

SHACKAN INDIAN BAND
SUMMARY FINANCIAL STATEMENTS
March 31, 2015

EXHIBIT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING


The financial statements of SHACKAN 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 integrity and reliability of SHACKAN INDIAN BAND's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

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

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









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INDEPENDENT AUDITORS' REPORT

To the Members,
SHACKAN INDIAN BAND

EXHIBIT A1

Report on the Financial Statements

We have audited the accompanying financial statements of SHACKAN 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 SHACKAN 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 41 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 16, 2015

Disclaimer of Liability



These financial statements were examined and this Audit Opinion issued solely for the use of SHACKAN 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.

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

FINANCIAL ASSETS	2015	2014
Cash	\$ 74,346	\$ 303,700
Marketable securities (Note A3)	381,252	365,662
Restricted cash (Note A4)	320,470	308,987
Accounts receivable (Note A5)	96,469	61,650
Note receivable (Note A6)	45,068	-
Long-term investments and advances (Note A7)	487,613	617,621
	<u>1,405,218</u>	<u>1,657,620</u>
LIABILITIES		
Accounts payable and accruals (Note A8)	315,864	243,818
Deferred revenue (Note A9)	-	22,092
Reforestation obligation	34,954	34,954
Mortgage payable (Note A10)	186,005	194,016
	<u>536,823</u>	<u>494,880</u>
NET FINANCIAL ASSETS	868,395	1,162,740
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A11)	1,926,717	2,019,062
Prepaid expenses	18,609	19,055
ACCUMULATED SURPLUS (Note A12)	\$2,813,721	\$3,200,857

CONTINGENCIES (Note A13)

APPROVED BY THE BAND:

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

	2015	2014
ACCUMULATED SURPLUS, beginning of year	\$ 3,200,857	\$ 3,355,158
SHORTFALL OF REVENUE OVER EXPENSES	<u>(387,136)</u>	<u>(154,301)</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 2,813,721</u>	<u>\$ 3,200,857</u>

See accompanying notes to financial statements.

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

	Budget	2015	2014
REVENUE:			
Aboriginal Affairs and Northern Development Canada	\$ 539,091	\$ 682,262	\$ 739,514
Leases and rentals	13,200	13,200	13,200
CMHC	6,011	6,011	6,627
BC Hydro	-	2,143	2,000
Province of BC	-	6,227	-
Interest	100	23,595	17,565
Management fees	-	-	162,000
Ministry of Forests	20,000	14,035	75,031
Miscellaneous	45,900	480,848	146,706
	<u>624,302</u>	<u>1,228,321</u>	<u>1,162,643</u>
EXPENSES:			
Band Revenue	15,000	65,488	15,582
Administration	311,950	489,638	398,832
Special Services	145,700	193,536	171,961
Education	81,425	156,146	193,982
Community Operations & Maintenance	161,595	239,978	230,395
Capital	7,000	56,322	188,325
Special Projects	6,800	241,261	30,047
Housing	34,100	101,063	45,130
Other	19,197	72,025	42,690
	<u>782,767</u>	<u>1,615,457</u>	<u>1,316,944</u>
SHORTFALL OF REVENUE OVER EXPENSES	\$ (158,465)	\$ (387,136)	\$ (154,301)

SHACKAN INDIAN BAND
SUMMARY STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
Year ended March 31, 2015

	Budget	2015	2014
SHORTFALL OF REVENUE OVER EXPENSES	\$ (158,465)	\$ (387,136)	\$ (154,301)
Amortization of tangible capital assets	-	118,158	115,850
Acquisition of tangible capital assets	-	(25,813)	(365,227)
Change in prepaid expenses	<u>-</u>	<u>446</u>	<u>3,297</u>
DECREASE IN NET FINANCIAL ASSETS	(158,465)	(294,345)	(400,381)
NET FINANCIAL ASSETS, beginning of year	<u>1,162,740</u>	<u>1,162,740</u>	<u>1,563,121</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 1,004,275</u>	<u>\$ 868,395</u>	<u>\$ 1,162,740</u>

See accompanying notes to financial statements.

