

SKEETCHESTN INDIAN BAND
SUMMARY FINANCIAL STATEMENTS
March 31, 2018

EXHIBIT

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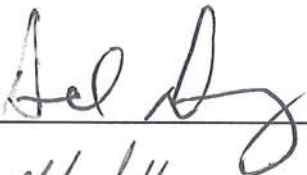

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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, 2018, 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, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other 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 23, 2018

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2018

FINANCIAL ASSETS	2018	2017
Cash	\$ 4,564,051	\$ 3,243,739
Grants and accounts receivable (Note A3)	838,728	498,580
CMHC subsidy accrual	6,417	6,417
Restricted cash (Note A4)	4,565,228	3,867,282
Funds held in trust (Note A5)	4,743,072	4,708,866
Long-term investments (Note A6)	3,251	3,251
Investment in government business enterprises (Note A7)	7,984,746	6,231,239
	<u>22,705,493</u>	<u>18,559,374</u>
LIABILITIES		
Accounts payable and accruals	1,086,977	1,117,349
Prepaid rents	5,692	5,001
Security deposits	5,178	5,418
Deferred revenue (Note A8)	867,629	604,259
Long-term debt (Note A9)	1,336,632	1,421,411
	<u>3,302,108</u>	<u>3,153,438</u>
NET FINANCIAL ASSETS	<u>19,403,385</u>	<u>15,405,936</u>
NON FINANCIAL ASSETS		
Prepaid expenses	41,469	34,554
Tangible capital assets (Note A10)	7,590,546	7,610,740
	<u>7,632,015</u>	<u>7,645,294</u>
ACCUMULATED SURPLUS (Note A11)	<u>\$ 27,035,400</u>	<u>\$ 23,051,230</u>

COMMITMENTS AND CONTINGENCIES (Note A12)

APPROVED ON BEHALF OF COUNCIL:




SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
For the year ended March 31, 2018

	2018	2017
ACCUMULATED SURPLUS, beginning of year	\$ 23,051,230	\$ 21,954,535
EXCESS OF REVENUE OVER EXPENSES (Exhibit A4)	3,968,061	1,053,788
UNREALIZED GAINS (Exhibit A5)	<u>16,109</u>	<u>42,907</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 27,035,400</u>	<u>\$ 23,051,230</u>

See accompanying notes to financial statements.

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2018

	Budget	2018	2017
REVENUE:			
Indigenous and Northern Affairs Canada	\$ 3,319,488	\$ 3,485,950	\$ 2,552,322
Property taxes and grants in lieu	619,937	675,937	681,977
Logging	246,182	1,027,208	632,254
Province of British Columbia	139,673	419,803	90,695
Rental income	62,781	183,467	174,018
Q'wemtsi'n Health Society	172,278	172,630	163,262
Canada Mortgage and Housing Corporation	672,629	222,260	127,162
Canadian Red Cross	392,159	202,101	-
First Nations Education Steering Committee	154,068	177,207	246,361
First Nations Health Authority	312,888	819,849	47,436
Interest	24,313	75,434	45,474
Royalties - Painted Rock Aggregates & Contracting LLP	-	143,994	185,845
Aboriginal Skills and Employment Training Strategy	53,000	39,113	2,352
Stk'emlupsemc te Secwepemc Nation	117,000	-	462,579
Stk'emlupsemc Limited Partnership	3,121	805,283	953,018
Equity in long-term investments	-	1,083,991	502,437
Independent Schools	60,000	151,954	59,568
Other	1,119,811	1,744,094	1,358,364
	<u>7,469,328</u>	<u>11,430,275</u>	<u>8,285,124</u>
EXPENSES:			
Administration	812,701	715,313	1,026,915
Band Revenue	705,484	1,670,572	1,269,131
Education	1,549,237	1,512,135	1,547,800
Housing & Capital Projects	1,278,471	541,962	555,986
Natural Resources	353,404	726,667	643,360
Public Works	1,439,941	1,092,765	1,110,777
Social Development	912,909	904,455	888,917
Social Housing	215,644	298,345	188,450
	<u>7,267,791</u>	<u>7,462,214</u>	<u>7,231,336</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 201,537	\$ 3,968,061	\$ 1,053,788

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the year ended March 31, 2018

	2018	2017
ACCUMULATED REMEASUREMENT GAINS, beginning of year	\$ 111,881	\$ 68,974
UNREALIZED GAINS (LOSSES) ATTRIBUTED TO:		
Equity in long-term investments - Knucwentwecw Development Corporation	21,201	13,104
Equity in long-term investments - Skeetchestn Natural Resources Corporation	(5,092)	29,803
	<u>16,109</u>	<u>42,907</u>
ACCUMULATED REMEASUREMENT GAINS, end of year	<u>\$ 127,990</u>	<u>\$ 111,881</u>

See accompanying notes to financial statements.

