796	\$ 1,040,743
Expenses	<u>3,509,832</u>	<u>1,754,916</u>	<u>1,095,475</u>
Net loss	<u>\$ (182,240)</u>	<u>\$ (91,120)</u>	<u>\$ (54,732)</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.

**INVESTMENT IN STK'EMLUPSEMC ENTERPRISES INC.:**

	2016	2015
Shares:		
Common - 50%	\$ 10	\$ 10
Accumulated deficit	<u>(38,916)</u>	<u>(67,838)</u>
	<u>\$ (38,906)</u>	<u>\$ (67,828)</u>

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

	Total	Band's Share 2016	Band's Share 2015
Cash	\$ 266,183	\$ 133,092	\$ 198,947
Other Assets	55,121	27,561	54,039
Due from related parties	44,446	22,223	14,479
	<u>365,750</u>	<u>182,876</u>	<u>267,465</u>
Accounts Payable	60,218	30,110	37,760
Due to related parties	383,344	191,672	297,533
	<u>443,562</u>	<u>221,782</u>	<u>335,293</u>
Equity	<u>\$ (77,812)</u>	<u>\$ (38,906)</u>	<u>\$ (67,828)</u>
Revenues	\$ 1,406,386	\$ 703,193	\$ 520,962
Expenses	<u>1,273,542</u>	<u>636,771</u>	<u>460,814</u>
Net income	<u>\$ 132,844</u>	<u>\$ 66,422</u>	<u>\$ 60,148</u>
Dividends	<u>\$ 75,000</u>	<u>\$ 37,500</u>	<u>\$ -</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**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

**INVESTMENT IN STK'EMLUPSEMC LIMITED PARTNERSHIP:**

	2016	2015
Interest:		
Units - 49.99%	\$ -	\$ -
Partnership interest:		
Opening balance	348,341	5,195
Net income allocation	622,479	1,088,022
Contributions (drawings)	(774,679)	(744,876)
Balance, end of year	<u>196,141</u>	<u>348,341</u>
	<u>\$ 196,141</u>	<u>\$ 348,341</u>

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

	Total	Band's Share 2016	Band's Share 2015
Cash	\$ 572,947	\$ 286,473	\$ 506,979
Other Assets	<u>1,245,270</u>	<u>622,635</u>	<u>58,816</u>
	<u>1,818,217</u>	<u>909,108</u>	<u>565,795</u>
Accounts Payable	106,850	53,425	24,954
Due to related parties	39,144	19,572	-
Deferred KGHM Capacity Funding	<u>1,292,032</u>	<u>646,016</u>	<u>192,500</u>
	<u>1,438,026</u>	<u>719,013</u>	<u>217,454</u>
Equity	<u>\$ 380,191</u>	<u>\$ 190,095</u>	<u>\$ 348,341</u>
Revenues	\$ 2,117,528	\$ 1,058,552	\$ 1,470,148
Expenses	<u>884,204</u>	<u>442,014</u>	<u>424,878</u>
Net income	<u>\$ 1,233,324</u>	<u>\$ 616,538</u>	<u>\$ 1,045,270</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.

**INVESTMENT IN SKEETCHESTN HOLDINGS LIMITED LIABILITY PARTNERSHIP:**

	2016	2015
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	<u>60,643</u>	<u>63,326</u>
	<u>70,543</u>	<u>73,226</u>
Accumulated equity	<u>374,151</u>	<u>493,982</u>
	<u>\$ 444,694</u>	<u>\$ 567,208</u>

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

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

	2016	2015
Current Assets	\$ 31,995	\$ 13,864
Property and Equipment	1,120,921	1,352,757
Due from Related Parties	<u>427,556</u>	<u>138,926</u>
	<u>1,580,472</u>	<u>1,505,547</u>
Current Liabilities	336,363	427,758
Obligation Under Capital Lease	794,874	64,972
Due to Partners	<u>61,305</u>	<u>503,846</u>
	<u>1,192,542</u>	<u>996,576</u>
Equity	<u>\$ 387,930</u>	<u>\$ 508,971</u>
Revenues	\$ 213,633	\$ 363,480
Expenses	<u>334,674</u>	<u>310,840</u>
Net income (loss)	<u>\$ (121,041)</u>	<u>\$ 52,640</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.

