

WHISPERING PINES / CLINTON BAND

SUMMARY FINANCIAL STATEMENTS

March 31, 2016

EXHIBIT

SUMMARY FINANCIAL STATEMENTS:

A	MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING	
A1	INDEPENDENT AUDITORS' REPORT	
A2	SUMMARY STATEMENT OF FINANCIAL POSITION	
A3	SUMMARY STATEMENT OF ACCUMULATED SURPLUS	
A4	SUMMARY STATEMENT OF OPERATIONS	
A5	SUMMARY STATEMENT OF CHANGES IN NET DEBT	
A6	SUMMARY STATEMENT OF CASH FLOWS	
	NOTES TO SUMMARY FINANCIAL STATEMENTS	
	SUMMARY SCHEDULE OF TANGIBLE	APPENDIX 1
	CAPITAL ASSETS	
	STATEMENT OF FINANCIAL ACTIVITIES -	
	SEGMENTED	APPENDIX 2

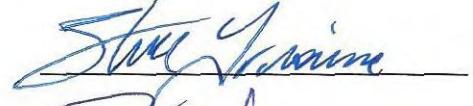
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

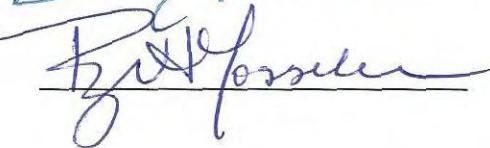
The financial statements of WHISPERING PINES / CLINTON BAND have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts 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 WHISPERING PINES / CLINTON 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 CPA LLP in accordance with Canadian generally accepted auditing standards.

 Steve Yain
Chief

 Bill Fossler
Councillor



**DALEY &
COMPANY LLP**
Chartered Professional Accountants

900-235 1st Ave.
Kamloops, BC V2C 3J4
p. 250.374.5577
f. 250.374.5573
toll free. 1.877.374.5577
email. admin@daleyllum.ca
www.daleyllum.ca

Norman Daley, CPA, CA
Paul Mumford, CPA, CA
Michael Parker, CPA, CA
Maureen McCurdy, CPA, CA
Sean Wandler, CPA, CA
Incorporated Professionals

INDEPENDENT AUDITORS' REPORT

EXHIBIT A1

To the Members, WHISPERING PINES / CLINTON BAND

Report on the Financial Statements

We have audited the accompanying summary financial statements of WHISPERING PINES / CLINTON BAND, which comprise the summary statement of financial position as at March 31, 2016, and the summary statement of accumulated surplus, summary statement of operations, summary statement of changes in net debt 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 misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

WHISPERING PINES / CLINTON BAND entered into a word of mouth contract to perform logging and hauling services with respect to the Pelliqt Energy Group Ltd.'s timber license. We were unable to determine whether all invoicing with respect to this contract was complete due to information missing from the Administration Office. As of the date of our audit report, management was still in the process of reconciling completed invoices and obtaining confirmation of billed amounts from the primary contractor. Accordingly, we were unable to obtain sufficient appropriate audit evidence relating to the logging revenue which may or may not result in a material misstatement in grants and accounts receivable reported in the Summary statement of financial position or revenue from business enterprises reported in the summary statement of operations.

As well, WHISPERING PINES / CLINTON BAND holds investments in Pelliqt Energy Group Ltd., Whispering Pines/A&T Limited Liability Partnership and Whispering Pines/Marwest Limited Liability Partnership. We were unable to satisfy ourselves as to the carrying value of these investments because the financial records were unavailable or not audited as of the date of this audit report. Accordingly, we were not able to determine whether any adjustment(s) might be necessary to the Investment in Government Business Enterprises and Government Business Partnerships, the net income (loss) from these investments and the equity in Government Business Enterprises.

In addition, Canadian public sector accounting standards require budget figures be reported in the statement of operations and accumulated surplus and change in net debt. No budget figures were available

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of WHISPERING PINES / CLINTON BAND as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in Exhibits B1 to B3, C1 to C2, D1 to D2, E1 to E2 and schedules 1 to 34 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
October 31, 2016

Disclaimer of Liability

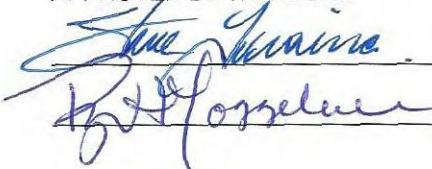
These summary financial statements were examined and this Audit Opinion issued solely for the use of WHISPERING PINES / CLINTON BAND. Daley & Company CPA LLP makes no representations of any kind to any other person in respect of these summary financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company CPA LLP.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF FINANCIAL POSITION
March 31, 2016