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
Year ended March 31, 2018

	Budget	2018	2017
EXCESS OF REVENUE OVER EXPENSES	\$ 201,537	\$ 3,968,061	\$ 1,053,788
Net remeasurement gains for the year	-	16,109	42,907
Acquisition of tangible capital assets	-	(1,154,182)	(193,124)
Disposal of tangible capital assets	-	469,580	-
Amortization of tangible capital assets	-	704,796	710,997
Change in prepaid expenses	-	(6,915)	469
INCREASE IN NET FINANCIAL ASSETS	201,537	3,997,449	1,615,037
NET FINANCIAL ASSETS, beginning of year	15,405,936	15,405,936	13,790,899
NET FINANCIAL ASSETS, end of year	\$ 15,607,473	\$ 19,403,385	\$ 15,405,936

See accompanying notes to financial statements.

SKEETCHESTN INDIAN BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 3,968,061	\$ 1,053,788
Non-cash charges to operations:		
Amortization	704,796	710,997
Gain on disposal of tangible capital assets	(30,000)	-
Funds held in trust	(34,206)	(159,464)
(Increase) decrease in:		
Grants and accounts receivable	(340,148)	973,916
CMHC Subsidy accrual	-	(1,293)
Prepaid expenses	(6,915)	469
Increase (decrease) in:		
Accounts payable and accruals	(30,372)	374,323
Prepaid rents	691	(1,919)
Security deposits	(240)	240
Reforestation obligation - Woodlot	-	(58,806)
Deferred revenue	263,370	581,565
Cash from operations	<u>4,495,037</u>	<u>3,473,816</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(697,946)	(1,593,782)
Repayment of long-term debt	(84,779)	(205,687)
Cash used in financing	<u>(782,725)</u>	<u>(1,799,469)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Long-term investments	(1,753,507)	(566,178)
Net remeasurement gains for the year	16,109	42,907
Cash used in investing	<u>(1,737,398)</u>	<u>(523,271)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Purchase of tangible capital assets	(1,154,182)	(193,124)
Proceeds on disposal of tangible capital assets	499,580	-
Cash used in capital	<u>(654,602)</u>	<u>(193,124)</u>
INCREASE IN CASH	1,320,312	957,952
CASH, beginning of year	<u>3,243,739</u>	<u>2,285,787</u>
CASH, end of year	\$ 4,564,051	\$ 3,243,739

See accompanying notes to financial statements.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

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 6 - 10 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 6 - 10 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, 2018

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. Amounts received under block funding arrangements are reported as revenue when received or receivable and collection is reasonably assured.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

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) Cash and Cash Equivalents

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

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) 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 and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

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

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

Credit Risk:

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

Interest Rate Risk:

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

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A3. GRANTS AND ACCOUNTS RECEIVABLE:	2018	2017
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Band Operations:

Grants Receivable	\$ 363,380	\$ 210,044
Other Accounts Receivable	473,735	287,480
Band Members	1,613	956
	838,728	498,480

Social Housing Operations 6 - 10	-	100
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	\$ 838,728	\$ 498,580
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NOTE A4. RESTRICTED CASH:	2018	2017
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Ottawa trust funds	\$ 794,301	\$ 823,856
Replacement reserve	203,278	206,723
Operating reserve	102,190	104,495
Internally restricted cash	3,465,459	2,732,208

	\$ 4,565,228	\$ 3,867,282
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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 \$22,140 (2017 - \$22,140) 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.

	2018	2017
Balance, beginning of year	\$ 197,431	\$ 179,419
Allocation for the year	22,140	22,140
Expenses for the year	(16,530)	(5,001)
Interest earned	1,538	873

Balance, end of year	\$ 204,579	\$ 197,431
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The Replacement Reserve is represented by:

Cash	\$ 203,278	\$ 206,723
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SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

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.

	2018	2017
Balance, beginning of year	\$ 107,425	\$ 104,060
Current year surplus (deficit)	(25,874)	2,930
Interest	<u>765</u>	<u>435</u>
Balance, end of year	<u><u>\$ 82,316</u></u>	<u><u>\$ 107,425</u></u>
The Operating Reserve is represented by:		
Cash	<u><u>\$ 102,190</u></u>	<u><u>\$ 104,495</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.

	2018	2017
Capital Sinking Fund (Schedule 2)	\$ 108,372	\$ 107,147
Stabilization Reserve Fund (Schedule 2)	100,011	98,819
Restricted Band Revenue Fund (Schedule 2)	15,493	20,356
Net Smelter Royalties Reserve Fund (Schedule 6)	981,046	973,776
Economic & Community Development Agreement Fund (Schedule 7)	<u>2,260,537</u>	<u>1,532,110</u>
	<u><u>\$ 3,465,459</u></u>	<u><u>\$ 2,732,208</u></u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

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 (loss)	Fair Market Value 2018	Fair Market Value 2017
Common stock & equivalents	\$ 3,605,768	\$ 882,653	\$ 4,488,421	\$ 4,412,846
Fixed income securities	988,533	(40,246)	948,287	933,142
Cash & equivalents	148,761	-	148,761	132,822
Other	10	-	10	10
	<u>\$ 4,743,072</u>	<u>\$ 842,407</u>	<u>\$ 5,585,479</u>	<u>\$ 5,478,820</u>