**INVESTMENT IN PAINTED ROCK AGGREGATES & CONTRACTING LLP:**

	2016	2015
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	<u>169,302</u>	<u>(65,000)</u>
	179,202	(55,100)
Accumulated deficit	<u>(441,793)</u>	<u>(3,645)</u>
	<u>\$ (262,591)</u>	<u>\$ (58,745)</u>

**SKEETCHESTN INDIAN BAND**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

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

	2016	2015
Cash	\$ 3,160	\$ -
Accounts Receivable	152,211	112,154
Inventory	289,085	318,357
Other Assets	20,272	105,320
Property and equipment	<u>531,014</u>	<u>-</u>
	<u>995,742</u>	<u>535,831</u>
Accounts Payable	187,991	146,155
Other Current Liabilities	127,241	72,936
Due to Related Parties	492,888	270,422
Due to Partners	169,302	-
Debt and Capital Lease Obligations	394,576	-
Reclamation Cost Obligations	<u>60,000</u>	<u>40,000</u>
	<u>1,431,998</u>	<u>529,513</u>
Equity (Deficiency)	<u>\$ (436,256)</u>	<u>\$ 6,318</u>
Revenues	\$ 1,920,863	\$ 1,308,721
Expenses	<u>2,363,437</u>	<u>1,489,318</u>
Net Loss	<u>\$ (442,574)</u>	<u>\$ (180,597)</u>

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.

**INVESTMENT IN KNUCWENTWECW DEVELOPMENT CORPORATION:**

	2016	2015
Shares:		
Common - 100%	\$ 100,001	\$ 100,001
Advances	<u>1,426,926</u>	<u>1,568,668</u>
	<u>1,526,927</u>	<u>1,668,669</u>
Accumulated equity	<u>832,491</u>	<u>811,160</u>
	<u>\$ 2,359,418</u>	<u>\$ 2,479,829</u>

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

Consolidated financial information for Knucwentwecw Development Corporation is as follows:

	2016	2015
Cash	\$ 225,501	\$ 278,976
Accounts Receivable	51,085	47,696
Inventory	117,344	76,499
Due from Related Parties	117,812	571,354
Investment in Jointly Controlled Entities	268,690	255,809
Property and Equipment	2,888,402	2,564,474
Other Assets	60,380	39,928
	<u>3,729,214</u>	<u>3,834,736</u>
Current Liabilities	54,971	54,458
Demand Loans	343,565	375,717
Due to Related Parties	1,480,976	1,572,029
Deferred Revenue	111,981	135,962
	<u>1,991,493</u>	<u>2,138,166</u>
Equity	<u>\$ 1,737,721</u>	<u>\$ 1,696,570</u>
Revenues	\$ 4,867,155	\$ 5,493,088
Expenses	<u>4,826,004</u>	<u>5,455,790</u>
Net income	<u>\$ 41,151</u>	<u>\$ 37,298</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.

**INVESTMENT IN BIG SKY STATION LTD.:**

	2016	2015
Shares:		
Preferred shares - 100%	\$ 179,695	\$ 179,695
Advances	<u>(772)</u>	<u>799</u>
	178,923	180,494
Accumulated equity	<u>625,631</u>	<u>605,811</u>
	<u>\$ 804,554</u>	<u>\$ 786,305</u>

**SKEETCHSTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

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

	2016	2015
Cash	\$ 221,355	\$ 245,393
Accounts Receivable	14,576	22,855
Inventory	117,344	76,499
Other Current Assets	76,458	51,303
Property and Equipment	<u>529,509</u>	<u>571,458</u>
	<u>959,242</u>	<u>967,508</u>
Current Liabilities	41,816	45,921
Deferred Revenue	<u>111,981</u>	<u>135,962</u>
	<u>153,797</u>	<u>181,883</u>
Equity	<u>\$ 805,445</u>	<u>\$ 785,625</u>
Revenues	\$ 4,774,605	\$ 5,333,448
Expenses	<u>4,754,785</u>	<u>5,296,921</u>
Net income	<u>\$ 19,820</u>	<u>\$ 36,527</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.

