

NESKONLITH INDIAN BAND
SUMMARY FINANCIAL STATEMENTS
March 31, 2015

EXHIBIT

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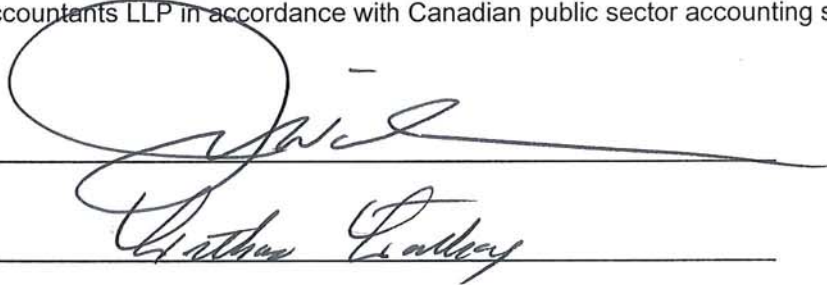
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Neskonlith 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 weekly with management and periodically with the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Finance Committee reports to Council prior to its approval of the financial statements. The Committee also considers, for review by the Council and approval by the members, the engagement or re-appointment of the external auditors.

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



Nathan Lortie



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INDEPENDENT AUDITORS' REPORT

To the Members,
NESKONLITH INDIAN BAND

EXHIBIT A1

Report on the Financial Statements

We have audited the accompanying financial statements of NESKONLITH INDIAN BAND, which comprise the summary statement of financial position as at March 31, 2015, and the summary statement of accumulated surplus, summary statement of operations, summary statement of changes in net financial assets and summary statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NESKONLITH INDIAN BAND as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other 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 38 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 15, 2015

Disclaimer of Liability

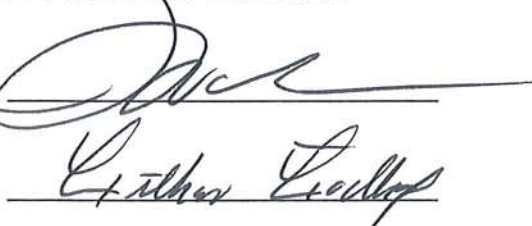
These financial statements were examined and this Audit Opinion issued solely for the use of NESKONLITH INDIAN BAND. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these financial statements and accepts no responsibility for their use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

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

FINANCIAL ASSETS	2015	2014
Cash	\$ 1,227,001	\$ 914,772
Restricted cash (Note A3)	1,543,114	1,375,843
Grants and accounts receivable (Note A4)	335,709	552,713
Security deposit	3,372	3,372
Investments (Note A5)	<u>948,601</u>	<u>294,730</u>
	<u>4,057,797</u>	<u>3,141,430</u>
LIABILITIES		
Bank indebtedness (Note A6)	150,000	-
Accounts payable and accruals	1,041,152	1,113,197
Deferred revenue (Note A7)	-	87,508
Demand loans (Note A8)	376,274	445,054
Mortgages payable (Note A9)	<u>1,392,796</u>	<u>1,570,595</u>
	<u>2,960,222</u>	<u>3,216,354</u>
NET FINANCIAL ASSETS (DEBT)	<u>1,097,575</u>	<u>(74,924)</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	19,328	17,326
Tangible capital assets (Note A10)	<u>2,835,561</u>	<u>3,238,509</u>
	<u>2,854,889</u>	<u>3,255,835</u>
ACCUMULATED SURPLUS (Note A11)	<u>\$ 3,952,464</u>	<u>\$ 3,180,911</u>

COMMITMENTS AND CONTINGENCIES (Note A13)

APPROVED BY THE BAND:



Luther Leedys

NESKONLITH INDIAN BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2015

	2015	2014
ACCUMULATED SURPLUS, beginning of year	\$ 3,180,911	\$ 2,441,697
EXCESS OF REVENUE OVER EXPENSES	<u>771,553</u>	<u>739,214</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 3,952,464</u>	<u>\$ 3,180,911</u>

See accompanying notes to financial statements.