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

	2018	2017
REVENUE:		
Interest	\$ 32,787	\$ 26,876
Dividends	145,005	145,285
Capital gains	36,570	54,781
	<u>214,362</u>	<u>226,942</u>
EXPENSES:		
Management fees	69,957	67,478
Distributions (Schedule 3)	110,199	-
	<u>180,156</u>	<u>67,478</u>
NET INCOME	34,206	159,464
OPENING BALANCE, at cost	<u>4,708,866</u>	<u>4,549,402</u>
ENDING BALANCE, at cost	4,743,072	4,708,866
UNREALIZED GAIN	<u>842,407</u>	<u>769,954</u>
ENDING BALANCE, at fair market value	<u>\$ 5,585,479</u>	<u>\$ 5,478,820</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A6. LONG-TERM INVESTMENTS:

	2018	2017
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 GOVERNMENT BUSINESS ENTERPRISES:

	2018	2017
Stk'emlupsemc te Secwepemc Nation	\$ 818,800	\$ 668,893
Stk'emlupsemc Enterprises Inc.	(14,525)	(21,471)
Stk'emlupsemc Limited Partnership	89,376	77,488
Skeetchestn Holdings Limited Liability Partnership	444,772	370,793
Painted Rock Aggregates & Contracting LLP	275,955	57,066
Knucwentwecw Development Corporation	2,533,418	2,415,466
Big Sky Station Ltd.	1,082,292	919,513
Secwepemc Reconciliation Framework Agreement	95,332	105,146
Skeetchestn Natural Resources LLP	2,665,600	1,639,472
Skeetchestn Natural Resources Corporation	<u>(6,274)</u>	<u>(1,127)</u>
	<u>\$ 7,984,746</u>	<u>\$ 6,231,239</u>

INVESTMENT IN STK'EMLUPSEMC TE SECWEPEMC NATION:

	2018	2017
Interest:		
50%	\$ 1	\$ 1
Accumulated equity	<u>818,799</u>	<u>668,892</u>
	<u>\$ 818,800</u>	<u>\$ 668,893</u>

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

	Total	Band's Share 2018	Band's Share 2017
Cash	\$ 3,028,030	\$ 1,514,015	\$ 1,319,436
Other assets	122,638	61,319	102,912
Due from related party	950,903	475,452	189,525
	<u>4,101,571</u>	<u>2,050,786</u>	<u>1,611,873</u>
Accounts payable	140,597	70,301	113,789
Due to related parties	2,323,371	1,161,686	829,192
	<u>2,463,968</u>	<u>1,231,987</u>	<u>942,981</u>
Equity	<u>\$ 1,637,603</u>	<u>\$ 818,799</u>	<u>\$ 668,892</u>
Revenues	\$ 2,472,015	\$ 1,236,008	\$ 1,800,769
Expenses	<u>2,172,202</u>	<u>1,086,101</u>	<u>2,026,682</u>
Net income (loss)	<u>\$ 299,813</u>	<u>\$ 149,907</u>	<u>\$ (225,913)</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.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
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NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

INVESTMENT IN STK'EMLUPSEMC ENTERPRISES INC.:

	2018	2017
Shares:		
Common - 50%	\$ 10	\$ 10
Accumulated deficit	<u>(14,535)</u>	<u>(21,481)</u>
	<u><u>\$ (14,525)</u></u>	<u><u>\$ (21,471)</u></u>

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

	Total	Band's Share 2018	Band's Share 2017
Cash	\$ 239,800	\$ 119,900	\$ 61,438
Other assets	38,323	19,162	17,516
Due from related parties	<u>708,191</u>	<u>354,096</u>	<u>116,362</u>
	<u>986,314</u>	<u>493,158</u>	<u>195,316</u>
Accounts payable	66,141	33,071	28,102
Due to related parties	<u>949,223</u>	<u>474,612</u>	<u>188,685</u>
	<u>1,015,364</u>	<u>507,683</u>	<u>216,787</u>
Equity	<u><u>\$ (29,050)</u></u>	<u><u>\$ (14,525)</u></u>	<u><u>\$ (21,471)</u></u>
Revenues	\$ 1,003,639	\$ 501,820	\$ 454,406
Expenses	<u>989,746</u>	<u>494,873</u>	<u>378,731</u>
Net income	<u><u>\$ 13,893</u></u>	<u><u>\$ 6,947</u></u>	<u><u>\$ 75,675</u></u>
Dividends	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 58,241</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
March 31, 2018

NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

INVESTMENT IN STK'EMLUPSEMC LIMITED PARTNERSHIP:

	2018	2017
Interest:		
Units - 49.99%	\$ -	\$ -
Partnership interest:		
Opening balance	77,488	196,141
Net income allocation	817,169	834,364
Contributions (drawings)	(805,281)	(953,017)
Balance, end of year	<u>89,376</u>	<u>77,488</u>
	<u><u>\$ 89,376</u></u>	<u><u>\$ 77,488</u></u>

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

	Total	Band's Share 2018	Band's Share 2017
Cash	\$ 129,567	\$ 64,783	\$ 36,533
Other assets	360,179	180,089	78,295
Due from related parties	<u>1,943,371</u>	<u>971,686</u>	<u>829,189</u>
	<u>2,433,117</u>	<u>1,216,558</u>	<u>944,017</u>
Accounts payable	29,125	14,562	29,512
Due to related parties	702,890	351,445	113,712
Deferred revenue	<u>1,521,596</u>	<u>760,798</u>	<u>723,010</u>
	<u>2,253,611</u>	<u>1,126,805</u>	<u>866,234</u>
Equity	<u><u>\$ 179,506</u></u>	<u><u>\$ 89,753</u></u>	<u><u>\$ 77,783</u></u>
Revenues	\$ 2,314,156	\$ 1,156,847	\$ 1,660,500
Expenses	<u>679,655</u>	<u>339,760</u>	<u>826,220</u>
Net income	<u><u>\$ 1,634,501</u></u>	<u><u>\$ 817,087</u></u>	<u><u>\$ 834,280</u></u>