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

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Shortfall of revenue over expenses	\$ (387,136)	\$ (154,301)
Non-cash charges to operations:		
Amortization	118,158	115,850
(Increase) decrease in:		
Accounts receivable	(34,819)	(27,885)
Note receivable	(45,068)	-
Prepaid expenses	446	3,297
Advances (to) Nicola Valley Indian Services Association	12,747	(10,000)
Advances (to) Shackan Development Corporation	117,261	(105,637)
Increase (decrease) in:		
Accounts payable and accruals	72,046	43,638
Deferred revenue	(22,092)	22,092
Cash flows used in operations	<u>(168,457)</u>	<u>(112,946)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal repayment of long-term debt	(8,011)	(7,428)
Restricted cash	(11,483)	(21,623)
Cash flows used in financing	<u>(19,494)</u>	<u>(29,051)</u>
CASH FLOWS USED IN CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	(25,813)	(365,227)
Cash flows used in capital	<u>(25,813)</u>	<u>(365,227)</u>
DECREASE IN CASH RESOURCES	(213,764)	(507,224)
CASH RESOURCES, beginning of year	<u>669,362</u>	<u>1,176,586</u>
CASH RESOURCES, end of year	\$ 455,598	\$ 669,362
CASH RESOURCES CONSISTS OF:		
Cash	\$ 74,346	\$ 303,700
Marketable securities	<u>381,252</u>	<u>365,662</u>
	\$ 455,598	\$ 669,362

See accompanying notes to financial statements.

**SHACKAN 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:

Shackan 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. Shackan 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 which reports the social housing assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Shackan Indian Band reporting entity includes the Shackan 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:

- Shackan Indian Band Operating Fund
- Shackan Indian Band Trust Fund
- Shackan Indian Band Capital Fund
- Shackan Indian Band Social Housing 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 Shackan 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:

- Shackan Development Corporation

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

c) Accrual Method:

The accrual method is used in accounting.

d) Cash Equivalents:

Highly liquid investments with maturities of one year or less at date of purchase are classified cash equivalents.

e) Term Deposits:

Term deposits are recorded at cost plus accrued interest.

f) Marketable Securities:

Marketable Securities are recorded at the lower of cost and net realizable value.

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

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

g) 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 Changes in Net Financial Assets for the year.

1) 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:

Roads	10 to 75 years
Water Systems	50 years
Buildings	20 to 40 years
Automotive	10 years
Equipment	5 to 10 years
Bridge	50 years

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

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.

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.

2) 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.

h) Deferred Revenue:

Revenue is recorded in the period to which it relates.

i) Revenue Recognition:

The Shackan 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, etc. are reported when received or receivable and collection is reasonably assured.

j) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual minimum revenue contribution and Canada Mortgage and Housing Corporation (CMHC) subsidies over current eligible expenditures.

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

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

k) Replacement Reserve:

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

l) Reforestation:

As part of the Band's forest license agreement, the Band is required to perform reforestation on areas logged under conditions set out in the acts governing forestry operations. The Band estimates the costs of reforestation through to the free-to-grow stage and records the present value obligation of these costs as timber is harvested.

m) 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, accounts receivable, 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 the mortgage payable approximates its fair value as the terms and conditions of the borrowing arrangement is comparable to current market terms and conditions for similar items.

It is not practicable to determine the fair value of advances to related parties due to the limited amount of comparable market information available.

Credit Risk:

The Band is exposed to a credit risk by its funding agencies and suppliers. However, because the majority of funding is from government agencies and there is a large number of different suppliers, credit risk concentration is reduced to the minimum.

Interest Risk:

Long-term debt has a fixed interest rate of 2.11% until January 2019. Therefore interest expense will decrease with principal repayment of the mortgage and interest risk is reduced to the minimum.