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

	Budget	2015	2014
REVENUE:			
Aboriginal Affairs and Northern Development Canada	\$ 2,590,697	\$ 2,697,375	\$ 2,932,884
First Nations Health Authority	444,230	458,282	372,659
First Nations Education Steering Committee	131,239	129,345	112,768
Province of British Columbia	138,565	506,459	536,481
Leases and rentals	328,631	344,826	338,616
Income - Ottawa Trust Funds	-	54,440	128,169
Canada Mortgage and Housing Corporation	87,749	87,749	93,584
Income from investment in government business enterprise	-	742,565	289,830
Interest and investment income	-	7,467	1,459
Other income	432,798	1,431,067	2,158,367
	<u>4,153,909</u>	<u>6,459,575</u>	<u>6,964,817</u>
EXPENSES:			
Administration	825,059	983,098	1,204,472
Community Welfare	124,935	490,318	509,490
Operations and Maintenance	373,846	446,060	434,291
Education	1,487,331	1,233,991	1,260,158
Economic Development	307,938	194,270	296,304
Health Services	547,342	511,561	428,201
Government - Tmicw	632,008	1,214,100	1,657,640
Social Housing	355,000	614,624	435,047
	<u>4,653,459</u>	<u>5,688,022</u>	<u>6,225,603</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (499,550)	\$ 771,553	\$ 739,214

See accompanying notes to financial statements.

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

	Budget	2015	2014
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (499,550)	\$ 771,553	\$ 739,214
Acquisition of tangible capital assets	-	(224,414)	(122,747)
Amortization of tangible capital assets	-	536,477	498,709
Change in prepaid expenses	-	(2,002)	25,641
Proceeds on sale of tangible capital assets	-	82,299	1,493
Loss (gain) on sale of tangible capital assets	-	8,586	(242)
DECREASE (INCREASE) IN NET DEBT	(499,550)	1,172,499	1,142,068
NET DEBT, beginning of year	(74,924)	(74,924)	(1,216,992)
NET FINANCIAL ASSETS (DEBT), end of year	\$ (574,474)	\$ 1,097,575	\$ (74,924)

See accompanying notes to financial statements.

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses	\$ 771,553	\$ 739,214
Non-operating item:		
Amortization	536,477	498,709
(Increase) decrease in:		
Grants and accounts receivable	217,004	200,365
Prepaid expenses	(2,002)	25,642
Security deposits	-	(3,372)
Increase (decrease) in:		
Accounts payable and accruals	(72,045)	(130,178)
Deferred revenue	(87,508)	56,519
Cash flows from operations	<u>1,363,479</u>	<u>1,386,899</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Restricted cash	(167,271)	(169,278)
New borrowings	23,544	20,000
Repayment of demand loans and mortgages payable	(120,123)	(267,549)
Cash flows used in financing	<u>(263,850)</u>	<u>(416,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments	(653,871)	(300,211)
Cash flows used in investing	<u>(653,871)</u>	<u>(300,211)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Proceeds on disposal of property and equipment	82,299	1,493
Loss (gain) on sale of tangible capital assets	8,586	(242)
Purchase of tangible capital assets	(224,414)	(122,747)
Cash flows used in capital	<u>(133,529)</u>	<u>(121,496)</u>
INCREASE IN CASH	312,229	548,365
CASH, beginning of year	<u>914,772</u>	<u>366,407</u>
CASH, end of year	<u>\$ 1,227,001</u>	<u>\$ 914,772</u>

See accompanying notes to financial statements.

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

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

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

a) Fund Accounting:

The Neskonlith 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 Neskonlith Indian 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 Pre-1997 and Post-1996 which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Neskonlith Indian Band reporting entity includes the Neskonlith Indian 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:

- Neskonlith Indian Band Operating Fund
- Neskonlith Indian Band Trust Fund
- Neskonlith Indian Band Capital Fund
- Neskonlith Indian Band Social Housing Pre-1997 Fund
- Neskonlith Indian Band Social Housing Post-1996 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 Neskonlith 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. This includes:

- Sk'atsin Resources Ltd.
- Sk'atsin Resources Limited Liability Partnership

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

- Sexqeltkemoc Enterprises Inc.
- Sexqeltkemoc Limited Partnership

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

Notes that provide additional information regarding the entities are disclosed with each entity and form an integral part of these financial statements.

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

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

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 Debt for the year.

a) 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	7%
Fencing	10%
Automotive equipment	20%
Furniture and equipment	20%
Infrastructure	20%

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.

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.

b) Contributions of Tangible Capital Assets:

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

c) 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.

d) Investments:

Investments in non-controlled entities and not subject to significant influence are recorded at cost.

e) Accrual Method:

The Band utilizes accrual accounting.

f) Deferred Revenue:

Revenue is recorded in the period to which it relates.

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

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

g) Revenue Recognition:

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

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

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, and property taxes, etc. are reported when received or receivable and collection is reasonably assured.