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

INVESTMENT IN SKEETCHESTN HOLDINGS LIMITED LIABILITY PARTNERSHIP:

	2018	2017
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Advances	<u>-</u>	<u>44,904</u>
	<u>9,900</u>	<u>54,804</u>
Partnership interest:		
Opening balance	315,989	374,151
Net loss allocation	(18,940)	(58,162)
Contributions (drawings)	<u>137,823</u>	<u>-</u>
Balance, end of year	<u>434,872</u>	<u>315,989</u>
	<u><u>\$ 444,772</u></u>	<u><u>\$ 370,793</u></u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

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

	2018	2017
Current assets	\$ 26,650	\$ 26,960
Property and equipment	887,814	869,323
Due from partners	107,703	27,507
Due from related party	478,009	378,623
	<u>1,500,176</u>	<u>1,302,413</u>
Current liabilities	366,976	323,652
Obligation under capital lease	685,328	604,015
Due to partners	-	45,566
	<u>1,052,304</u>	<u>973,233</u>
Equity	<u>\$ 447,872</u>	<u>\$ 329,180</u>
Revenues	\$ 257,631	\$ 221,945
Expenses	<u>276,762</u>	<u>280,695</u>
Net loss	<u>\$ (19,131)</u>	<u>\$ (58,750)</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 (loss) of the Partnership is allocated to the respective Partners annually.

INVESTMENT IN PAINTED ROCK AGGREGATES & CONTRACTING LLP:

	2018	2017
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Screeners loan receivable, bearing interest at 3.43% per annum, repayable in monthly blended payments of \$1,387. The loan matures on November 30, 2018 and is secured by a CAT 966 Loader.	35,476	87,073
Crusher loan receivable, bearing interest at 4.00% per annum, repayable in monthly blended payments of \$7,405. The loan matures on February 15, 2023 and is secured by an Elrus Jaw Crusher.	396,024	-
Advances	-	169,302
	<u>441,400</u>	<u>266,275</u>
Partnership interest:		
Opening balance	(209,209)	(441,793)
Net income allocation	43,764	232,584
Balance, end of year	<u>(165,445)</u>	<u>(209,209)</u>
	<u>\$ 275,955</u>	<u>\$ 57,066</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

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

	2018	2017
Cash	\$ 74,465	\$ -
Accounts receivable	308,052	243,506
Inventory	1,027,801	963,715
Due from partners	5,038	-
Other assets	20,955	38,933
Property and equipment	<u>2,307,184</u>	<u>657,773</u>
	<u>3,743,495</u>	<u>1,903,927</u>
Accounts payable	764,471	704,651
Other current liabilities	21,934	119,873
Due to related parties	739,530	620,865
Due to partners	-	169,302
Debt and capital lease obligations	2,314,677	430,559
Reclamation cost obligations	<u>60,000</u>	<u>60,000</u>
	<u>3,900,612</u>	<u>2,105,250</u>
Deficiency	<u>\$ (157,117)</u>	<u>\$ (201,323)</u>
Revenues	\$ 2,912,112	\$ 2,980,131
Expenses	<u>2,867,906</u>	<u>2,745,198</u>
Net income	<u>\$ 44,206</u>	<u>\$ 234,933</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:

	2018	2017
Shares:		
Common - 100%	\$ 100,001	\$ 100,001
Advances	<u>1,428,404</u>	<u>1,375,978</u>
	<u>1,528,405</u>	<u>1,475,979</u>
Accumulated equity	<u>1,005,013</u>	<u>939,487</u>
	<u>\$ 2,533,418</u>	<u>\$ 2,415,466</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

Consolidated financial information for Knucwentwecw Development Corporation is as follows:

	2018	2017
Cash	\$ 126,328	\$ 710,571
Accounts receivable	88,186	66,076
Inventory	121,308	124,358
Due from related parties	256,483	244,667
Investment in jointly controlled entities	302,995	281,794
Property and equipment	3,578,073	2,905,663
Other assets	336,100	6,079
	<u>4,809,473</u>	<u>4,339,208</u>
Current liabilities	182,824	103,760
Callable debt	838,230	779,870
Due to related parties	1,536,907	1,406,406
Deferred revenue	65,102	89,887
	<u>2,623,063</u>	<u>2,379,923</u>
Equity	<u>\$ 2,186,410</u>	<u>\$ 1,959,285</u>
Revenues	\$ 5,529,391	\$ 4,860,716
Expenses	<u>5,302,265</u>	<u>4,639,153</u>
Net income	<u>\$ 227,126</u>	<u>\$ 221,563</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.:

