



July 26, 2019

**DELIVERED**

Indigenous Services Canada  
Suite 600 - 1138 Melville Street  
Vancouver, BC V6E 4S3

**Attention: Mr. Vern Bob**

Dear Mr. Bob:

**Re: Skeetchestn Indian Band**

**1. FIRST PACKAGE – TO BE PUBLISHED:**

We enclose 2 copies (1 bound and 1 PDF on USB) of the audited summary financial statement Exhibit A – A7, including notes and appendices, together with supplementary information Schedule of Remuneration and Expenses of Chief and Councillors Exhibit J – J1 to be published online (please see the "033119 To be PUBLISHED" folder on the USB).

**2. SECOND PACKAGE – NOT PUBLISHED:**

We enclose 2 copies (1 bound copy and 1 PDF on USB – see folder "033119 NOT to be Published") of the audited financial statements for the year ended March 31, 2019 together with the following:

- Consolidated Revenue/Equity Analysis
- Reconciliation of ISC Revenue from Financial Statements to ISC Funding Confirmation

If you have any questions concerning the above, please contact our office.

Yours truly,

DALEY & COMPANY CPA LLP

Norman Daley, FCPA, FCA

TCK/jlp  
Enclosures

cc: Skeetchestn Indian Band

**SKEETCHESTN INDIAN BAND**

**FINANCIAL STATEMENTS**

**March 31, 2019**



**SKEETCHESTN INDIAN BAND**  
**SUMMARY FINANCIAL STATEMENTS**

**March 31, 2019**

**EXHIBIT**

***SUMMARY FINANCIAL STATEMENTS:***

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITOR'S REPORT	
A2	SUMMARY STATEMENT OF FINANCIAL POSITION	
A3	SUMMARY STATEMENT OF ACCUMULATED SURPLUS	
A4	SUMMARY STATEMENT OF OPERATIONS	
A5	SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES	
A6	SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS	
A7	SUMMARY STATEMENT OF CASH FLOWS	
	NOTES TO SUMMARY FINANCIAL STATEMENTS	
	SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS	APPENDIX 1
	2019 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 2
	2018 STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED	APPENDIX 3



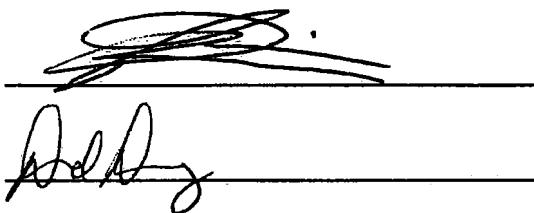
**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

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

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

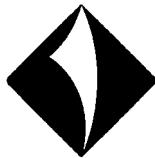
The Band Council is responsible for ensuring that management fulfils its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility periodically through its Finance Committee. The Finance Committee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

The financial statements have been audited on behalf of the members by Daley & Company CPA LLP in accordance with Canadian public sector accounting standards.



A handwritten signature in black ink, appearing to read "Daley & Company CPA LLP", is placed over two horizontal lines. The signature is somewhat stylized and includes a small circle to the left of the main text.





#### INDEPENDENT AUDITOR'S REPORT

To the members of,  
**SKEETCHESTN INDIAN BAND**

**EXHIBIT A1**

##### *Opinion*

We have audited the financial statements of SKEETCHESTN FIRST NATION (the First Nation), which comprise the summary statement of financial position as at March 31, 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

##### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### *Other Matters*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, and Schedules 1 to 50 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

##### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the 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 misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.



**Independent Auditor's Report to the Members of SKEETCHESTN FIRST NATION (continued)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the summary financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Daley & Company LLP*

Chartered Professional Accountants

Kamloops, BC  
July 23, 2019



## EXHIBIT A2

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF FINANCIAL POSITION**  
**March 31, 2019**

<b>FINANCIAL ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash	\$ 4,174,605	\$ 4,564,051
Grants and accounts receivable (Note A3)	842,068	838,728
CMHC subsidy accrual	44,073	6,417
Restricted cash (Note A4)	5,269,990	4,565,228
Funds held in trust (Note A5)	4,775,918	4,743,072
Long-term investments (Note A6)	3,251	3,251
Investment in government business enterprises (Note A7)	<u>9,447,248</u>	<u>7,984,746</u>
	<u>24,557,153</u>	<u>22,705,493</u>
<b>LIABILITIES</b>		
Accounts payable and accruals	1,080,915	1,086,977
Prepaid rents	8,971	5,692
Security deposits	6,095	5,178
Deferred revenue (Note A8)	816,212	867,629
Long-term debt (Note A9)	<u>1,844,798</u>	<u>1,336,632</u>
	<u>3,756,991</u>	<u>3,302,108</u>
<b>NET FINANCIAL ASSETS</b>	<b>20,800,162</b>	<b>19,403,385</b>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	36,031	41,469
Tangible capital assets (Note A10)	<u>8,560,898</u>	<u>7,590,546</u>
	<u>8,596,929</u>	<u>7,632,015</u>
<b>ACCUMULATED SURPLUS (Note A11)</b>	<b>\$ 29,397,091</b>	<b>\$ 27,035,400</b>