Timber processing revenue is recognized on a completed-project basis.

h) Replacement Reserve:

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

i) 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 expenditures.

j) Uses 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 (including internally and externally restricted amounts), grants and accounts receivable, bank indebtedness, accounts payable and accrued liabilities and demand loans approximate their fair value due to the relatively short periods to maturity of these items or because they are receivable or payable on demand.

The carrying value of mortgages payable 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 investments due to the limited amount of comparable market information available.

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

NOTE A2. FINANCIAL INSTRUMENTS (continued):

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:

Bank indebtedness and demand loans have both fixed and variable interest rates based on the bank's prime rate, therefore the interest expense will vary with changes in the bank's prime rate. Mortgages payable has fixed rates; therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

NOTE A3. RESTRICTED CASH:

	2015	2014
Replacement Reserve	\$ 469,868	\$ 447,037
Operating Reserve	128,383	38,383
Ottawa Trust Funds	944,863	890,423
	<u>\$ 1,543,114</u>	<u>\$ 1,375,843</u>

a) **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 \$44,464 annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and / or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	2015	2014
Balance, beginning of year	<u>\$ 455,671</u>	<u>\$ 416,768</u>
Allocation during the year	44,464	44,464
Interest on account	1,372	1,458
Approved expenditures	<u>(30,631)</u>	<u>(7,019)</u>
	15,205	38,903
Balance, end of year	<u>\$ 470,876</u>	<u>\$ 455,671</u>
The Replacement Reserve is represented by:		
Cash	<u>\$ 469,868</u>	<u>\$ 447,037</u>

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

NOTE A3. RESTRICTED CASH (continued):

b) Operating Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Operating Reserve account is to be credited in the amount of any accumulated surplus 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.

	2015	2014
Balance, beginning of year	\$ 128,090	\$ 119,024
Allocation for the year	<u>16,827</u>	<u>9,066</u>
Balance, end of year	<u><u>\$ 144,917</u></u>	<u><u>\$ 128,090</u></u>
The Operating Reserve is represented by:		
Cash	<u><u>\$ 128,383</u></u>	<u><u>\$ 38,383</u></u>

c) 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 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.

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE:

	2015	2014
Grants and Accounts Receivable	\$ 891,356	\$ 1,099,431
Less: Allowance for doubtful accounts	<u>555,647</u>	<u>546,718</u>
	<u><u>\$ 335,709</u></u>	<u><u>\$ 552,713</u></u>

NOTE A5. INVESTMENTS:

	2015	2014
All Nations Trust Company:		
2,000 Class A shares, par value \$1	<u>\$ 4,000</u>	<u>\$ 4,000</u>
Secwepemc Economic Development Corporation:		
1 Common share, par value \$1	<u>1</u>	<u>1</u>
Sk'atsin Resources Ltd.:		
100 Class A common shares, par value \$1	100	100
Advances, unsecured, noninterest bearing, no stated terms of repayment	<u>41,889</u>	40,314
	<u><u>41,989</u></u>	<u><u>40,414</u></u>

Financial information for Sk'atsin Resources Ltd.:

	2015	2014
Assets	\$ 20,057	\$ 12,814
Liabilities	<u>(41,889)</u>	<u>(41,196)</u>
Equity	<u><u>\$ (21,832)</u></u>	<u><u>\$ (28,382)</u></u>
Revenue	\$ 7,209	\$ 12,814
Expenses	<u>659</u>	<u>7,167</u>
Net income	<u><u>\$ 6,550</u></u>	<u><u>\$ 5,647</u></u>

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

NOTE A5. INVESTMENTS (continued):

2015 2014

Sk'atsin Resources Limited Liability Partnership:

Capital account - 99% interest	990	99
Advances, unsecured, noninterest bearing, no stated terms of repayment	(114,425)	4,211
Accumulated equity in income	713,665	-
Loan receivable, repayable in monthly installments of \$1,631 including interest at 9% per annum, unsecured	31,980	-
	<u>632,210</u>	<u>4,310</u>

Financial information for Sk'atsin Resources Limited Liability Partnership:

	Total	Band's Share 2015	Band's Share 2014
Assets	\$ 842,713	\$ 834,286	\$ -
Liabilities	<u>(235,273)</u>	<u>(232,920)</u>	<u>-</u>
Partner's Capital	<u>\$ 607,440</u>	<u>\$ 601,366</u>	<u>\$ -</u>
Revenues	\$ 1,887,892	\$ 1,869,013	\$ -
Expenses	<u>1,167,018</u>	<u>1,155,348</u>	<u>-</u>
Net Income	<u>\$ 720,874</u>	<u>\$ 713,665</u>	<u>\$ -</u>

Sk'atsin Resources Limited Liability Partnership is domiciled in Canada and has a registered office at 740 Chief Neskonlith Drive, Chase, BC. The Partnership is engaged in resource and economic development opportunities. The Partnership is controlled by Neskonlith Indian Band (99%). Net income of the Partnership is allocated to the respective Partners annually. The Partnership was formed on March 19, 2014.