	2018	2017
Shares:		
Preferred shares - 100%	\$ 179,695	\$ 179,695
Advances	799	(380)
	<u>180,494</u>	<u>179,315</u>
Accumulated equity	<u>901,798</u>	<u>740,198</u>
	<u>\$ 1,082,292</u>	<u>\$ 919,513</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

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

	2018	2017
Cash	\$ 121,322	\$ 393,347
Accounts receivable	47,970	19,203
Inventory	121,308	124,358
Other current assets	483,107	22,881
Property and equipment	471,593	490,588
	<u>1,245,300</u>	<u>1,050,377</u>
Current liabilities	98,586	40,478
Deferred revenue	65,102	89,887
	<u>163,688</u>	<u>130,365</u>
Equity	<u>\$ 1,081,612</u>	<u>\$ 920,012</u>
Revenues	\$ 5,180,828	\$ 4,700,155
Expenses	<u>5,019,228</u>	<u>4,585,588</u>
Net income	<u>\$ 161,600</u>	<u>\$ 114,567</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 SECWPEMC RECONCILIATION FRAMEWORK AGREEMENT:

	2018	2017
Accumulated equity	<u>\$ 95,332</u>	<u>\$ 105,146</u>

Financial information for Secwepemc Reconciliation Framework Agreement is as follows:

	Total	Band's share 2018	Band's share 2017
Cash	\$ 516,298	\$ 73,757	\$ 67,418
Accounts receivable	-	-	446
Prepaid expenses	-	-	34
Equipment	-	-	14
Intangible asset	171,434	24,491	39,185
	<u>687,732</u>	<u>98,248</u>	<u>107,097</u>
Current Liabilities	20,409	2,916	1,952
	<u>20,409</u>	<u>2,916</u>	<u>1,952</u>
Equity	<u>\$ 667,323</u>	<u>\$ 95,332</u>	<u>\$ 105,145</u>
Revenues	\$ 1,050,000	\$ 150,000	\$ 140,000
Expenses	908,410	129,773	120,170
Net income	<u>\$ 141,590</u>	<u>\$ 20,227</u>	<u>\$ 19,830</u>

Expenses of Secwépemc Reconciliation Framework
Agreement (RFA) paid to Skeetchestn Indian Band

<u>\$ 90,000</u>	<u>\$ 40,000</u>
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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 seven bands, Adams Lake, Shuswap, Tk'emlups, Skeetchestn, Splatshin, Little Shuswap Lake and Simpcw.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES (continued):

INVESTMENT IN SKEETCHESTN NATURAL RESOURCES LLP:

	2018	2017
Partnership units - 99.9%	\$ 999	\$ 999
Advances	<u>126,745</u>	<u>126,745</u>
	<u>127,744</u>	<u>127,744</u>
Partnership interest:		
Opening balance	1,511,728	1,054,579
Net income allocation	694,370	457,149
Contributions (drawings)	<u>331,758</u>	<u>-</u>
Balance, end of year	<u>2,537,856</u>	<u>1,511,728</u>
	<u><u>\$ 2,665,600</u></u>	<u><u>\$ 1,639,472</u></u>

Financial information for Skeetchestn Natural Resources LLP is as follows:

	2018	2017
Cash	\$ 631,784	\$ 395,973
Accounts receivable	1,297,259	1,163,366
Other current assets	76,186	98,067
Property and equipment	<u>1,332,823</u>	<u>424,269</u>
	<u>3,338,052</u>	<u>2,081,675</u>
Current liabilities	424,919	438,364
Long term debt	245,325	-
Due to related parties	<u>126,745</u>	<u>129,071</u>
	<u>796,989</u>	<u>567,435</u>
Equity	<u><u>\$ 2,541,063</u></u>	<u><u>\$ 1,514,240</u></u>
Revenues	\$ 2,790,955	\$ 2,352,729
Expenses	<u>2,095,890</u>	<u>1,895,122</u>
Net income	<u><u>\$ 695,065</u></u>	<u><u>\$ 457,607</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.

INVESTMENT IN SKEETCHESTN NATURAL RESOURCES CORPORATION:

	2018	2017
Shares - 100%	\$ 1	\$ 1
Advances	<u>(1)</u>	<u>(1)</u>
	-	-
Deficit	<u>(6,274)</u>	<u>(1,127)</u>
	<u><u>\$ (6,274)</u></u>	<u><u>\$ (1,127)</u></u>

Financial information for Skeetchestn Natural Resources Corporation is as follows:

Long-term investments	\$ 42,728	\$ 47,125
Current liabilities	<u>49,001</u>	<u>48,251</u>
Deficit	<u><u>\$ (6,273)</u></u>	<u><u>\$ (1,126)</u></u>
Revenues	\$ 695	\$ 30,261
Expenses	<u>5,842</u>	<u>30,750</u>
Net loss	<u><u>\$ (5,147)</u></u>	<u><u>\$ (489)</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
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NOTE A8. DEFERRED REVENUE:	2018	2017
Amounts deferred are summarized below:		
Property taxes - BC Hydro	\$ 527,333	\$ 583,333
Logging royalties	-	20,926
Province of BC - Memorandum of Agreement	<u>340,296</u>	<u>-</u>
	<u><u>\$ 867,629</u></u>	<u><u>\$ 604,259</u></u>

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

Province of BC - Memorandum of Agreement:

The Band has received contributions of \$340,296 for various projects that have not commenced as of March 31, 2018. These projects will be completed in the next fiscal year and the payments will be applied towards project costs as they are incurred.