## COMMITMENTS AND CONTINGENCIES (Note A12)

## APPROVED ON BEHALF OF COUNCIL:

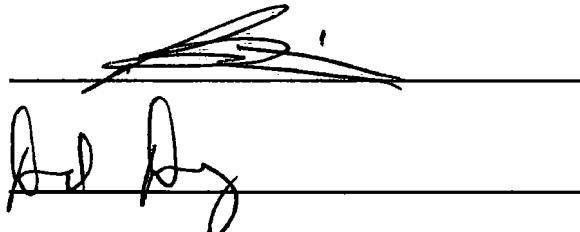




EXHIBIT A3

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF ACCUMULATED SURPLUS**  
**For the year ended March 31, 2019**

---

	2019	2018
ACCUMULATED SURPLUS, beginning of year	\$ 27,035,400	\$ 23,051,230
EXCESS OF REVENUE OVER EXPENSES (Exhibit A4)	2,338,432	3,968,061
UNREALIZED GAINS (Exhibit A5)	<u>23,259</u>	<u>16,109</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<b>\$ 29,397,091</b>	<b>\$ 27,035,400</b>

See accompanying notes to financial statements.



**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF OPERATIONS**  
**Year ended March 31, 2019**

	Budget	2019	2018
<b>REVENUE:</b>			
Indigenous Services Canada	\$ 2,411,279	\$ 2,275,865	\$ 3,485,950
Property taxes and grants in lieu	550,423	606,127	675,937
Logging	-	756,448	1,027,208
Province of British Columbia	76,986	79,094	419,803
Rental income	59,100	241,841	183,467
Q'wemtsi'n Health Society	-	212,891	172,630
Canada Mortgage and Housing Corporation	600,000	122,686	222,260
Canadian Red Cross	20,000	60,315	202,101
First Nations Education Steering Committee	300,593	281,529	177,207
First Nations Health Authority	52,572	59,102	819,849
Interest	115,307	154,106	75,434
Royalties - Painted Rock Aggregates & Contracting LLP	-	183,729	143,994
First Peoples Heritage, Language & Culture Council	150,000	150,000	-
Aboriginal Skills and Employment Training Strategy	36,811	47,243	39,113
Stk'emlupsemc te Secwepemc Nation	150,000	300,000	-
Stk'emlupsemc Limited Partnership	928,091	1,550,533	805,283
Stk'emlupsemc Enterprises Inc.	76,537	76,537	-
Equity in long-term investments	-	1,549,010	1,083,991
Independent Schools	58,333	128,137	151,954
FCRSA	339,176	678,352	397,450
Other	937,043	903,520	1,346,644
	<u>6,862,251</u>	<u>10,417,065</u>	<u>11,430,275</u>
<b>EXPENSES:</b>			
Administration	884,397	673,476	715,313
Band Revenue	790,266	1,773,913	1,670,572
Education	1,641,391	1,677,115	1,512,135
Housing & Capital Projects	1,602,231	434,066	541,962
Natural Resources	498,015	859,334	726,667
Public Works	1,494,762	1,485,584	1,092,765
Social Development	871,774	897,256	904,455
Social Housing	225,644	277,889	298,345
	<u>8,008,480</u>	<u>8,078,633</u>	<u>7,462,214</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b><u>\$ (1,146,229)</u></b>	<b><u>\$ 2,338,432</u></b>	<b><u>\$ 3,968,061</u></b>



EXHIBIT A5

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF REMEASUREMENT GAINS AND LOSSES**  
**For the year ended March 31, 2019**

---

	2019	2018
ACCUMULATED REMEASUREMENT GAINS, beginning of year	\$ 127,990	\$ 111,881
UNREALIZED GAINS (LOSSES) ATTRIBUTED TO:		
Equity in long-term investments - Knucwentwecw		
Development Corporation	(74,546)	21,201
Equity in long-term investments - Skeetchestn		
Natural Resources Corporation	<u>97,805</u>	<u>(5,092)</u>
	<u>23,259</u>	<u>16,109</u>
<u>ACCUMULATED REMEASUREMENT GAINS, end of year</u>	<u>\$ 151,249</u>	<u>\$ 127,990</u>

See accompanying notes to financial statements.