FINANCIAL ASSETS	2016	2015
Cash	\$ 78,699	\$ 47,373
Grants and accounts receivable (Note A4)	380,376	671,133
CMHC subsidy accrual	1,001	1,092
Restricted Cash (Note A5)	127,244	175,859
Whispering Pines Lending Circle (Note A6)	2,435	5,042
Promissory notes receivable (Note A7)	56,065	62,000
Investments (Note A8)	60,001	60,001
	<u>705,821</u>	<u>1,022,500</u>
LIABILITIES		
Accounts payable and accruals	744,378	224,687
Accrued interest payable	109	4,289
Security deposits	400	400
Promissory note payable (Note 10)	45,000	-
Demand loans (Note A11)	1,816,157	1,810,070
Mortgage payable (Note A12)	119,494	131,529
	<u>2,725,538</u>	<u>2,170,975</u>
NET DEBT	<u>(2,019,717)</u>	<u>(1,148,475)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A13)	6,296,526	5,724,752
Prepaid expenses	54,808	36,100
	<u>6,351,334</u>	<u>5,760,852</u>
ACCUMULATED SURPLUS (Note A14)	\$ 4,331,617	\$ 4,612,377

COMMITMENTS AND CONTINGENCIES (Note A15)

APPROVED BY THE BAND:

 Steve Yuraine
 Jennifer Fosseleau
 Chief
 Councillor

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2016

	2016	2015
ACCUMULATED SURPLUS, beginning of year	\$ 4,612,377	\$ 4,142,752
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>(280,760)</u>	<u>469,625</u>
ACCUMULATED SURPLUS, end of year	\$ 4,331,617	\$ 4,612,377

EXHIBIT A4

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2016

	2016	2015
REVENUE:		
Indigenous and Northern Affairs Canada	\$ 544,776	\$ 1,967,486
Leases and rentals	115,490	120,848
CMHC	12,376	13,098
Province of BC	10,296	10,212
Consulting and contract	287,691	443,280
Business Enterprises	4,080,059	1,714,946
Q'wemtsi'n Health Society	96,060	73,083
Department of Justice	151,380	138,266
Archaeology	65,485	42,659
Miscellaneous	148,901	125,689
	5,512,514	4,649,567
EXPENSES:		
Band Revenue	190,510	173,633
Administration	567,363	705,005
Social Development	208,677	190,589
Education	280,488	388,228
Community Facilities	417,968	347,371
Capital Works	21,586	374,419
Natural Resources	3,736,880	1,574,820
Enterprises	210,607	312,980
Housing	90,961	40,642
Other	68,234	72,255
	5,793,274	4,179,942
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (280,760)	\$ 469,625

See accompanying notes to financial statements.

EXHIBIT A5

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF CHANGES IN NET DEBT
Year ended March 31, 2016

	2016	2015
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (280,760)	\$ 469,625
Acquisition of tangible capital assets	(941,582)	(1,867,972)
Amortization of tangible capital assets	369,808	302,495
Disposal of tangible capital assets	-	22,988
Change in prepaid expenses	<u>(18,708)</u>	<u>(15,108)</u>
INCREASE IN NET DEBT	(871,242)	(1,087,972)
NET DEBT, beginning of year	<u>(1,148,475)</u>	<u>(60,503)</u>
NET DEBT, end of year	\$ (2,019,717)	\$ (1,148,475)

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2016

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenue over expenses	\$ (280,760)	\$ 469,625
Non-operating items:		
Amortization	369,808	302,495
Net book value of assets disposed of during the year	-	22,988
(Increase) decrease in:		
Grants and accounts receivable	290,848	(129,977)
Promissory notes receivable	5,935	(62,000)
Prepaid expenses	(18,708)	(15,108)
Increase (decrease) in:		
Accounts payable and accruals	519,691	(398,196)
Accrued interest payable	(4,180)	3,965
Cash flows from operations	<u>882,634</u>	<u>193,792</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	829,250	1,214,200
New promissory note	45,000	-
Repayment of promissory note	-	(226,045)
Repayment of debt	<u>(835,198)</u>	<u>(339,328)</u>
Cash flows from financing	<u>39,052</u>	<u>648,827</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Withdrawal from (funding of) replacement reserve	21,940	(3,345)
Withdrawal from (funding of) operating reserve	29,546	(2,283)
Income from Ottawa Trust Funds	(2,871)	(3,218)
Whispering Pines Lending Circle	2,607	(1,296)
Cash flows from (used in) investing	<u>51,222</u>	<u>(10,142)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	<u>(941,582)</u>	<u>(1,867,972)</u>
Cash flows used in capital	<u>(941,582)</u>	<u>(1,867,972)</u>
INCREASE (DECREASE) IN CASH RESOURCES	31,326	(1,035,495)
CASH RESOURCES, beginning of year	47,373	1,082,868
CASH RESOURCES, end of year	\$ 78,699	\$ 47,373

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared on the basis of a going concern which assume Whispering Pines / Clinton Band will be able to realize its assets and settle its obligations in the normal course of operations. However, due to the significant overall amount of Net Debt of Whispering Pines / Clinton Band there is some doubt regarding this assumption. Whispering Pines / Clinton Bands financial solvency ratios have also been deemed unfavourable by the Indigenous and Northern Affairs Canada (INAC), a major funding provider. Where the going concern assumption is not appropriate for Whispering Pines / Clinton Band's financial statements, adjustments to the carrying values of the reported assets and equity would be required and these amounts could be material.