NOTE A9. LONG-TERM DEBT:	2018	2017
<u>Social Housing Phase 6 - 10:</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 \$328,382, due September 2019	\$ 134,655	\$ 155,109
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$976 including interest at 1.14% per annum, secured by houses with a carrying value of \$172,587 due June 2021	91,318	101,929
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 \$68,790 due June 2020	51,112	54,942
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 \$758,285, due September 2018	635,595	669,448
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$1,735 including interest at 1.11% per annum, secured by houses with a carrying value of \$567,003, due April 2021	423,952	439,983
	<u><u>\$ 1,336,632</u></u>	<u><u>\$ 1,421,411</u></u>

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

Principal repayments due in the ensuing 4 years are approximately as follows:

2019	\$ 687,222
2020	144,996
2021	70,827
2022	<u>433,587</u>
	<u><u>\$ 1,336,632</u></u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A10. TANGIBLE CAPITAL ASSETS:	2018	2017
Tangible capital assets consist of the following:		
Buildings	\$ 3,193,934	\$ 3,922,651
Bridges and cattle guards	71,054	87,097
Water system	653,206	611,066
Automotive equipment	690,725	710,493
Office equipment	274,919	127,364
Equipment	135,214	157,568
Assets under construction	667,963	-
Social housing operations phase 6 - 10	<u>1,903,531</u>	<u>1,994,501</u>
	<u>\$ 7,590,546</u>	<u>\$ 7,610,740</u>

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

NOTE A11. ACCUMULATED SURPLUS:	2018	2017
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 8,976,253</u>	<u>\$ 6,143,456</u>
Invested in tangible capital assets	<u>6,253,914</u>	<u>6,189,329</u>
Investments in controlled entities	<u>5,852,975</u>	<u>4,768,986</u>
Funded Reserves:		
Replacement Reserve Fund (Note A4)	204,579	197,431
Operating Reserve Fund (Note A4)	82,316	107,425
Ottawa Trust Funds (Note A4)	<u>794,301</u>	<u>823,856</u>
	<u>1,081,196</u>	<u>1,128,712</u>
Committed Reserves:		
Funds held in trust	<u>4,743,072</u>	<u>4,708,866</u>
	<u>26,907,410</u>	<u>22,939,349</u>
Accumulated remeasurement gains	<u>127,990</u>	<u>111,881</u>
	<u>\$ 27,035,400</u>	<u>\$ 23,051,230</u>

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A12. COMMITMENTS AND CONTINGENCIES:

Commitment:

The Band leases photocopiers and telephone equipment under long-term leases which expire November 2018 through November 2022.

Future minimum lease payments as at March 31, 2018, are as follows:

2019	\$ 43,164
2020	42,420
2021	42,420
2022	42,420
2023	26,460
	<hr/>
	\$ 196,884

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) 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 \$77,671 (2017 - \$75,673).

c) Environmental Renewal:

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

d) Site Restoration:

The Band has contracted Painted Rock 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.

e) 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.

f) Guarantee:

The Band has provided a guarantee for the credit facility of Skeetchestn Natural Resources LLP. The Band holds 99% of the partnership units in Skeetchestn Natural Resources LLP. At March 31, 2018, the outstanding loan balance was \$nil. The maximum liability to the Band with respect to these loans is \$510,000.

The Band has provided a guarantee for the credit facility of Knucwentwecw Development Corporation. The Band holds 100% of the outstanding shares in Knucwentwecw Development Corporation. As at March 31, 2018, the outstanding loan balance was \$858,229. The maximum liability to the Band with respect to these loans is \$650,000.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A13. RELATED PARTY TRANSACTIONS:

During the year, the Band made purchases of \$66,111 (2017 - \$44,900) from Big Sky Station Ltd. for fuel and supplies and earned \$35,000 (2017 - \$34,250) in rent and received \$5,000 (2017 - \$5,000) in donations. Included in accounts payable is \$3,928 (2017 - \$Nil) due to Big Sky Station Ltd.

During the year, the Band paid \$29,139 (2017 - \$24,839) for community economic development services and earned \$2,485 (2017 - \$Nil) in property taxes from Knucwentwecw Development Corporation.

During the year, the Band paid \$90,766 (2017 - \$306,642) for management fees, and earned \$130,294 (2017 - \$172,146) in royalties, \$3,520 (2017 - \$1,116) in interest and \$39,900 (2017 - \$39,900) in lease income from Painted Rock Aggregates & Contracting LLP.

During the year, the Band earned \$Nil (2017 - \$462,580) from Stk'emlupsemc te Secwepemc Nation, a significantly influenced entity, for management and other services.

During the year, the Band earned \$Nil (2017 - \$58,241) from Stk'emlupsemc Enterprises Inc., a significantly influenced entity, in dividends.

During the year, the Band earned \$805,283 (2017 - \$953,017) for management and other services from Stk'emlupsemc Limited Partnership, a significantly influenced entity.