## EXHIBIT A6

**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**Year ended March 31, 2019**

---

	Budget	2019	2018
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>	<b>\$ (1,146,229)</b>	<b>\$ 2,338,432</b>	<b>\$ 3,968,061</b>
Net remeasurement gains for the year	-	23,259	16,109
Acquisition of tangible capital assets	-	(1,740,616)	(1,154,182)
Disposal of tangible capital assets	-	-	469,580
Amortization of tangible capital assets	-	770,264	704,796
Change in prepaid expenses	-	5,438	(6,915)
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<b>(1,146,229)</b>	<b>1,396,777</b>	<b>3,997,449</b>
<b>NET FINANCIAL ASSETS, beginning of year</b>	<b><u>19,403,385</u></b>	<b><u>19,403,385</u></b>	<b><u>15,405,936</u></b>
<b>NET FINANCIAL ASSETS, end of year</b>	<b><u>\$ 18,257,156</u></b>	<b><u>\$ 20,800,162</u></b>	<b><u>\$ 19,403,385</u></b>

See accompanying notes to financial statements.



**SKEETCHESTN INDIAN BAND**  
**SUMMARY STATEMENT OF CASH FLOWS**  
**Year ended March 31, 2019**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenses	\$ 2,338,432	\$ 3,968,061
Non-cash charges to operations:		
Amortization	770,264	704,796
Gain on disposal of tangible capital assets	-	(30,000)
Funds held in trust	(32,846)	(34,206)
(Increase) decrease in:		
Grants and accounts receivable	(3,340)	(340,148)
CMHC Subsidy accrual	(37,656)	-
Prepaid expenses	5,438	(6,915)
Increase (decrease) in:		
Accounts payable and accruals	(6,063)	(30,372)
Prepaid rents	3,279	691
Security deposits	917	(240)
Deferred revenue	(51,417)	263,370
Cash from operations	<u>2,987,008</u>	<u>4,495,037</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Restricted cash	(704,762)	(697,946)
Proceeds from long-term debt	599,909	-
Repayment of long-term debt	(91,742)	(84,779)
Cash used in financing	<u>(196,595)</u>	<u>(782,725)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Long-term investments	(1,462,502)	(1,753,507)
Net remeasurement gains for the year	23,259	16,109
Cash used in investing	<u>(1,439,243)</u>	<u>(1,737,398)</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>		
Purchase of tangible capital assets	(1,740,616)	(1,154,182)
Proceeds on disposal of tangible capital assets	-	499,580
Cash used in capital	<u>(1,740,616)</u>	<u>(654,602)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(389,446)</b>	<b>1,320,312</b>
<b>CASH, beginning of year</b>	<b>4,564,051</b>	<b>3,243,739</b>
<b>CASH, end of year</b>	<b>\$ 4,174,605</b>	<b>\$ 4,564,051</b>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**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 - 11 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 - 11 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, 2019**

**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. Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreement.

Amounts received from Indigenous Services Canada (ISC) 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 ISC and any deficits incurred are refundable by ISC. 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 ISC 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, 2019**

---

**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, 2019**

NOTE A3. GRANTS AND ACCOUNTS RECEIVABLE:	2019	2018
<b><u>Band Operations:</u></b>		
Grants Receivable	\$ 357,671	\$ 363,380
Other Accounts Receivable	782,159	787,053
Band Members	<u>125,460</u>	<u>144,124</u>
	<u>1,265,290</u>	<u>1,294,557</u>
<b>Allowance for Doubtful Accounts:</b>		
Other Accounts Receivable	(302,991)	(313,318)
Band Members	<u>(120,231)</u>	<u>(142,511)</u>
	<u>(423,222)</u>	<u>(455,829)</u>
	<u><b>\$ 842,068</b></u>	<u><b>\$ 838,728</b></u>
<b>NOTE A4. RESTRICTED CASH:</b>		
	2019	2018
Ottawa trust funds	\$ 967,661	\$ 794,301
Replacement reserve	215,634	203,278
Operating reserve	58,621	102,190
Internally restricted cash	<u>4,028,074</u>	<u>3,465,459</u>
	<u><b>\$ 5,269,990</b></u>	<u><b>\$ 4,565,228</b></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 \$23,953 (2018 - \$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.

	2019	2018
Balance, beginning of year	\$ 204,579	\$ 197,431
Allocation for the year	23,953	22,140
CMHC subsidy accrual - supplemental assistance	11,582	-
Expenses for the year	<u>(33,030)</u>	<u>(16,530)</u>
Interest earned	<u>3,014</u>	<u>1,538</u>
Balance, end of year	<u><b>\$ 210,098</b></u>	<u><b>\$ 204,579</b></u>
The Replacement Reserve is represented by:		
Cash	<u><b>\$ 215,634</b></u>	<u><b>\$ 203,278</b></u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**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.