NOTE A3. MARKETABLE SECURITIES:

The market value of the marketable securities, at March 31, 2015, is \$408,442 (2014 \$377,270)

NOTE A4. RESTRICTED CASH:

	2015	2014
Operating Reserve	\$ 6,209	\$ 6,209
Replacement Reserve	12,708	8,627
Ottawa Trust Funds	<u>301,553</u>	<u>294,151</u>
	<u>\$ 320,470</u>	<u>\$ 308,987</u>

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE A4. RESTRICTED CASH (continued):

a) Operating Reserve Fund:

Under the terms of the agreement with CMHC, after the payment of all costs and expenditures 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 CMHC.

	2015	2014
Balance, beginning of year	\$ 5,215	\$ 6,103
Allocation for the year	<u>(5,215)</u>	<u>(888)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 5,215</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 6,209</u>	<u>\$ 6,209</u>

b) Replacement Reserve:

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited in the amount of \$2,000 annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts of instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. Withdrawals are credited to interest first and then principal.

	2015	2014
Balance, beginning of year	\$ 10,667	\$ 8,667
Allocation for the year	2,000	2,000
Approved expenditures	<u>(3,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 9,667</u>	<u>\$ 10,667</u>
The Replacement Reserve is represented by:		
Cash	<u>\$ 12,708</u>	<u>\$ 8,627</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 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.

NOTE A5. ACCOUNTS RECEIVABLE:

Accounts Receivable:

Canada Mortgage and Housing Corporation	\$ 42,830	
Miscellaneous (under \$10,000)	38,181	
Nicola Tribal Association	<u>15,458</u>	<u>96,469</u>
		<u>\$ 96,469</u>

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE A6. NOTE RECEIVABLE:	2015	2014
Nlaka'pamux Legacy Trust (2013):		
Note receivable, unsecured, non-interest bearing, no stated terms of repayment	<u>\$ 45,068</u>	<u>\$ -</u>
NOTE A7. LONG-TERM INVESTMENTS AND ADVANCES:	2015	2014
a) All Nations Trust Company, at cost:		
9,180 Class A Common Shares	<u>\$ 6,120</u>	<u>\$ 6,120</u>
b) Shackan Development Corporation (100%):		
Advances, unsecured, noninterest bearing, no stated terms of repayment	<u>1,096,980</u>	<u>1,142,216</u>
Accumulated equity in losses	<u>(654,568)</u>	<u>(582,543)</u>
Shares	<u>120</u>	<u>120</u>
	<u>442,532</u>	<u>559,793</u>
c) Nicola Valley Indian Services Society:		
Advances, unsecured, bearing interest at 1% above the Royal Bank of Canada's average prime loan rate for the year, no stated terms of repayment	<u>65,590</u>	<u>53,776</u>
Less writedown of investment	<u>(26,629)</u>	<u>(2,068)</u>
	<u>38,961</u>	<u>51,708</u>
d) Coyote Timber Products Inc.:		
Share capital (22%)	<u>240,000</u>	<u>240,000</u>
Advances, unsecured, bears interest at the Royal Bank of Canada's prime lending rate plus 2% per annum, convertible at the option of the Band into common shares	<u>37,600</u>	<u>37,600</u>
Less writedown of investment	<u>(277,600)</u>	<u>(277,600)</u>
	<u>-</u>	<u>-</u>
	<u>\$ 487,613</u>	<u>\$ 617,621</u>
Financial information for Shackan Development Corporation:		
	2015	2014
Assets	<u>\$1,105,792</u>	<u>\$1,178,391</u>
Liabilities	<u>1,760,240</u>	<u>1,760,814</u>
Shareholders' deficiency	<u>\$ (654,448)</u>	<u>\$ (582,423)</u>
Revenues	<u>\$ 358,986</u>	<u>\$ 987,339</u>
Expenses	<u>431,011</u>	<u>1,030,436</u>
Net loss	<u>\$ (72,025)</u>	<u>\$ (43,097)</u>
Shackan Development Corporation is domiciled in Merritt, British Columbia. Its primary business activity is holding a 1/8 interest in Stuwix Resources Joint Venture. Stuwix Resources Joint Venture is engaged in logging operations in the Southern Interior of British Columbia.		
NOTE A8. ACCOUNTS PAYABLE AND ACCRUALS	2015	2014
School District No. 58 - local education agreement	<u>\$ 206,963</u>	<u>\$ 142,589</u>
Accrued Payroll	<u>30,464</u>	<u>22,765</u>
Aboriginal Affairs and Northern Development Canada	<u>19,711</u>	<u>-</u>
Miscellaneous (under \$10,000)	<u>58,726</u>	<u>39,474</u>
Nicola Tribal Association	<u>-</u>	<u>20,000</u>
Receiver General	<u>-</u>	<u>18,990</u>
	<u>\$ 315,864</u>	<u>\$ 243,818</u>