During the year, the Band paid \$1,464,033 (2017 - \$1,180,122) in contract services to Skeetchestn Natural Resources Limited Liability Partnership. Included in accounts payable is \$508,063 (2017 - \$671,617) due to Skeetchestn Natural Resources Limited Liability Partnership.

During the year, the Band received \$469,580 (2017 - \$Nil) in proceeds for a building transferred to Skeetchestn Natural Resources Limited Liability Partnership. Included in accounts receivable is \$49,730 (2017 - \$98,377) due from 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 A14. ECONOMIC DEPENDENCE:

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

NOTE A15. 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	\$ 62,147
Deadman - Vidette Road Intersection - District Plan 215-1427-20	<u>5,331</u>
	<u>\$ 67,478</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, and will be recognized as a revenue upon transfer.

SKEETCHESTN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A16. 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, 2018

NOTE A17. CASH FLOW INFORMATION:

During the year, the Band paid interest on long-term debt of \$24,446 (2017 - \$28,316) and received interest of \$75,434 (2017 - \$45,474) from various sources.

SKETCHESTN INDIAN BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2018

	Band Operations										Totals		
	Buildings	Bridges & Cattle Guards	Water System	Automotive Equipment	Office Equipment	Equipment	Farm Irrigation Equipment	Appraised Property & Equipment	Roads	Assets Under Construction	Social Housing Operations Phase 6-10	2018	2017
Cost													
Balance, beginning of year	\$ 7,974,140	\$ 614,324	\$ 2,019,606	\$ 1,651,592	\$ 267,832	\$ 356,319	\$ 158,262	\$ 668,708	\$ 164,847	\$ -	\$ 2,729,113	\$ 16,604,743	\$ 16,411,619
Add: Additions during the year	-	-	122,429	176,402	187,388	-	-	-	-	667,963	-	1,154,182	193,124
Less: Disposals during the year	(617,539)	-	-	(126,826)	-	-	-	-	-	-	-	(744,365)	-
Balance, end of year	7,356,601	614,324	2,142,035	1,701,168	455,220	356,319	158,262	668,708	164,847	667,963	2,729,113	17,014,560	16,604,743
Accumulated amortization													
Balance, beginning of year	4,051,489	527,227	1,408,540	941,099	140,468	198,751	158,262	668,708	164,847	-	734,612	8,994,003	8,283,006
Add: Amortization	259,137	16,043	80,289	196,170	39,833	22,354	-	-	-	-	90,970	704,796	710,997
Less: Disposals	(147,959)	-	-	(126,826)	-	-	-	-	-	-	-	(274,785)	-
Balance, end of year	4,162,667	543,270	1,488,829	1,010,443	180,301	221,105	158,262	668,708	164,847	-	825,582	9,424,014	8,994,003
NetBook Value of Tangible Capital Assets	\$ 3,193,934	\$ 71,054	\$ 653,206	\$ 690,725	\$ 274,919	\$ 135,214	\$ -	\$ -	\$ -	\$ 667,963	\$ 1,903,531	\$ 7,590,546	\$ 7,610,740

See accompanying notes to financial statements.

SKEETCHESTN INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2018

	Band Revenue	Admini- stration	Social Development	Social Housing	Education	Public Works	Housing & Capital Projects	Natural Resources	Total 2018	Total 2017
REVENUE:										
Indigenous and Northern Affairs Canada	\$ 95,348	\$ 292,398	\$ 486,661	\$ -	\$ 1,016,134	\$ 1,451,060	\$ 59,906	\$ 110,443	\$ 3,511,950	\$ 2,552,322
Leases and rentals	675,937	-	-	121,928	-	39,900	21,639	-	859,404	855,995
CMHC	-	-	-	149,631	-	-	72,629	-	222,260	127,162
Province of BC	265,022	107,500	37,811	-	161,424	-	-	-	571,757	150,263
Consulting and contract	1,028,708	30,932	307,250	-	178,207	103,785	47,913	-	1,696,795	1,132,313
First Nations Health Authority	-	-	59,333	-	-	728,516	32,000	-	819,849	-
Interest	64,439	8,274	-	2,633	-	-	88	-	75,434	45,474
Other	2,434,820	79,427	86,227	-	74,484	152,592	210,524	634,752	3,672,826	3,421,595
	<u>4,564,274</u>	<u>518,531</u>	<u>977,282</u>	<u>274,192</u>	<u>1,430,249</u>	<u>2,475,853</u>	<u>444,699</u>	<u>745,195</u>	<u>11,430,275</u>	<u>8,285,124</u>
EXPENSES:										
Administration fees (recovery)	35,638	(292,267)	86,579	17,445	74,818	-	2,280	72,220	(3,287)	6,092
Amortization	-	-	-	90,970	194,257	419,572	-	-	704,799	710,997
Assistance	-	-	337,642	-	-	-	-	-	337,642	291,218
Automotive	-	-	5,408	-	17,063	76,645	13,357	-	112,473	107,599
Bad debts and write downs (recovery)	(719)	-	-	-	10,327	-	-	-	9,608	(62,741)
Contract services (recovery)	1,260,842	40,272	22,821	8,800	3,251	18,808	(76,315)	654,214	1,932,693	2,176,832
Education	14,733	-	-	-	359,128	-	-	-	373,861	426,108
Honorarium	-	250,956	4,635	-	22,886	-	-	-	278,477	231,063
Insurance	-	16,167	-	10,268	21,065	25,633	1,378	-	74,511	67,334
Interest and bank charges	-	5,664	-	-	-	-	-	-	5,664	4,860
Interest on demand loans and long-term debt	-	-	-	24,446	-	-	-	-	24,446	28,316
Licences, dues and fees	16,833	-	-	-	5,285	-	-	-	22,118	20,301
Materials and supplies (recovery)	53,790	73,258	72,803	17,184	75,835	53,364	(123,802)	-	222,432	470,324
Office and other	60,762	65,257	32,170	-	-	2,040	30,240	-	190,469	291,039
Professional fees	197,388	81,860	-	3,350	-	2,298	-	-	284,896	274,892
Repairs and maintenance	-	-	4,886	125,243	17,447	-	17,727	-	165,303	74,042
Training	-	772	114	-	580	-	-	-	1,466	10,756
Travel	4,634	55,598	85,287	639	8,545	-	69	233	155,005	127,561
Utilities	-	26,737	4,459	-	26,394	108,077	44	-	165,711	152,687
Wages and benefits	26,671	391,039	247,651	-	675,254	386,328	676,984	-	2,403,927	1,822,056
	<u>1,670,572</u>	<u>715,313</u>	<u>904,455</u>	<u>298,345</u>	<u>1,512,135</u>	<u>1,092,765</u>	<u>541,962</u>	<u>726,667</u>	<u>7,462,214</u>	<u>7,231,336</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,893,702	\$ (196,782)	\$ 72,827	\$ (24,153)	\$ (81,886)	\$ 1,383,088	\$ (97,263)	\$ 18,528	\$ 3,968,061	\$ 1,053,788