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 82,316	\$ 107,425
Current year deficiency	(24,173)	(25,874)
CMHC subsidy accrual - supplemental assistance	24,092	-
Interest	1,106	765
<b>Balance, end of year</b>	<b><u>\$ 83,341</u></b>	<b><u>\$ 82,316</u></b>
<b>The Operating Reserve is represented by:</b>		
<b>Cash</b>	<b><u>\$ 58,621</u></b>	<b><u>\$ 102,190</u></b>

**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.

	<b>2019</b>	<b>2018</b>
Capital Sinking Fund (Schedule 2)	\$ 109,393	\$ 108,372
Stabilization Reserve Fund (Schedule 2)	101,010	100,011
Restricted Band Revenue Fund (Schedule 2)	13,121	15,493
Net Smelter Royalties Reserve Fund (Schedule 6)	788,875	981,046
Economic & Community Development Agreement Fund (Schedule 7)	<u>3,015,675</u>	<u>2,260,537</u>
	<b><u>\$ 4,028,074</u></b>	<b><u>\$ 3,465,459</u></b>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**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 2019	Fair Market Value 2018
Common stock & equivalents	\$ 3,634,818	\$ 947,490	\$ 4,582,308	\$ 4,488,421
Fixed income securities	976,953	(21,855)	955,098	948,287
Cash & equivalents	164,137	-	164,137	148,761
Other	10	-	10	10
	<b><u>\$ 4,775,918</u></b>	<b><u>\$ 925,635</u></b>	<b><u>\$ 5,701,553</u></b>	<b><u>\$ 5,585,479</u></b>

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

	2019	2018
<b>REVENUE:</b>		
Interest	\$ 34,656	\$ 32,787
Dividends	163,356	145,005
Capital gains	19,369	36,570
	<b><u>217,381</u></b>	<b><u>214,362</u></b>
<b>EXPENSES:</b>		
Management fees	70,417	69,957
Distributions (Schedule 3)	114,118	110,199
	<b><u>184,535</u></b>	<b><u>180,156</u></b>
<b>NET INCOME</b>	<b><u>32,846</u></b>	<b><u>34,206</u></b>
<b>OPENING BALANCE, at cost</b>	<b><u>4,743,072</u></b>	<b><u>4,708,866</u></b>
<b>ENDING BALANCE, at cost</b>	<b><u>4,775,918</u></b>	<b><u>4,743,072</u></b>
<b>UNREALIZED GAIN</b>	<b><u>925,635</u></b>	<b><u>842,407</u></b>
<b>ENDING BALANCE, at fair market value</b>	<b><u>\$ 5,701,553</u></b>	<b><u>\$ 5,585,479</u></b>

**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

<b>NOTE A6. LONG-TERM INVESTMENTS:</b>	<b>2019</b>	<b>2018</b>
All Nations Trust Company, at cost: 3,750 Common shares, par value \$1.00	<u>\$ 3,251</u>	<u>\$ 3,251</u>

<b>NOTE A7. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES:</b>	<b>2019</b>	<b>2018</b>
Stk'emlupsemc te Secwepemc Nation	\$ 1,192,727	\$ 818,800
Stk'emlupsemc Enterprises Inc.	(92,057)	(14,525)
Stk'emlupsemc Limited Partnership	320,653	89,376
Skeetchestn Holdings Limited Liability Partnership	420,283	444,772
Painted Rock Aggregates & Contracting LLP	657,700	275,955
Khucwentwecw Development Corporation	2,447,975	2,533,418
Big Sky Station Ltd.	1,324,527	1,082,292
Secwepemc Reconciliation Framework Agreement	-	95,332
Skeetchestn Natural Resources LLP	3,097,227	2,665,600
Skeetchestn Natural Resources Corporation	<u>78,213</u>	<u>(6,274)</u>
	<b><u>\$ 9,447,248</u></b>	<b><u>\$ 7,984,746</u></b>

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

	<b>2019</b>	<b>2018</b>
Interest:		
50%	<u>\$ 1</u>	<u>\$ 1</u>
Accumulated equity	<u>1,192,726</u>	<u>818,799</u>
	<b><u>\$ 1,192,727</u></b>	<b><u>\$ 818,800</u></b>

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

	<b>Total</b>	<b>Band's Share 2019</b>	<b>Band's Share 2018</b>
Cash	\$ 4,119,420	\$ 2,059,710	\$ 1,514,015
Other assets	204,722	102,361	61,319
Due from related party	<u>1,798,903</u>	<u>899,452</u>	<u>475,452</u>
	<b><u>6,123,045</u></b>	<b><u>3,061,523</u></b>	<b><u>2,050,786</u></b>
Accounts payable	66,513	33,259	70,301
Due to related parties	<u>3,671,075</u>	<u>1,835,538</u>	<u>1,161,686</u>
	<b><u>3,737,588</u></b>	<b><u>1,868,797</u></b>	<b><u>1,231,987</u></b>
Equity	<u>2,385,457</u>	<u>1,192,726</u>	<u>818,799</u>
Revenues	<u>3,260,185</u>	<u>1,630,093</u>	<u>1,236,008</u>
Expenses	<u>2,512,331</u>	<u>1,256,166</u>	<u>1,086,101</u>
Net income (loss)	<b><u>\$ 747,854</u></b>	<b><u>\$ 373,927</u></b>	<b><u>\$ 149,907</u></b>