**INVESTMENT IN SECWEPENC RECONCILIATION FRAMEWORK AGREEMENT:**

	2016	2015
Accumulated equity	<u>\$ 85,316</u>	<u>\$ 50,733</u>

Financial information for Secwepenc Reconciliation Framework Agreement is as follows:

	Total	Band's share 2016	Band's share 2015
Cash	\$ 237,264	\$ 47,453	\$ 49,806
Prepaid expenses	4,894	979	-
Equipment	11,245	2,249	6,393
Intangible asset	<u>220,415</u>	<u>44,083</u>	<u>-</u>
	<u>473,818</u>	<u>94,764</u>	<u>56,199</u>
Current Liabilities	47,236	9,448	5,466
	<u>47,236</u>	<u>9,448</u>	<u>5,466</u>
Equity	<u>\$ 426,582</u>	<u>\$ 85,316</u>	<u>\$ 50,733</u>
Revenues	\$ 707,975	\$ 141,595	\$ 183,844
Expenses	<u>535,060</u>	<u>107,012</u>	<u>133,111</u>
Net income	<u>\$ 172,915</u>	<u>\$ 34,583</u>	<u>\$ 50,733</u>

Secwepenc 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 Splatshin.

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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**NOTE A8. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):**

**INVESTMENT IN SKEETCHESTN NATURAL RESOURCES LLP:**

	2016	2015
Partnership units - 99.9%	\$ 999	\$ 999
Equipment loan	124,496	154,496
Advances	2,193	(149,251)
	<u>127,688</u>	<u>6,244</u>
Accumulated equity	1,054,579	741,462
	<u>\$ 1,182,267</u>	<u>\$ 747,706</u>

Financial information for Skeetchestn Natural Resources LLP is as follows:

	2016	2015
Cash	\$ 592,908	\$ -
Accounts Receivable	394,257	760,882
Other Current Assets	41,643	18,563
Equipment	275,144	188,106
	<u>1,303,952</u>	<u>967,551</u>
Current Liabilities	119,317	223,945
Due to related parties	128,002	402
	<u>247,319</u>	<u>224,347</u>
Equity	<u>\$ 1,056,633</u>	<u>\$ 743,204</u>
Revenues	\$ 1,897,729	\$ 1,789,582
Expenses	1,584,299	1,047,378
Net income	<u>\$ 313,430</u>	<u>\$ 742,204</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.

**INVESTMENT IN SKEETCHESTN NATURAL RESOURCES CORPORATION:**

	2016	2015
Shares - 100%	\$ 1	\$ 1
Advances	(1)	(1)
	<u>-</u>	<u>-</u>
Accumulated equity (deficit)	(638)	-
	<u>\$ (638)</u>	<u>\$ -</u>

Financial information for Skeetchestn Natural Resources Corporation is as follows:

Long-term investments	\$ 16,864	\$ 5,743
Current liabilities	17,501	6,000
Equity (deficit)	<u>\$ (637)</u>	<u>\$ (257)</u>
Revenues	\$ 11,120	\$ 743
Expenses	11,500	1,000
Net loss	<u>\$ (380)</u>	<u>\$ (257)</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**  
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**NOTE A9. DEFERRED REVENUE:** **2016** **2015**

Amounts deferred are summarized below:

BC Association of Aboriginal Friendship Centres	\$ 22,694	\$ -
Q'wemtsi'n Health Society	-	14,172
Ministry of Education - Special Education Grant	-	20,130
New Relationship Trust	-	16,849
New Horizons for Seniors	-	17,088
	<u>\$ 22,694</u>	<u>\$ 68,239</u>

BC Association of Aboriginal Friendship Centres fund was unexpended as of March 31, 2016, as it is primarily for a program that will run to March 31, 2017.