Sexqeltkenc Enterprises Inc. (33%):

10 Common shares, par value \$1	10	10
Advances, unsecured, noninterest bearing, no stated terms of repayment	<u>(10)</u>	<u>(10)</u>
	<u>-</u>	<u>-</u>

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

NOTE A5. INVESTMENTS (continued):	2015	2014
Sexqeltkcmc Limited Partnership:		
Capital account - 33% interest	10	10
Advances, unsecured, noninterest bearing, no stated terms of repayment	10,000	10,000
Accumulated equity in income	260,391	235,995
	<u>270,401</u>	<u>246,005</u>
	<u>\$ 948,601</u>	<u>\$ 294,730</u>

Financial information for Sexqeltkcmc Limited Partnership:

	Total	Band's Share 2015	Band's Share 2014
Current Assets	\$ 888,299	\$ 296,071	\$ 841,906
Long-term Assets	122,063	40,684	1,998
Current Liabilities	<u>(199,082)</u>	<u>(66,354)</u>	<u>(597,899)</u>
Partner's Capital	<u>\$ 811,280</u>	<u>\$ 270,401</u>	<u>\$ 246,005</u>
Revenues	\$ 5,166,455	\$ 1,721,979	\$ 1,233,633
Expenses	<u>5,093,260</u>	<u>1,697,583</u>	<u>943,803</u>
Net Income	<u>\$ 73,195</u>	<u>\$ 24,396</u>	<u>\$ 289,830</u>

Sexqeltkcmc Limited Partnership is domiciled near Chase, British Columbia. The Partnership is a business entity comprised of representative members from the Adams Lake, Neskonlith and Splatshin people. The Partnership's objective is to recognize, develop and secure business and employment opportunities within the traditional boundaries of the Sexqeltkcmc te Secwepemc. Net earnings of the Partnership are allocated to the respective Partners annually.

NOTE A6. BANK INDEBTEDNESS	2015	2014
Line of credit	<u>\$ 150,000</u>	<u>\$ -</u>

Under a line of credit with the Royal Bank of Canada, the Band may borrow up to \$250,000 on such terms as the Band and bank may mutually agree upon. The line of credit bears interest at the Bank's prime rate plus 1.25%. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2015, the unused portion of the credit line was \$100,000.

NOTE A7. DEFERRED REVENUE:	2015	2014
Revenue amounts deferred are summarized as follows:		
<u>Social Housing Operations:</u>		
Social Housing Operation - Post-1996 - insurance proceeds	<u>\$ -</u>	<u>\$ 87,508</u>

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

NOTE A8. DEMAND LOANS:	2015	2014
<u>Operating Fund:</u>		
Community Futures Development Corporation, repayable in blended monthly installments of \$75 including interest at 9% per annum, unsecured	\$ 5,579	\$ 5,952
Community Futures Development Corporation, demand loan, repayable in monthly installments of \$1,556 including interest at 9.0%, unsecured	26,401	-
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,415 including interest at 4.75%, secured by a general security agreement, due June 2015	<u>4,221</u>	<u>20,579</u>
	<u>36,201</u>	<u>26,531</u>
<u>Capital Fund:</u>		
Community Futures Development Corporation, demand loan, repaid during the year	-	41,901
Royal Bank of Canada, demand loan, repayable in monthly installments of \$2,308 including interest at 3.07%, secured by a general security agreement, due June 2017	274,531	293,483
Royal Bank of Canada, demand loan, repayable in monthly installments of \$264 including interest at 4.65%, secured by a general security agreement, due January 2020	23,189	-
Royal Bank of Canada, demand loan, repayable in monthly installments of \$595 including interest at 2.60%, secured by a general security agreement, due January 2020	32,314	38,345
Royal Bank of Canada, demand loan, repayable in monthly installments of \$1,459 including interest at 4.25%, secured by a general security agreement, due October 2015	10,039	26,734
Royal Bank of Canada, demand loan, repaid during the year	<u>-</u>	<u>18,060</u>
	<u>340,073</u>	<u>418,523</u>
	<u>\$ 376,274</u>	<u>\$ 445,054</u>