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**  
**March 31, 2019**

---

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

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

	<b>2019</b>	<b>2018</b>
<b>Shares:</b>		
Common - 50%	\$ 10	\$ 10
Accumulated deficit	<u>(92,067)</u>	<u>(14,535)</u>
	<b><u>\$ (92,057)</u></b>	<b><u>\$ (14,525)</u></b>

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

	<b>Total</b>	<b>Band's Share</b>	<b>Band's Share</b>
	<b>2019</b>	<b>2018</b>	
Cash	\$ 117,741	\$ 58,871	\$ 119,900
Other assets	37,631	18,816	19,162
Due from related parties	<u>1,509,332</u>	<u>754,666</u>	<u>354,096</u>
	<u>1,664,704</u>	<u>832,353</u>	<u>493,158</u>
Accounts payable	49,916	24,958	33,071
Due to related parties	<u>1,798,903</u>	<u>899,452</u>	<u>474,612</u>
	<u>1,848,819</u>	<u>924,410</u>	<u>507,683</u>
Equity	<u>\$ (184,115)</u>	<u>\$ (92,057)</u>	<u>\$ (14,525)</u>
Revenues	\$ 1,077,916	\$ 538,958	\$ 501,820
Expenses	<u>1,079,905</u>	<u>539,953</u>	<u>494,873</u>
Net income	<u>\$ (1,989)</u>	<u>\$ (995)</u>	<u>\$ 6,947</u>
Dividends	<u>\$ 153,074</u>	<u>\$ 76,537</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**  
**March 31, 2019**

---

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

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

	2019	2018
<b>Interest:</b>		
Units - 49.995%	\$ -	\$ -
<b>Partnership interest:</b>		
Opening balance	89,376	77,488
Net income allocation	1,781,809	817,169
Contributions (drawings)	<u>(1,550,532)</u>	<u>(805,281)</u>
Balance, end of year	<u>320,653</u>	<u>89,376</u>
	<u><b>\$ 320,653</b></u>	<u><b>\$ 89,376</b></u>

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

	Total	Band's Share	Band's Share
		2019	2018
Cash	\$ 77,174	\$ 38,583	\$ 64,783
Other assets	429,922	214,940	180,089
Due from related parties	<u>3,671,075</u>	<u>1,835,354</u>	<u>971,686</u>
	<u>4,178,171</u>	<u>2,088,877</u>	<u>1,216,558</u>
Accounts payable	15,529	7,764	14,562
Due to related parties	1,504,032	751,941	351,445
Deferred revenue	<u>2,016,194</u>	<u>1,007,996</u>	<u>760,798</u>
	<u>3,535,755</u>	<u>1,767,701</u>	<u>1,126,805</u>
Equity	<u>\$ 642,416</u>	<u>\$ 321,176</u>	<u>\$ 89,753</u>
Revenues	<u>\$ 5,317,834</u>	<u>\$ 2,658,651</u>	<u>\$ 1,156,847</u>
Expenses	<u>1,753,860</u>	<u>876,842</u>	<u>339,760</u>
Net income	<u>\$ 3,563,974</u>	<u>\$ 1,781,809</u>	<u>\$ 817,087</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:**

	2019	2018
<b>Interest:</b>		
Units - 99%	\$ 9,900	\$ 9,900
<b>Partnership interest:</b>		
Opening balance	434,872	315,989
Net loss allocation	<u>(24,489)</u>	<u>(18,940)</u>
Contributions (drawings)	<u>-</u>	<u>137,823</u>
Balance, end of year	<u>410,383</u>	<u>434,872</u>
	<u><b>\$ 420,283</b></u>	<u><b>\$ 444,772</b></u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

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

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

	2019	2018
Current assets	\$ 25,586	\$ 26,650
Property and equipment	754,363	887,814
Due from partners	105,309	107,703
Due from related party	447,765	478,009
	<u>1,333,023</u>	<u>1,500,176</u>
Current liabilities	382,645	366,976
Obligation under capital lease	527,242	685,328
	<u>909,887</u>	<u>1,052,304</u>
Equity	<u>\$ 423,136</u>	<u>\$ 447,872</u>
Revenues	\$ 264,136	\$ 257,631
Expenses	<u>288,872</u>	<u>276,762</u>
Net loss	<u>\$ (24,736)</u>	<u>\$ (19,131)</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:**

	2019	2018
Interest:		
Units - 99%	\$ 9,900	\$ 9,900
Screener loan receivable, repaid during the year.	-	35,476
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.	321,733	-
Advances	<u>-</u>	<u>396,024</u>
	<u>331,633</u>	<u>441,400</u>
Partnership interest:		
Opening balance	(165,445)	(209,209)
Net income allocation	491,512	43,764
Balance, end of year	<u>326,067</u>	<u>(165,445)</u>
	<u>\$ 657,700</u>	<u>\$ 275,955</u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