**NOTE A10. DEMAND LOANS:** **2016** **2015**

Ron Craig Ranch:

Royal Bank of Canada, demand loan, repayable in monthly installments of \$4,559 including interest at 2.63%, secured by a general security agreement covering all the assets of the Band, due November 2016

<u>\$ 136,615</u>	<u>\$ 185,926</u>
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Principal repayments due in the ensuing year is approximately as follows:

2016	\$ 136,615
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**NOTE A11. LONG-TERM DEBT:** **2016** **2015**

Social Housing Phase 3 - 5:

Royal Bank of Canada, repaid during the year	\$ -	\$ 157,593
Royal Bank of Canada, repaid during the year	-	176,775
Royal Bank of Canada, repaid during the year	-	36,724
	<u>-</u>	<u>371,092</u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
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<b>NOTE A11. LONG-TERM DEBT (continued):</b>	<b>2016</b>	<b>2015</b>
<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 \$366,068, due September 2019	<b>175,202</b>	194,921
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 \$192,203, due June 2016	<b>112,226</b>	121,731
All Nations Trust Company, 1-Unit, mortgage, repayable in monthly installments of \$381 including interest at 1.39% per annum, secured by houses with a carrying value of \$76,494, due June 2020	<b>58,722</b>	62,349
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 \$834,115, due September 2018	<b>702,555</b>	734,825
All Nations Trust Company, 3-Unit, construction advance, repayable in monthly interest only payments at 3.11% per annum, secured by houses under construction with a carrying value of \$616,590, due on demand	<b>441,778</b>	-
	<b>1,490,483</b>	1,113,826
	<b>\$ 1,490,483</b>	<b>\$ 1,484,918</b>

The Social Housing mortgages are guaranteed by Indigenous and Northern Affairs Canada.

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

2017	\$ 610,853
2018	58,053
2019	660,485
2020	117,791
2021	43,301
	<b>\$ 1,490,483</b>

<b>NOTE A12. TANGIBLE CAPITAL ASSETS:</b>	<b>2016</b>	<b>2015</b>
Tangible capital assets consist of the following:		
Buildings	<b>\$ 4,142,600</b>	\$ 4,263,985
Bridges and cattle guards	<b>111,497</b>	135,900
Water system	<b>668,506</b>	647,789
Automotive equipment	<b>873,288</b>	603,323
Office equipment	<b>67,329</b>	68,533
Equipment	<b>179,922</b>	202,253
Assets under construction	<b>616,590</b>	143,162
Social housing operations phase 3 - 5	-	1,073,310
Social housing operations phase 6 - 9	<b>1,468,881</b>	1,539,298
	<b>\$ 8,128,613</b>	<b>\$ 8,677,553</b>

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

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2016**

<b>NOTE A13. ACCUMULATED SURPLUS:</b>	<b>2016</b>	<b>2015</b>
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 5,599,404</u>	<u>\$ 3,854,471</u>
Invested in tangible capital assets	<u>6,501,515</u>	<u>7,006,709</u>
Investments in controlled entities	<u>4,266,547</u>	<u>4,674,403</u>
Funded Reserves:		
Replacement Reserve Fund (Note A5)	179,419	732,191
Operating Reserve Fund (Note A5)	104,060	94,674
Ottawa Trust Funds (Note A5)	<u>685,214</u>	<u>652,292</u>
	<u>968,693</u>	<u>1,479,157</u>
Committed Reserves:		
Funds held in trust	<u>4,549,402</u>	<u>4,486,409</u>
	<u>21,885,561</u>	<u>21,501,149</u>
Accumulated remeasurement gains	<u>68,974</u>	<u>45,287</u>
	<u><u>\$ 21,954,535</u></u>	<u><u>\$ 21,546,436</u></u>

**NOTE A14. 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, 2016, are as follows:

2017	\$ 14,899
2018	9,957
2019	<u>744</u>
	<u><u>\$ 25,600</u></u>

**Contingencies:**

**a) Funding agreement:**

The Band receives a portion of its funding under a contribution authority with Indigenous and Northern Affairs Canada which, if unexpended, may be refundable to Indigenous and Northern Affairs Canada. Further, amounts which are overexpended may be reimbursed by Indigenous and Northern Affairs 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 \$1,490,460.