See accompanying notes to financial statements.

SKETCHESTN INDIAN BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2017

	Band Revenue	Admini- stration	Social Development	Social Housing	Education	Public Works	Housing & Capital Projects	Natural Resources	Total 2017
REVENUE:									
Indigenous and Northern Affairs Canada	\$ 89,483	\$ 478,442	\$ 484,862	\$ -	\$ 990,546	\$ 170,197	\$ 242,655	\$ 96,137	\$ 2,552,322
Leases and rentals	681,977	-	-	121,931	-	39,900	12,187	-	855,995
CMHC	-	-	-	77,147	-	-	50,015	-	127,162
Province of BC	35,371	-	36,814	-	78,078	-	-	-	150,263
Consulting and contract	632,254	-	251,744	-	230,147	15,388	2,780	-	1,132,313
Interest	32,175	11,640	-	1,615	-	-	44	-	45,474
Other	2,481,354	132,945	116,055	-	46,548	49,039	21,730	573,924	3,421,595
	<u>3,952,614</u>	<u>623,027</u>	<u>889,475</u>	<u>200,693</u>	<u>1,345,319</u>	<u>274,524</u>	<u>329,411</u>	<u>670,061</u>	<u>8,285,124</u>
EXPENSES:									
Administration fees (recovery)	14,332	(243,108)	71,541	17,191	59,273	28,281	1,220	57,362	6,092
Amortization	-	-	-	90,970	194,257	425,770	-	-	710,997
Assistance	-	-	291,218	-	-	-	-	-	291,218
Automotive	-	-	6,159	-	23,950	63,085	14,405	-	107,599
Bad debts and write downs (recovery)	(59,625)	-	-	-	-	-	(3,116)	-	(62,741)
Contract services	957,225	297,312	47,284	-	18,834	13,486	257,276	585,415	2,176,832
Education	7,950	-	-	-	418,158	-	-	-	426,108
Honorarium	-	222,327	6,971	-	13	1,752	-	-	231,063
Insurance	-	15,293	-	9,425	19,755	22,238	623	-	67,334
Interest and bank charges	-	4,860	-	-	-	-	-	-	4,860
Interest on demand loans and long-term debt	2,149	-	-	26,167	-	-	-	-	28,316
Licences, dues and fees	16,166	-	-	-	4,135	-	-	-	20,301
Materials and supplies	33,366	27,377	116,541	-	114,441	112,386	65,630	583	470,324
Office and other (recovery)	105,126	107,353	36,736	-	-	10,525	31,299	-	291,039
Professional fees (recovery)	189,170	80,483	-	3,250	-	1,989	-	-	274,892
Repairs and maintenance	-	-	3,699	41,377	22,169	-	6,797	-	74,042
Training	-	-	6,829	-	3,927	-	-	-	10,756
Travel	3,272	68,605	46,211	70	7,279	2,094	30	-	127,561
Utilities	-	25,993	4,891	-	27,000	94,803	-	-	152,687
Wages and benefits	-	420,420	250,837	-	634,609	334,368	181,822	-	1,822,056
	<u>1,269,131</u>	<u>1,026,915</u>	<u>888,917</u>	<u>188,450</u>	<u>1,547,800</u>	<u>1,110,777</u>	<u>555,986</u>	<u>643,360</u>	<u>7,231,336</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 2,683,483	\$ (403,888)	\$ 558	\$ 12,243	\$ (202,481)	\$ (836,253)	\$ (226,575)	\$ 26,701	\$ 1,053,788

See accompanying notes to financial statements.