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

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

	2019	2018
Cash	\$ 99,479	\$ 74,465
Accounts receivable	215,216	308,052
Inventory	1,705,040	1,027,801
Due from partners	5,578	5,038
Other assets	8,744	20,955
Property and equipment	<u>2,921,759</u>	<u>2,307,184</u>
	<u>4,955,816</u>	<u>3,743,495</u>
Accounts payable	714,109	764,471
Other current liabilities	42,806	21,934
Due to related parties	908,692	739,530
Debt and capital lease obligations	2,890,849	2,314,677
Reclamation cost obligations	<u>60,000</u>	<u>60,000</u>
	<u>4,616,456</u>	<u>3,900,612</u>
Equity (deficiency)	<u>\$ 339,360</u>	<u>\$ (157,117)</u>
Revenues	<u>\$ 4,447,202</u>	<u>\$ 2,912,112</u>
Expenses	<u>3,950,725</u>	<u>2,867,906</u>
Net income	<u>\$ 496,477</u>	<u>\$ 44,206</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:**

	2019	2018
Shares:		
Common - 100%	\$ 100,001	\$ 100,001
Advances	<u>1,428,404</u>	<u>1,428,404</u>
	<u>1,528,405</u>	<u>1,528,405</u>
Accumulated equity	<u>919,570</u>	<u>1,005,013</u>
	<u>\$ 2,447,975</u>	<u>\$ 2,533,418</u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

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

Consolidated financial information for Knucwentwecw Development Corporation is as follows:

	<b>2019</b>	<b>2018</b>
Cash	\$ 203,258	\$ 126,328
Accounts receivable	40,977	88,186
Inventory	113,866	121,308
Due from related parties	455,349	256,483
Investment in jointly controlled entities	-	302,995
Loan receivable	556,215	298,959
Property and equipment	3,487,863	3,578,073
Other assets	50,710	37,141
	<u>4,908,238</u>	<u>4,809,473</u>
Current liabilities	108,078	182,824
Callable debt	804,612	838,230
Due to related parties	1,534,513	1,536,907
Deferred revenue	43,287	65,102
	<u>2,490,490</u>	<u>2,623,063</u>
Equity	<u>\$ 2,417,748</u>	<u>\$ 2,186,410</u>
Revenues	\$ 5,704,586	\$ 5,529,391
Expenses	5,473,248	5,302,265
	<u>\$ 231,338</u>	<u>\$ 227,126</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.:**

	<b>2019</b>	<b>2018</b>
Shares:		
Preferred shares - 100%	\$ 179,695	\$ 179,695
Advances	799	799
	<u>180,494</u>	<u>180,494</u>
Accumulated equity	1,144,033	901,798
	<u>\$ 1,324,527</u>	<u>\$ 1,082,292</u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

**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:

	2019	2018
Cash	\$ 118,627	\$ 121,322
Accounts receivable	38,230	47,970
Inventory	113,866	121,308
Other current assets	687,884	483,107
Property and equipment	437,058	471,593
	<u>1,395,665</u>	<u>1,245,300</u>
Current liabilities	28,531	98,586
Deferred revenue	43,287	65,102
	<u>71,818</u>	<u>163,688</u>
Equity	<u>\$ 1,323,847</u>	<u>\$ 1,081,612</u>
Revenues	\$ 5,557,374	\$ 5,180,828
Expenses	5,315,139	5,019,228
Net income	<u>\$ 242,235</u>	<u>\$ 161,600</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 SECWEPEMC RECONCILIATION FRAMEWORK AGREEMENT:**

	2019	2018
Accumulated equity	<u>\$ -</u>	<u>\$ 95,332</u>

Financial information for Secwepemc Reconciliation Framework Agreement is as follows:

	Total	Band's share 2019	Band's share 2018
Cash	\$ 203,995	\$ 29,142	\$ 73,757
Accounts receivable	9,272	1,325	-
Intangible asset	<u>122,453</u>	<u>17,493</u>	<u>24,491</u>
	<u>336,720</u>	<u>47,960</u>	<u>98,248</u>
Current Liabilities	<u>36,536</u>	<u>5,219</u>	<u>2,916</u>
	<u>36,536</u>	<u>5,219</u>	<u>2,916</u>
Equity	<u>\$ 299,184</u>	<u>\$ 42,741</u>	<u>\$ 95,332</u>
Revenues	\$ 100,000	\$ 14,286	\$ 150,000
Expenses	468,139	66,877	129,773
Net income (loss)	<u>\$ (368,139)</u>	<u>\$ (52,591)</u>	<u>\$ 20,227</u>
Expenses of Secwepemc Reconciliation Framework Agreement (RFA) paid to Skeetchestn Indian Band	<u>\$ -</u>	<u>\$ 90,000</u>	