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

2016	\$ 64,872
2017	38,317
2018	244,008
2019	9,463
2020	19,614

NOTE A9. MORTGAGES PAYABLE:	2015	2014
<u>Social Housing Operation - Pre-1997 mortgages:</u>		
All Nations Trust Company, repayable in monthly installments of \$1,985 including interest at 2.02% per annum, secured by buildings with a carrying value of \$194,018, due August 2018	\$ 78,580	\$ 100,577
All Nations Trust Company, repayable in monthly installments of \$2,356 including interest at 2.37% per annum, secured by buildings with a carrying value of \$193,553, due May 2016	32,505	59,658
All Nations Trust Company, repayable in monthly installments of \$2,157 including interest at 1.65% per annum, secured by buildings with a carrying value of \$321,133, due June 2017	172,932	195,765

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

NOTE A9. MORTGAGES PAYABLE (continued):

2015

2014

Social Housing Operation - Pre-1997 mortgages (continued):

All Nations Trust Company, repayable in monthly installments of \$2,566 including interest at 1.67% per annum, secured by buildings with a carrying value of \$392,196, due June 2018

237,218

263,822

521,235

619,822

Social Housing Operation - Post-1996 mortgages:

All Nations Trust Company, repayable in monthly installments of \$2,386 including interest at 1.85% per annum, secured by buildings with a carrying value of \$319,487, due August 2019

241,267

264,807

All Nations Trust Company, repayable in monthly installments of \$2,578 including interest at 1.67% per annum, secured by buildings with a carrying value of \$447,684, due June 2018

308,665

334,236

All Nations Trust Company, repayable in monthly installments of \$3,074 including interest at 1.82% per annum, secured by buildings with a carrying value of \$457,275, due September 2019

321,629

351,730

871,561

950,773

\$ 1,392,796

\$ 1,570,595

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

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

2016	\$ 182,144
2017	161,815
2018	262,083
2019	452,835
2020	333,919

NOTE A10. TANGIBLE CAPITAL ASSETS:

2015

2014

Tangible capital assets consist of the following:

Buildings

\$ 173,136

\$ 350,853

Automotive equipment

39,741

86,352

Furniture and equipment

134,806

81,537

Fencing

73,267

67,108

Infrastructure

89,262

37,480

Social Housing

2,325,349

2,615,179

\$ 2,835,561

\$ 3,238,509

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

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

NOTE A11. ACCUMULATED SURPLUS:	2015	2014
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus from operations	<u>\$ 1,284,005</u>	<u>\$ 453,116</u>
Invested in investments	<u>5,111</u>	<u>4,220</u>
Invested in tangible capital assets	<u>1,102,692</u>	<u>1,249,391</u>
Funded Reserves:		
Operating Reserve Fund (CMHC) (Note A3)	144,917	128,090
Replacement Reserve Fund (CMHC) (Note A3)	470,876	455,671
Ottawa Trust Funds (Note A3)	<u>944,863</u>	<u>890,423</u>
	<u>1,560,656</u>	<u>1,474,184</u>
	<u>\$ 3,952,464</u>	<u>\$ 3,180,911</u>

NOTE A12. FEDERAL ASSISTANCE PAYMENTS:

The Neskonlith Indian Band Housing Project has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56-1 of the National Housing Act to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of assistance received through March 31, 2015 was \$87,749 (2014 - \$93,584). This assistance will continue, providing the Band is not in default of the agreement.

NOTE A13. COMMITMENTS AND CONTINGENCIES:

Commitments:

The Band leases office equipment under long-term lease agreements the longest of which expires November 2020.

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

2016	\$ 15,558
2017	10,703
2018	9,600
2019	9,600
2020	7,150
2021	<u>3,150</u>
	<u>\$ 55,761</u>

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

NOTE A13. COMMITMENTS AND CONTINGENCIES (continued):

Contingencies:

a) Social Housing:

The Band is guarantor of various Housing loans, secured by Ministerial guarantees, including \$1,400,881 for Social Housing and \$55,698 for capital housing for a total of \$1,456,579.

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 \$36,995 (2014 \$39,060).

c) Aboriginal Affairs and Northern Development Canada Funding:

The Band receives a portion of its funding under a contribution agreement with Aboriginal Affairs and Northern Development Canada (AANDC) which, if unexpended, may be refundable to AANDC. Further, amounts which are overexpended may be reimbursed by AANDC to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.

d) Guarantees:

The Band has provided a guarantee for the bank indebtedness of Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership. At March 31, 2015, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$85,000.