**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 \$57,429 (2015 - \$56,899).

**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, 2016**

**NOTE A14. 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, 2016, the outstanding loan balance was \$nil. The maximum liability to the Band with respect to these loans is \$510,000.

**NOTE A15. RELATED PARTY TRANSACTIONS:**

During the year, the Band made purchases of \$41,938 (2015 - \$98,783) from Big Sky Station Ltd. for fuel and supplies and earned \$34,250 (2015 - \$51,375) in rent.

During the year, the Band paid \$24,740 (2015 - \$24,918) for community economic development services to and earned \$Nil (2015 - \$12,280) for security services from Knucwentweew Development Corporation.

During the year, the Band made purchases of \$Nil (2015 - \$50,315) for gravel, \$Nil (2015 - \$234,291) for management fees, and earned \$239,694 (2015 - \$61,024) in royalties and \$20,050 (2015 - \$Nil) in lease income from Painted Rock Aggregates & Contracting LLP.

During the year, the Band earned \$406,228 (2015 - \$500,000) from Stk'emlupsemc te Secwepemc Nation, a significantly influenced entity, for management and other services.

During the year, the Band earned \$37,500 (2015 - \$Nil) from Stk'emlupsemc Enterprises Inc., a significantly influenced entity, in dividends.

During the year, the Band earned \$693,180 (2015 - \$741,876) for management and other services from Stk'emlupsemc Limited Partnership, a significantly influenced entity.

During the year, the Band earned \$75,000 (2015 - \$44,438) for royalties, \$Nil (2015 - \$180,934) in equipment sales, and paid \$897,061 (2015 - \$686,193) in contract services to Skeetchestn Natural Resources Limited Liability Partnership.

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 A16. ECONOMIC DEPENDENCE:**

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

**NOTE A17. 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	\$ 61,471
Deadman - Vidette Road Intersection - District Plan 215-1427-20	<u>5,302</u>
	<u>\$ 66,773</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.

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2016**

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**NOTE A18. 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.

**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).

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2016**

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**NOTE A20. CASH FLOW INFORMATION:**

During the year, the Band paid interest on demand loans of \$34,318 (2015 - \$46,360) and received interest of \$39,405 (2015 - \$53,797) from various sources.

**NOTE A21. 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, 2016

	Band Operations										Social Housing Operations		Totals	
	Buildings	Bridges & Cattle Guards	Water System	Automotive Equipment	Office Equipment	Equipment	Farm Irrigation Equipment	Appraised Property & Equipment	Roads	Assets Under Construction	Phase 3-5	Phase 6-9	2015	2015
<b>Cost</b>														
Balance, beginning of year	\$ 7,723,021	\$ 614,324	\$ 1,902,076	\$ 1,355,008	\$ 173,722	\$ 356,319	\$ 158,262	\$ 668,708	\$ 164,847	\$ 143,182	\$ 2,116,536	\$ 2,112,523	\$ 17,488,668	\$ 17,307,775
Add: Additions during the year	130,590	-	97,530	472,980	14,323	-	-	-	-	473,428	-	-	1,188,851	528,816
Less: Disposals during the year	-	-	-	(207,096)	-	-	-	-	-	-	(2,058,644)	-	(2,268,740)	(348,083)
Transfers	57,882	-	-	-	-	-	-	-	-	-	(57,882)	-	-	-
Balance, end of year	<u>7,911,503</u>	<u>614,324</u>	<u>1,999,606</u>	<u>1,620,892</u>	<u>188,045</u>	<u>356,319</u>	<u>158,262</u>	<u>668,708</u>	<u>164,847</u>	<u>616,590</u>	<u>-</u>	<u>2,112,523</u>	<u>16,411,615</u>	<u>17,488,508</u>
<b>Accumulated amortization</b>														
Balance, beginning of year	3,459,036	478,424	1,254,267	751,885	105,189	154,086	158,262	668,708	164,847	-	1,043,226	573,225	8,810,985	8,267,118
Add: Amortization	261,333	24,403	76,813	194,443	15,527	22,331	-	-	-	-	-	70,417	685,287	690,985
Less: Disposals	-	-	-	(198,524)	-	-	-	-	-	-	(1,014,692)	-	(1,213,218)	(167,148)
Transfers	28,534	-	-	-	-	-	-	-	-	-	(28,534)	-	-	-
Balance, end of year	<u>3,768,903</u>	<u>502,827</u>	<u>1,331,109</u>	<u>747,804</u>	<u>120,716</u>	<u>176,397</u>	<u>158,262</u>	<u>668,708</u>	<u>164,847</u>	<u>-</u>	<u>-</u>	<u>643,642</u>	<u>8,283,066</u>	<u>8,810,955</u>
<b>Net Book Value of Tangible Capital Assets</b>	<u>\$ 4,142,600</u>	<u>\$ 111,497</u>	<u>\$ 668,506</u>	<u>\$ 873,288</u>	<u>\$ 67,329</u>	<u>\$ 179,922</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 616,590</u>	<u>\$ -</u>	<u>\$ 1,468,881</u>	<u>\$ 8,128,613</u>	<u>\$ 8,677,553</u>