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



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

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

**INVESTMENT IN SKEETCHESTN NATURAL RESOURCES LLP:**

	2019	2018
Partnership units - 99.9%	\$ 999	\$ 999
Advances	<u>126,745</u>	<u>126,745</u>
	<u><u>127,744</u></u>	<u><u>127,744</u></u>
Partnership interest:		
Opening balance	2,537,856	1,511,728
Net income allocation	<u>431,627</u>	<u>694,370</u>
Contributions (drawings)	<u>-</u>	<u>331,758</u>
Balance, end of year	<u><u>2,969,483</u></u>	<u><u>2,537,856</u></u>
	<u><u><u>3,097,227</u></u></u>	<u><u><u>2,665,600</u></u></u>

Financial information for Skeetchestn Natural Resources LLP is as follows:

	2019	2018
Cash	\$ 573,515	\$ 631,784
Accounts receivable	<u>1,516,971</u>	<u>1,297,259</u>
Other current assets	<u>323,741</u>	<u>76,186</u>
Property and equipment	<u><u>1,420,601</u></u>	<u><u>1,332,823</u></u>
	<u><u><u>3,834,828</u></u></u>	<u><u><u>3,338,052</u></u></u>
Current liabilities	612,299	424,919
Long term debt	<u>122,662</u>	<u>245,325</u>
Due to related parties	<u>126,745</u>	<u>126,745</u>
	<u><u>861,706</u></u>	<u><u>796,989</u></u>
Equity	<u><u>2,973,122</u></u>	<u><u>2,541,063</u></u>
Revenues	<u><u>3,320,838</u></u>	<u><u>2,790,955</u></u>
Expenses	<u><u>2,888,779</u></u>	<u><u>2,095,890</u></u>
Net income	<u><u>432,059</u></u>	<u><u>695,065</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:**

	2019	2018
Shares - 100%	\$ 1	\$ 1
Advances	<u>(1)</u>	<u>(1)</u>
	<u>-</u>	<u>-</u>
Surplus (Deficit)	<u>78,213</u>	<u>(6,274)</u>
	<u><u>78,213</u></u>	<u><u>(6,274)</u></u>
Financial information for Skeetchestn Natural Resources Corporation is as follows:		
Long-term investments	\$ 163,017	\$ 42,728
Current liabilities	<u>84,803</u>	<u>49,001</u>
Surplus (Deficit)	<u>78,214</u>	<u>(6,273)</u>
Revenues	<u>432</u>	<u>695</u>
Expenses	<u>13,750</u>	<u>5,842</u>
Net loss	<u><u>(13,318)</u></u>	<u><u>(5,147)</u></u>

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



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

<b>NOTE A8. DEFERRED REVENUE:</b>	<b>2019</b>	<b>2018</b>
Amounts deferred are summarized below:		
Property taxes - BC Hydro	\$ 471,335	\$ 527,333
Prepaid rent and internet fees	4,581	-
Province of BC - Memorandum of Agreement	<u>340,296</u>	<u>340,296</u>
	<u><u>\$ 816,212</u></u>	<u><u>\$ 867,629</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, 2019. These projects will be completed in the next fiscal year and the payments will be applied towards project costs as they are incurred.

<b>NOTE A9. LONG-TERM DEBT:</b>	<b>2019</b>	<b>2018</b>
<b>Social Housing Phase 6 - 11:</b>		
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 \$309,539, due September 2019	\$ 113,827	\$ 134,655
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 \$162,779 due June 2021	80,586	91,318
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 \$64,939 due June 2020	47,228	51,112
All Nations Trust Company, 8-Unit, mortgage, repayable in monthly installments of \$4,145 including interest at 2.52% per annum, secured by houses with a carrying value of \$720,371, due September 2023	601,161	635,595
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 \$546,753 due April 2021	407,743	423,952
All Nations Trust Company, 3-Unit, mortgage, repayable in monthly installments of \$2,748 including interest at 2.70% per annum, secured by houses with a carrying value of \$755,810, due November 2023	<u>594,253</u>	<u>-</u>
	<u><u>\$ 1,844,798</u></u>	<u><u>\$ 1,336,632</u></u>

The Social Housing mortgages are guaranteed by Indigenous Services Canada.