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE A9. **DEFERRED REVENUE:** **2015** 2014

Amounts deferred are summarized below:

Government of Canada - New Horizons for Seniors Program	<u>\$ -</u>	<u>\$ 22,092</u>
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NOTE A10. **MORTGAGE PAYABLE:** **2015** 2014

Social Housing Operations:

Canada Mortgage and Housing Corporation, repayable in monthly installments of \$1,001 including interest at 2.11% per annum, secured by buildings with a carrying value of \$303,303, due January 2019

	<u>\$ 186,005</u>	<u>\$ 194,016</u>
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The mortgage is guaranteed by Aboriginal Affairs and Northern Development Canada.

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

2016	\$	8,166
2017		8,340
2018		8,518
2019		160,981

NOTE A11. **TANGIBLE CAPITAL ASSETS:** **2015** 2014

Tangible capital assets consist of the following:

Band Operations:

Land	\$ 90,551	\$ 90,551
Roads	89,653	92,016
Buildings	842,081	884,861
Water Systems	358,122	370,912
Automotive	74,536	99,380
Equipment	70,912	63,525
Bridge	97,559	102,694
	<u>1,623,414</u>	<u>1,703,939</u>

Social Housing Operations:

Buildings	<u>303,303</u>	<u>315,123</u>
	<u>\$1,926,717</u>	<u>\$2,019,062</u>

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

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE A12. ACCUMULATED SURPLUS:

2015

2014

Accumulated surplus consists of individual fund surpluses and reserves as follows:

Long-term investments	<u>\$ 6,120</u>	<u>\$ 6,120</u>
Property and equipment	<u>1,740,712</u>	<u>1,825,046</u>
Restricted capital surplus	<u>-</u>	<u>3,988</u>
Surplus from operations	<u>738,524</u>	<u>1,055,670</u>
Externally restricted surplus (see below)	<u>17,145</u>	<u>-</u>
Funded Reserves:		
Operating Reserve (CMHC) (Note A4)	-	5,215
Replacement Reserve (CMHC) (Note A4)	9,667	10,667
Ottawa Trust Funds (Note A4)	<u>301,553</u>	<u>294,151</u>
	<u>311,220</u>	<u>310,033</u>
	<u>\$2,813,721</u>	<u>\$3,200,857</u>

Externally restricted surplus consists of the surplus funds for the bio-waste project. These funds are externally restricted for the negotiations between the Band and represented Nlaka'pamus First Nations and the Province of B.C. towards reaching an agreement regarding the bio-waste operations within the Nicola Valley.

NOTE A13. CONTINGENCIES:

- a) The Band leases office equipment under two long-term leases which expires June 2018 and August 2019.

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

2016	\$ 10,326
2017	10,326
2018	10,326
2019	9,692
2020	<u>3,950</u>
	<u><u>\$ 44,620</u></u>

- b) The Band receives a portion of its funding under a contribution authority with AANDC which, if unexpended, may be refundable to AANDC. Further, amounts which are overexpended may be reimbursed by AANDC to the Band.
- c) Social Housing Mortgages:
The Band is guarantor of various Social Housing mortgages, secured by Ministerial guarantees, totaling \$186,336. The Band has also guaranteed a Band member's mortgage in the amount of \$141,512.
- d) 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 \$14,160 (2014 \$11,136).

SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015

NOTE A14. SEGMENTED INFORMATION:

The Shackan Indian Band is a First Nations government institution that provides a range of programs and services to its members, including band revenue, administration, special services, education, community operations & maintenance, capital, special projects and housing. For management reporting purposes the First Nation's 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.

Special Services

Special Services 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.

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.

Community Operations & Maintenance

Community Operations & Maintenance supports the construction, operation and basic maintenance of community facilities and services such as water and sewage, roads, electrification 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.

Capital

Capital manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nations infrastructure.

Special Projects

Special Projects 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.

Housing

Housing is responsible for the administration and management of Social Housing units, Band-owned housing units and renovation projects for private homeowners.

Other

Other amounts include revenue from the Ottawa Trust Funds and modified equity adjustments of the investment in Shackan Development Corporation.

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).

**SHACKAN INDIAN BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
MARCH 31, 2015**

NOTE A15. ECONOMIC DEPENDENCE:

The Band receives a major portion of its revenues pursuant to a funding arrangement with AANDC.

NOTE A16. RELATED PARTY TRANSACTIONS

During the year, the Band earned, \$Nil (2014 \$162,000) for management fees from Shackan Development Corporation, a subsidiary.

During the year, the Band paid, \$19,840 (2014 \$25,120) for contract services to the son of the Chief.

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 A17. COMPARATIVE FIGURES:

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

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

	Land	Roads	Buildings	Water Systems	Automotive	Equipment	Bridge	Housing	2015	2014
Cost										
Balance, beginning of year	\$ 90,551	\$ 208,058	\$ 1,112,410	\$ 639,503	\$ 248,444	\$ 176,864	\$ 256,739	\$ 372,677	\$ 3,105,246	\$ 2,740,019
Add: Additions during the year	-	-	-	-	-	25,813	-	-	25,813	365,227
Balance, end of year	90,551	208,058	1,112,410	639,503	248,444	202,677	256,739	372,677	3,131,059	3,105,246
Accumulated amortization										
Balance, beginning of year	-	116,042	227,549	268,591	149,064	113,339	154,045	57,554	1,086,184	970,334
Add: Amortization	-	2,363	42,780	12,790	24,844	18,426	5,135	11,820	118,158	115,850
Balance, end of year	-	118,405	270,329	281,381	173,908	131,765	159,180	69,374	1,204,342	1,086,184
Net Book Value of Tangible Capital Assets	<u>\$ 90,551</u>	<u>\$ 89,653</u>	<u>\$ 842,081</u>	<u>\$ 358,122</u>	<u>\$ 74,536</u>	<u>\$ 70,912</u>	<u>\$ 97,559</u>	<u>\$ 303,303</u>	<u>\$ 1,926,717</u>	<u>\$ 2,019,062</u>

See accompanying notes to financial statements.