See accompanying notes to financial statements.

**SKEETCHESTN INDIAN BAND**  
**STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED**  
Year ended March 31, 2016

	Band Revenue	Admini- stration	Social Development	Social Housing	Education	Public Works	Housing & Capital Projects	Natural Resources	Total 2016	Total 2015
<b>REVENUE:</b>										
Indigenous and Northern Affairs Canada	\$ 89,128	\$ 339,777	\$ 459,688	\$ -	\$ 981,627	\$ 177,385	\$ 59,419	\$ 21,142	\$ 2,108,166	\$ 2,108,901
Leases and rentals	1,105,170	-	-	171,204	-	20,050	7,927	-	1,304,361	885,280
CMHC	-	-	-	89,414	-	-	152,819	-	242,233	118,081
Province of BC	-	-	36,072	-	101,288	-	-	-	137,338	195,978
Consulting and contract	123,130	16,849	206,545	-	99,851	-	21,148	-	467,323	655,293
Interest	27,647	7,374	-	4,313	-	-	70	-	39,404	53,797
Miscellaneous	1,298,388	151,013	52,311	2,448	211,315	100,970	25,075	1,156,846	2,998,182	3,942,292
	<u>2,643,481</u>	<u>515,013</u>	<u>754,616</u>	<u>267,377</u>	<u>1,373,859</u>	<u>298,405</u>	<u>268,458</u>	<u>1,177,788</u>	<u>7,298,977</u>	<u>7,939,622</u>
<b>EXPENSES:</b>										
Administration fees	13,131	(235,500)	73,223	16,142	63,584	20,882	-	47,106	(1,752)	25,583
Amortization	-	-	-	70,417	194,257	420,593	-	-	685,267	690,985
Assistance	-	-	285,087	-	-	-	-	-	285,087	273,885
Automotive	-	-	4,952	-	21,398	46,422	7,323	-	80,095	147,480
Bad debts and write downs (recovery)	(93,734)	-	-	-	-	-	(1,872)	-	(95,606)	125,495
Contract services	264,291	106,876	29,319	-	8,456	15,959	74,095	1,123,352	1,622,348	922,396
Education	8,324	-	-	-	357,362	-	-	-	365,686	352,820
Honorarium	-	244,881	3,146	-	32,200	1,515	-	-	281,742	235,832
Insurance	-	14,919	-	17,487	19,499	34,524	-	-	86,429	95,481
Interest and bank charges	-	7,152	-	-	-	-	-	-	7,152	6,835
Interest on demand loans and long-term debt	4,561	-	-	29,757	-	-	-	-	34,318	46,360
Licences, dues and fees	15,926	-	-	-	3,845	-	-	-	19,771	21,967
Materials and supplies	36,100	76,519	38,533	-	129,354	74,116	139,011	4,030	497,663	577,432
Office and other (recovery)	(118,452)	69,702	29,552	-	1,259	14,293	-	-	(3,646)	589,533
Professional fees (recovery)	189,361	(220,842)	-	16,550	-	7,838	4,000	-	(3,095)	142,660
Repairs and maintenance	-	-	927	31,743	16,391	-	6,345	-	55,408	87,663
Training	-	-	5,001	-	1,467	-	-	-	6,468	44,301
Travel	1,380	66,905	41,103	3,078	2,780	1,846	1,536	-	118,628	112,347
Utilities	-	27,124	4,450	-	27,030	110,371	-	-	168,976	123,058
Wages and benefits	7,492	406,316	257,179	-	581,732	260,933	144,025	-	1,657,677	1,981,050
	<u>328,380</u>	<u>564,052</u>	<u>772,472</u>	<u>185,174</u>	<u>1,480,594</u>	<u>1,008,990</u>	<u>374,463</u>	<u>1,174,488</u>	<u>5,868,613</u>	<u>6,582,943</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<u>\$ 2,315,081</u>	<u>\$ (49,039)</u>	<u>\$ (17,856)</u>	<u>\$ 82,203</u>	<u>\$ (86,735)</u>	<u>\$ (710,585)</u>	<u>\$ (108,005)</u>	<u>\$ 3,300</u>	<u>\$ 1,428,364</u>	<u>\$ 1,356,679</u>