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

2020	\$ 197,125
2021	124,321
2022	488,461
2023	56,325
2024	<u>978,566</u>
	<u><u>\$ 1,844,798</u></u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

<b>NOTE A10. TANGIBLE CAPITAL ASSETS:</b>	<b>2019</b>	<b>2018</b>
Tangible capital assets consist of the following:		
Buildings	\$ 2,934,797	\$ 3,193,934
Bridges and cattle guards	55,011	71,054
Water system	570,472	653,206
Automotive equipment	514,372	690,725
Office equipment	447,268	274,919
Equipment	134,900	135,214
Assets under construction	1,335,405	667,963
Social housing operations phase 6 - 11	<u>2,568,673</u>	<u>1,903,531</u>
	<u><u>\$ 8,560,898</u></u>	<u><u>\$ 7,590,546</u></u>

---

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

<b>NOTE A11. ACCUMULATED SURPLUS:</b>	<b>2019</b>	<b>2018</b>
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	\$ 9,090,742	\$ 8,976,253
Invested in tangible capital assets	<u>6,716,100</u>	<u>6,253,914</u>
Investments in controlled entities	<u>7,401,982</u>	<u>5,852,975</u>
Funded Reserves:		
Replacement Reserve Fund (Note A4)	210,098	204,579
Operating Reserve Fund (Note A4)	83,341	82,316
Ottawa Trust Funds (Note A4)	<u>967,661</u>	<u>794,301</u>
	<u><u>1,261,100</u></u>	<u><u>1,081,196</u></u>
Committed Reserves:		
Funds held in trust	<u>4,775,918</u>	<u>4,743,072</u>
	<u><u>29,245,842</u></u>	<u><u>26,907,410</u></u>
Accumulated remeasurement gains		
	<u>151,249</u>	<u>127,990</u>
	<u><u>\$ 29,397,091</u></u>	<u><u>\$ 27,035,400</u></u>



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A12. COMMITMENTS AND CONTINGENCIES:**

**Commitment:**

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

Future minimum lease payments as at March 31, 2019, are as follows:

2020	\$ 57,420
2021	57,420
2022	34,920
2023	<u>14,460</u>
	<u><b>\$ 164,220</b></u>

**Contingencies:**

**a) Funding agreement:**

The Band receives a portion of its funding under a contribution authority with Indigenous Services Canada which, if unexpended, may be refundable to Indigenous Services Canada. Further, amounts which are overexpensed may be reimbursed by Indigenous Services 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 \$61,070 (2018 - \$77,671).

**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, 2019, the outstanding loan balance was \$245,325. 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, 2019, the outstanding loan balance was \$804,612. The maximum liability to the Band with respect to these loans is \$650,000.



**SKEETCHESTN INDIAN BAND**  
**NOTES TO SUMMARY FINANCIAL STATEMENTS**  
**March 31, 2019**

---

**NOTE A13. RELATED PARTY TRANSACTIONS:**

During the year, the Band made purchases of \$96,635 (2018 - \$66,111) from Big Sky Station Ltd. for fuel and supplies and earned \$35,000 (2018 - \$35,000) in rent and received \$5,000 (2018 - \$5,000) in donations. Included in accounts payable is \$2,992 (2018 - \$3,928) due to Big Sky Station Ltd.

During the year, the Band paid \$25,060 (2018 - \$29,139) for community economic development services and earned \$2,350 (2018 - \$2,485) in property taxes from Knucwentwecw Development Corporation.

During the year, the Band paid \$699,449 (2018 - \$90,766) for management fees, and earned \$170,029 (2018 - \$130,294) in royalties, \$14,944 (2018 - \$3,520) in interest and \$39,900 (2018 - \$39,900) in lease income from Painted Rock Aggregates & Contracting LLP.

During the year, the Band earned \$300,000 (2018 - \$Nil) from Stk'emlupsemc to Secwepemc Nation, a significantly influenced entity, for management and other services.

During the year, the Band earned \$76,537 (2018 - \$Nil) from Stk'emlupsemc Enterprises Inc., a significantly influenced entity, in dividends.

During the year, the Band earned \$1,550,532 (2018 - \$805,283) for management and other services from Stk'emlupsemc Limited Partnership, a significantly influenced entity.

During the year, the Band paid \$1,500,632 (2018 - \$1,464,033) in contract services to Skeetchestn Natural Resources Limited Liability Partnership. Included in accounts payable is \$515,831 (2018 - \$508,063) due to Skeetchestn Natural Resources Limited Liability Partnership.

During the year, the Band received \$Nil (2018 - \$468,580) in proceeds for a building transferred, \$52,417 (2018 - \$Nil) for administration fees and \$40,530 (2018 - \$Nil) for supplies from Skeetchestn Natural Resources Limited Liability Partnership. Included in accounts receivable is \$185,560 (2018 - \$49,730) 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 Services 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	\$ 62,456
Deadman - Vidette Road Intersection - District Plan 215-1427-20	<u>5,371</u>
	<u><b>\$ 67,827</b></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, 2019**

---

**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, 2019**

---

**NOTE A17. CASH FLOW INFORMATION:**

During the year, the Band paid interest on long-term debt of \$55,050 (2018 - \$24,446) and received interest of \$154,106 (2018 - \$75,434) from various sources.