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

	Band Revenue	Administration	Special Services	Education	Community Operations & Maintenance	Capital	Special Projects	Housing	Other	Total 2015	Total 2014
REVENUE:											
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 249,392	\$ 166,785	\$ 118,385	\$ 83,362	\$ 55,016	\$ 9,322	\$ -	\$ -	\$ 682,262	\$ 739,514
Leases and rentals	-	-	-	-	-	-	-	13,200	-	13,200	13,200
CMHC	-	-	-	-	-	-	-	6,011	-	6,011	6,627
BC Hydro	2,143	-	-	-	-	-	-	-	-	2,143	2,000
Province of BC	-	-	-	-	-	-	6,227	-	-	6,227	-
Interest	16,183	10	-	-	-	-	-	-	7,402	23,595	17,565
Management fees	-	-	-	-	-	-	-	-	-	-	162,000
Ministry of Forests	14,035	-	-	-	-	-	-	-	-	14,035	75,031
Miscellaneous	45,068	42,606	16,292	15,142	25,027	5,350	289,133	42,230	-	480,848	146,706
	<u>77,429</u>	<u>292,008</u>	<u>183,077</u>	<u>133,527</u>	<u>108,389</u>	<u>60,366</u>	<u>304,682</u>	<u>61,441</u>	<u>7,402</u>	<u>1,228,321</u>	<u>1,162,643</u>
EXPENSES:											
Amortization	-	14,781	-	-	91,557	-	-	11,820	-	118,158	115,850
Assistance	-	-	120,798	-	-	-	-	-	-	120,798	131,809
Bad debts and writedowns	19,000	125	-	-	-	-	-	-	72,025	91,150	43,097
Contract services	11,495	33,432	-	600	7,788	30,496	104,569	-	-	188,380	82,047
Education	-	-	-	109,616	-	-	-	-	-	109,616	138,836
Honorarium	-	29,042	-	-	-	-	2,717	-	-	31,759	32,600
Insurance	5,000	5,991	-	-	14,219	-	-	1,970	-	27,180	20,861
Interest and bank charges	-	3,092	-	-	-	-	-	3,972	-	7,064	8,400
Licences, dues and fees	-	1,676	-	-	-	-	-	2,887	-	4,563	8,907
Materials and supplies	2,082	11,618	-	-	7,405	689	5,366	-	-	27,160	23,436
Office and other	87	57,884	-	1,972	9,125	-	39,193	-	-	108,261	52,657
Professional fees	10,524	35,652	-	-	8,400	-	44,410	2,500	-	101,486	50,010
Repairs and maintenance	9,530	3,818	-	-	3,550	23,087	-	62,355	-	102,340	173,265
Training	-	15,148	-	-	-	-	29,105	975	-	45,228	33,568
Travel	4,163	54,819	9,835	3,411	6,348	-	9,920	2,084	-	90,580	58,487
Utilities	458	23,677	-	-	12,692	-	-	-	-	36,827	33,568
Wages and benefits	3,149	198,883	62,903	40,547	78,894	2,050	5,981	12,500	-	404,907	309,546
	<u>65,488</u>	<u>489,638</u>	<u>193,536</u>	<u>156,146</u>	<u>239,978</u>	<u>56,322</u>	<u>241,261</u>	<u>101,063</u>	<u>72,025</u>	<u>1,615,457</u>	<u>1,316,944</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES											
	<u>\$ 11,941</u>	<u>\$ (197,630)</u>	<u>\$ (10,459)</u>	<u>\$ (22,619)</u>	<u>\$ (131,589)</u>	<u>\$ 4,044</u>	<u>\$ 63,421</u>	<u>\$ (39,622)</u>	<u>\$ (64,623)</u>	<u>\$ (387,136)</u>	<u>\$ (154,301)</u>

See accompanying notes to financial statements.