The Band has provided a guarantee for the bank indebtedness of Sexqeltkenc Limited Partnership. The Band holds 33% of the partnership units in Sexqeltkenc Limited Partnership. At March 31, 2015, the outstanding loan balances were \$Nil. The maximum liability to the Band with respect to these loans is \$100,000.

NOTE A14. SEGMENTED INFORMATION:

The Neskonlith Indian Band is a First Nations government institution that provides a range of programs and services to its members, including administration, community welfare, operations and maintenance, education, economic development, health services, natural resources, capital and social housing. 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:

Administration

Administration relates to the operations of the Neskonlith Indian Band itself and cannot be directly attributed to a specific segment.

Community Welfare

Community Welfare provides services to help the Members by providing a variety of programs, community services and social assistance.

Operations and Maintenance

Operations and maintenance provides services relating to the development, maintenance and service of the Neskonlith Indian Band's assets, infrastructure and common property.

Education

Education provides educational services through the operations of an on reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Neskonlith Indian Band's Members.

Economic Development

Economic development provides for the development of economic opportunities to the Members.

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

NOTE A14. SEGMENTED INFORMATION (continued):

Health Services

Health services provides for health-related services and programs to the Members.

Government - Tmicw

Government - Tmicw provides exploration of natural resources and development of natural resource revenues.

Capital

Capital provides for the development of new capital projects and infrastructure programs on the reserve.

Social Housing

Social housing provides for social housing to the Members.

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

NOTE A15. RELATED PARTY TRANSACTIONS:

During the year, the Band earned, \$Nil (2014 - \$175) for Consulting services, \$1,727 (2014 - \$2,195) for reimbursable travel and \$1,650 (2014 - \$Nil) for other miscellaneous office costs from Sexqeltkenc Limited Partnership, a significantly influenced partnership.

During the year, the Band earned \$2,547 (2014 - \$Nil) in contract services, \$2,116 (2014 - \$Nil) in miscellaneous office costs, \$11,842 (2014 - \$Nil) in reimbursements for materials and \$6,095 (2014 - \$Nil) in interest from Sk'astin Resources Limited Liability Partnership. The Band contributed \$25,000 (2014 - \$Nil) for construction of an Arbour and paid \$73,616 (2014 - \$Nil) for contract services to Sk'atsin Resources Limited Liability Partnership. The Band holds 99% of the partnership units in Sk'atsin Resources Limited Liability Partnership.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NOTE A16. ECONOMIC DEPENDENCE:

The Band receives revenues pursuant to a Funding Agreement with Aboriginal Affairs and Northern Development Canada. In the current fiscal year, funding from Aboriginal Affairs and Northern Development Canada accounted for 47% (2014 - 42%) of the Band's gross revenues.

NOTE A17. CASH FLOW INFORMATION:

During the year, the Band paid interest on demand loans and mortgages payable of \$43,461 (2014 - \$57,205) and received interest of \$35,808 (2014 - \$24,716).

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

	Buildings	Automotive Equipment	Furniture and Equipment	Fencing	Infrastructure	Social Housing	2015	2014
Cost								
Balance, beginning of year	\$ 2,396,810	\$ 328,046	\$ 723,704	\$ 109,742	\$ 5,740,714	\$ 4,538,341	\$ 13,837,357	\$ 13,717,110
Add: Additions during the year	45,934	-	93,656	18,035	66,789	-	224,414	122,747
Less: Disposals during the year	(79,221)	(30,699)	(8,064)	-	-	-	(117,984)	(2,500)
Balance, end of year	<u>2,363,523</u>	<u>297,347</u>	<u>809,296</u>	<u>127,777</u>	<u>5,807,503</u>	<u>4,538,341</u>	<u>13,943,787</u>	<u>13,837,357</u>
Accumulated amortization								
Balance, beginning of year	2,045,957	241,694	642,167	42,634	5,703,234	1,923,162	10,598,848	10,101,389
Add: Amortization	163,839	21,182	34,742	11,876	15,007	289,830	536,476	498,709
Less: Disposals during the year	(19,409)	(5,270)	(2,419)	-	-	-	(27,098)	(1,250)
Balance, end of year	<u>2,190,387</u>	<u>257,606</u>	<u>674,490</u>	<u>54,510</u>	<u>5,718,241</u>	<u>2,212,992</u>	<u>11,108,226</u>	<u>10,598,848</u>
Net Book Value of Tangible Capital Assets	<u>\$ 173,136</u>	<u>\$ 39,741</u>	<u>\$ 134,806</u>	<u>\$ 73,267</u>	<u>\$ 89,262</u>	<u>\$ 2,325,349</u>	<u>\$ 2,835,561</u>	<u>\$ 3,238,509</u>

See accompanying notes to financial statements.