**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
<b>REVENUE:</b>									
Indigenous and Northern Affairs Canada	\$ 66,829	\$ 273,795	\$ 505,010	\$ -	\$ 957,911	\$ 202,828	\$ 81,144	\$ 21,384	\$ 2,108,901
Leases and rentals	629,191	-	-	236,089	-	-	-	-	865,280
CMHC	-	-	-	118,081	-	-	-	-	118,081
Province of BC	-	-	54,096	-	141,882	-	-	-	195,978
Consulting and contract	46,308	73,151	162,002	-	286,654	166	10,841	76,371	655,293
Interest	46,616	-	-	6,778	-	-	403	-	53,797
Miscellaneous	2,794,576	46,619	55,416	-	47,045	162,969	24,710	810,957	3,942,292
	<u>3,583,520</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>7,939,622</u>
<b>EXPENSES:</b>									
Administration fees	11,553	(311,305)	43,720	22,143	54,996	40,197	4,650	159,609	25,563
Amortization	-	-	-	140,968	203,943	346,074	-	-	690,985
Assistance	-	-	273,685	-	-	-	-	-	273,685
Automotive	-	-	13,569	-	18,220	75,516	2,831	37,344	147,480
Bad debts and write downs	10,393	-	-	-	-	-	4,419	110,683	125,495
Contract services	21,550	41,059	33,859	-	53,269	61,813	2,236	708,610	922,396
Education	9,911	-	-	-	342,909	-	-	-	352,820
Honorarium	-	233,758	1,340	-	-	-	-	734	235,832
Insurance	-	32,857	-	14,280	14,960	31,520	-	1,864	95,481
Interest and bank charges	-	6,835	-	-	-	-	-	-	6,835
Interest on demand loans and long-term debt	6,220	-	-	40,140	-	-	-	-	46,360
Licences, dues and fees	16,157	-	-	-	2,918	-	-	2,892	21,967
Materials and supplies	47,690	68,248	41,259	-	205,277	106,832	13,669	94,457	577,432
Office and other	458,618	62,596	27,311	-	7,727	13,281	-	-	569,533
Professional fees	1,870	103,351	-	16,400	-	15,217	-	5,822	142,660
Repairs and maintenance	-	-	1,398	58,864	13,436	-	13,965	-	87,663
Training	953	-	5,274	-	38,074	-	-	-	44,301
Travel	-	68,635	32,622	2,221	2,528	1,270	2,529	2,642	112,347
Utilities	-	25,431	4,272	-	34,617	57,690	-	1,048	123,058
Wages and benefits	13,745	407,359	203,397	-	558,457	321,346	146,424	330,322	1,981,080
	<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>6,682,943</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>									
	<u>\$ 2,984,860</u>	<u>\$ (345,159)</u>	<u>\$ 94,818</u>	<u>\$ 65,932</u>	<u>\$ (117,839)</u>	<u>\$ (704,793)</u>	<u>\$ (73,825)</u>	<u>\$ (547,315)</u>	<u>\$ 1,366,679</u>

See accompanying notes to financial statements.