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

	Band Revenue	Administration	Special Services	Education	Community Operations & Maintenance	Capital	Special Projects	Housing	Other	Total 2014
REVENUE:										
Aboriginal Affairs and Northern Development Canada	\$ -	\$ 193,642	\$ 155,321	\$ 144,715	\$ 93,297	\$ 152,539	\$ -	\$ -	\$ -	\$ 739,514
Leases and rentals	-	-	-	-	-	-	-	13,200	-	13,200
CMHC	-	-	-	-	-	-	-	6,627	-	6,627
BC Hydro	2,000	-	-	-	-	-	-	-	-	2,000
Province of BC	-	-	-	-	-	-	-	-	-	-
Interest	9,412	-	-	-	-	-	-	-	8,153	17,565
Management fees	162,000	-	-	-	-	-	-	-	-	162,000
Ministry of Forests	75,031	-	-	-	-	-	-	-	-	75,031
Miscellaneous	171	36,194	-	34,443	18,280	-	45,908	-	11,710	146,706
	<u>248,614</u>	<u>229,836</u>	<u>155,321</u>	<u>179,158</u>	<u>111,577</u>	<u>152,539</u>	<u>45,908</u>	<u>19,827</u>	<u>19,863</u>	<u>1,162,643</u>
EXPENSES:										
Amortization	-	14,781	-	-	89,249	-	-	11,820	-	115,850
Assistance	-	-	131,809	-	-	-	-	-	-	131,809
Bad debts and writedowns	-	-	-	-	-	-	-	-	43,097	43,097
Contract services	9,089	23,841	-	-	3,966	40,951	4,200	-	-	82,047
Education	-	-	-	138,836	-	-	-	-	-	138,836
Honorarium	-	31,200	-	1,000	-	-	400	-	-	32,600
Insurance	-	5,709	-	-	13,312	-	-	1,840	-	20,861
Interest and bank charges	-	3,188	-	-	-	-	-	5,212	-	8,400
Licences, dues and fees	945	5,304	-	-	592	-	-	2,066	-	8,907
Materials and supplies	2,040	11,081	-	-	10,215	-	100	-	-	23,436
Office and other	484	28,577	-	1,293	8,565	-	13,688	50	-	52,657
Professional fees	182	29,000	-	-	17,793	-	-	3,035	-	50,010
Repairs and maintenance	343	4,243	-	-	7,196	147,374	-	14,516	(407)	173,265
Training	-	16,653	-	5,800	-	-	9,918	1,197	-	33,568
Travel	463	36,964	6,113	8,485	3,435	-	405	2,622	-	58,487
Utilities	302	22,837	-	-	10,429	-	-	-	-	33,568
Wages and benefits	1,734	165,454	34,039	38,568	65,643	-	1,336	2,772	-	309,546
	<u>15,582</u>	<u>398,832</u>	<u>171,961</u>	<u>193,982</u>	<u>230,395</u>	<u>188,325</u>	<u>30,047</u>	<u>45,130</u>	<u>42,690</u>	<u>1,316,944</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES										
	<u>\$ 233,032</u>	<u>\$ (168,996)</u>	<u>\$ (16,640)</u>	<u>\$ (14,824)</u>	<u>\$ (118,818)</u>	<u>\$ (35,786)</u>	<u>\$ 15,861</u>	<u>\$ (25,303)</u>	<u>\$ (22,827)</u>	<u>\$ (154,301)</u>

See accompanying notes to financial statements.



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EXHIBIT F

INDEPENDENT AUDITORS' REPORT

To the Members, SHACKAN INDIAN BAND

Report on Supplementary Schedules

We have audited the summary financial statements of SHACKAN INDIAN BAND, for the year ended March 31, 2015.

A schedule of remuneration and expenses - Chief and Councillors and schedule of remuneration and expenses - unelected senior officials are required to be presented to the membership of SHACKAN INDIAN BAND pursuant to the funding agreement between Aboriginal Affairs and Northern Development Canada and SHACKAN INDIAN BAND. For the purposes of understanding our involvement with these schedules, please note that:

- We have audited and separately reported on the summary financial statements;
- Our audit was conducted for the purposes of forming an opinion on the summary financial statements taken as a whole;
- The attached schedules are presented for the purpose of forming an opinion for the membership and the Department of Indian Affairs and do not form part of the summary and
- These schedules have been subjected to the auditing procedures applied to the audit of the summary financial statements taken as a whole.

Management's Responsibility for Supplementary Schedules

Management is responsible for the preparation of these schedules in accordance with the criteria established by the funding agreement with Aboriginal Affairs and Northern Development Canada.

Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the summary financial statements. However, no procedures have been carried out on these schedules in addition to those necessary to form an opinion on the summary financial statements.

Opinion

In our opinion, the supplementary schedules derived from the summary financial statements of SHACKAN INDIAN BAND are presented fairly, in all material respects, in accordance with the criteria established by the funding agreement with Aboriginal Affairs and Northern Development Canada.

Daley & Company LLP

Chartered Professional Accountants

Kamloops, BC
July 16, 2015

SHACKAN INDIAN BAND
SCHEDULE OF REMUNERATION AND EXPENSES
CHIEF AND COUNCILLORS
For the year ended March 31, 2015

Name of Individual	Position Title	Number of Months	Remuneration	Expenses
PERCY JOE	CHIEF	12	\$ 11,000	\$ 14,912
JOAN SEYMOUR	COUNCILLOR	12	7,700	200
SHARON JOE	COUNCILLOR	12	7,700	11,082
			\$ 26,400	\$ 26,194