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

	Admini- stration	Community Welfare	Operations & maintenance	Education	Economic development	Health Services	Government - Tmicw	Capital	Social Housing	Total 2015	Total 2014
REVENUE:											
Aboriginal Affairs and Northern Development Canada	\$ 380,641	\$ 402,533	\$ 548,547	\$ 1,192,925	\$ 172,729	\$ -	\$ -	\$ -	\$ -	\$ 2,697,375	\$ 2,932,884
Leases and rentals	82,913	-	-	-	-	-	-	-	261,913	344,826	338,616
CMHC	-	-	-	-	-	-	-	-	87,749	87,749	93,584
Province of BC	36,646	-	-	28,608	-	34,512	406,693	-	-	506,459	536,481
Consulting and contract	-	-	-	-	-	-	-	-	-	-	1,100,965
Interest and tax penalties	54,440	-	-	-	-	-	6,095	-	1,372	61,907	129,628
First Nations Health Authority	-	-	-	-	-	458,282	-	-	-	458,282	372,659
Admin recoveries	213,109	-	-	-	-	-	3,788	-	-	216,897	244,865
Miscellaneous	76,857	-	5,406	198,429	44,121	39,576	1,536,060	-	185,631	2,086,080	1,215,135
	<u>844,606</u>	<u>402,533</u>	<u>553,953</u>	<u>1,419,962</u>	<u>216,850</u>	<u>532,370</u>	<u>1,952,636</u>	<u>-</u>	<u>536,665</u>	<u>6,459,575</u>	<u>6,964,817</u>
EXPENSES:											
Advertising	-	-	-	-	-	-	827	-	-	827	7,371
Administration fees	16,233	13,923	30,635	52,834	19,465	46,584	5,254	-	23,002	207,930	308,901
Amortization	246,647	-	-	-	-	-	-	-	289,830	536,477	498,708
Assistance	-	365,306	-	111,157	-	-	-	-	-	476,463	543,950
Community development	-	-	-	-	-	659	-	-	-	659	10,000
Contract services	22,988	-	44,522	3,350	63,663	46,259	398,920	-	-	579,702	618,724
Education	-	-	-	560,359	-	-	-	-	-	560,359	543,875
Gifts and donations	271	-	-	279	-	-	13,922	-	-	14,472	20,037
Honorarium	780	-	-	5,215	776	190	370,761	-	-	377,722	364,055
Insurance	16,754	-	12,197	5,610	-	4,276	1,539	-	24,154	64,530	65,017
Leases	12,193	-	-	4,044	-	5,060	4,308	-	-	25,605	12,346
Licences, dues and fees	875	-	-	-	-	450	1,360	-	-	2,685	102,632
Interest on demand loans and mortgages payable	10,438	-	-	813	-	-	4,324	-	27,886	43,461	57,205
Materials and supplies	28,225	-	44,051	10,644	6,844	32,593	41,157	-	95	163,609	106,583
Meetings	14,881	-	-	1,211	3,816	-	36,871	-	-	56,779	44,092
Office and other	80,068	-	-	19,785	-	7,049	99,143	-	-	206,045	479,813
Professional fees	26,484	-	-	-	-	-	57,165	-	6,999	90,648	162,272
Programs	2,474	-	66,536	40,500	-	16,696	74,000	-	-	200,206	214,933
Repairs and maintenance	6,994	-	28,359	13,822	-	2,570	832	-	242,658	295,235	95,128
Telephone	18,140	480	4,061	7,939	360	7,182	899	-	-	39,061	45,672
Training	5,557	-	3,517	14,870	11,885	10,295	1,100	-	-	47,224	73,611
Travel	4,628	1,553	7,662	31,459	5,929	22,382	6,281	-	-	79,894	99,842
Utilities	16,284	-	44,162	8,799	-	7,247	2,032	-	-	78,524	71,808
Wages and benefits	452,184	109,056	160,358	341,301	81,532	302,069	93,405	-	-	1,539,905	1,679,028
	<u>983,098</u>	<u>490,318</u>	<u>446,060</u>	<u>1,233,991</u>	<u>194,270</u>	<u>511,561</u>	<u>1,214,100</u>	<u>-</u>	<u>614,624</u>	<u>5,688,022</u>	<u>6,225,603</u>
EXCESS (SHORTFALL) OF											
REVENUE OVER EXPENSES	<u>\$ (138,492)</u>	<u>\$ (87,785)</u>	<u>\$ 107,893</u>	<u>\$ 185,971</u>	<u>\$ 22,580</u>	<u>\$ 20,809</u>	<u>\$ 738,536</u>	<u>\$ -</u>	<u>\$ (77,959)</u>	<u>\$ 771,553</u>	<u>\$ 739,214</u>

See accompanying notes to financial statements.

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

	Admini- stration	Community Welfare	Operations & Maintenance	Education	Economic Development	Health Services	Government - Tmicw	Capital	Social Housing	Total 2014
REVENUE:										
Aboriginal Affairs and Northern Development Canada	\$ 375,323	\$ 679,044	\$ 390,731	\$ 1,172,756	\$ 217,989	\$ 6,889	\$ -	\$ 90,152	\$ -	\$ 2,932,884
Leases and rentals	85,537	-	-	-	-	-	-	-	253,079	338,616
CMHC	-	-	-	-	-	-	-	-	93,584	93,584
Province of BC	34,233	-	-	-	-	34,512	467,736	-	-	536,481
Consulting and contract	-	-	-	-	-	-	1,100,965	-	-	1,100,965
Interest and tax penalties	128,169	-	-	-	-	-	-	-	1,459	129,628
Health Canada	-	-	-	-	-	372,659	-	-	-	372,659
Admin recoveries	156,480	-	-	-	-	16,000	72,385	-	-	244,865
Miscellaneous	76,608	337	39,032	133,161	101,835	31,600	818,487	-	14,075	1,215,135
	<u>856,350</u>	<u>679,381</u>	<u>429,763</u>	<u>1,305,917</u>	<u>319,824</u>	<u>461,660</u>	<u>2,459,573</u>	<u>90,152</u>	<u>362,197</u>	<u>6,964,817</u>
EXPENSES:										
Administration fees	8,549	-	9,719	57,548	17,266	40,844	133,574	-	41,401	308,901
Advertising	-	-	-	-	-	-	7,371	-	-	7,371
Amortization	208,878	-	-	-	-	-	-	-	289,830	498,708
Assistance	-	405,918	-	138,032	-	-	-	-	-	543,950
Community development	-	-	-	10,000	-	-	-	-	-	10,000
Contract services	6,637	-	59,390	6,043	94,494	9,892	442,268	-	-	618,724
Education	-	-	-	543,875	-	-	-	-	-	543,875
Gifts and donations	-	-	-	50	-	-	19,987	-	-	20,037
Honorarium	475	-	-	6,683	-	-	356,897	-	-	364,055
Insurance	19,677	430	4,160	5,003	-	2,834	9,356	-	23,557	65,017
Leases	1,872	-	-	-	-	5,449	5,025	-	-	12,346
Licences, dues and fees	900	-	35	-	-	1,102	100,595	-	-	102,632
Interest on demand loans and mortgages payable	10,860	-	-	1,667	-	534	6,769	-	37,375	57,205
Materials and supplies	12,240	-	14,348	25,859	17,183	20,309	16,560	-	84	106,583
Meetings	-	-	-	188	-	-	43,904	-	-	44,092
Office and other	390,120	-	-	30,044	83	182	59,384	-	-	479,813
Professional fees	36,500	-	-	-	-	-	119,676	-	6,096	162,272
Programs	2,249	-	68,971	32,990	-	15,344	95,379	-	-	214,933
Repairs and maintenance	848	-	35,346	12,223	-	-	10,007	-	36,704	95,128
Telephone	20,397	240	4,234	6,169	360	6,974	7,298	-	-	45,672
Training	10,618	116	1,215	20,131	32,243	1,290	7,998	-	-	73,611
Travel	8,347	1,033	5,109	27,703	9,941	27,172	20,537	-	-	99,842
Utilities	4,599	-	53,100	6,189	-	4,771	3,149	-	-	71,808
Wages and benefits	460,706	101,753	178,664	329,761	124,734	291,504	191,906	-	-	1,679,028
	<u>1,204,472</u>	<u>509,490</u>	<u>434,291</u>	<u>1,260,158</u>	<u>296,304</u>	<u>428,201</u>	<u>1,657,640</u>	<u>-</u>	<u>435,047</u>	<u>6,225,603</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ (348,122)</u>	<u>\$ 169,891</u>	<u>\$ (4,528)</u>	<u>\$ 45,759</u>	<u>\$ 23,520</u>	<u>\$ 33,459</u>	<u>\$ 801,933</u>	<u>\$ 90,152</u>	<u>\$ (72,850)</u>	<u>\$ 739,214</u>

See accompanying notes to financial statements.