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 Whispering Pines / Clinton 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 Whispering Pines / Clinton 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.
- Native Claims Loan Agreement Fund which reports the Native Claims Loan Agreement assets of the First Nation, together with related activities.
- The Social Housing Operation - Phase 4 Fund which reports the social housing assets of the First Nation, together with related activities.
- The Secwepemc Community Justice Program Fund which reports the S.C.J.P. assets of the First Nation, together with related activities.

b) Reporting Entity and Principles of Financial Reporting:

The Whispering Pines / Clinton Band reporting entity includes the Whispering Pines / Clinton 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:

- Whispering Pines / Clinton Band Operating Fund
- Whispering Pines / Clinton Band Trust Fund
- Whispering Pines / Clinton Band Capital Fund
- Whispering Pines / Clinton Band Native Claims Loan Agreement Fund
- Whispering Pines / Clinton Band Social Housing Operation - Phase 4 Fund
- Whispering Pines / Clinton Band Secwepemc Community Justice Program

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.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

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

b) Reporting Entity and Principles of Financial Reporting (continued):

Incorporated business entities, which are owned or controlled by the Whispering Pines / Clinton Indian Band and which are not dependent on the First Nation for its continuing operation, are included in the summary financial statements using the modified equity method. This includes:

- Pelitiq't Development Corporation

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.

c) Accrual Method:

The accrual method is used in accounting for all funds except property taxation, which is on a calendar-year basis.

d) 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	5 to 75 years
Parking lot	20 to 75 years
Water Systems	20 to 80 years
Buildings	20 to 50 years
Vehicles	10 years
Equipment	5 to 15 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.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

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

- d) Non-financial Assets (continued):
 - 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.
- e) Investments:
Investments are recorded at the lower of cost and net realizable value.
- f) Deferred Revenue:
Deferred revenue is recorded in the period to which it relates.
- g) Revenue Recognition:
The Whispering Pines / Clinton Band derives revenues from a number of sources.

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

Amounts received 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.
- h) Replacement Reserve:
The Replacement Reserve account 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) 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.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A2. ADOPTION OF NEW ACCOUNTING POLICY:

On April 1, 2015, the Band adopted PS 3260 Liability for Contaminated Sites. The Standard was applied on a retroactive basis to April 1, 2014 and did not result in any adjustments to financial liabilities, tangible assets or accumulated surplus of the Band.

NOTE A3. FINANCIAL INSTRUMENTS:

Fair Value of Financial Assets and Financial Liabilities:

The carrying values of grants and accounts receivable, CMHC subsidy accrual, restricted cash, promissory notes receivable, bank indebtedness and accounts payable, accruals, promissory notes payable 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 mortgage payable and demand loans approximate their 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.

Credit Risk:

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

Interest Risk:

Mortgage payable and demand loans have both fixed and variable interest rates. Therefore the interest expense will vary with changes in the prime rate.

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE:

2016

2015

Band Operations:

Indigenous and Northern Affairs Canada	\$ 89,404	\$ 14,301
Other receivables	<u>571,362</u>	<u>795,400</u>
	<u>660,766</u>	<u>809,701</u>
Less: allowance for doubtful accounts	<u>(288,490)</u>	<u>(166,543)</u>
	<u>372,276</u>	<u>643,158</u>

Social Housing Operations:

Social Housing rents receivable	1,000	20,875
---------------------------------	-------	--------

Secwepemc Community Justice Program:

Department of Justice	<u>7,100</u>	<u>7,100</u>
	<u>\$ 380,376</u>	<u>\$ 671,133</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A5. RESTRICTED CASH:

	2016	2015
Replacement Reserve (CMHC)	\$ 2,263	\$ 24,203
Operating Reserve (CMHC)	279	29,825
Ottawa Trust Funds	<u>124,702</u>	<u>121,831</u>
	<u>\$ 127,244</u>	<u>\$ 175,859</u>

a) Replacement Reserve:

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve accounts are to be credited in the amount of \$3,000 annually plus interest. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. Withdrawals are credited to interest first and then principal.

	2016	2015
Balance, beginning of year	\$ 19,263	\$ 21,203
Allocation for the year	3,000	3,000
Replacement expenditures	<u>(944)</u>	<u>(4,940)</u>
Balance, end of year	<u>\$ 21,319</u>	<u>\$ 19,263</u>

The Replacement Reserve is represented by:

Cash - Social Housing Operation - Phase 4	<u>\$ 2,263</u>	<u>\$ 24,203</u>
---	------------------------	-------------------------

b) Operating Reserve:

Under the terms of the agreement with CMHC, the Operating Reserve account is to be credited in the amount of accumulated surplus. 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 CMHC from time to time.

	2016	2015
Balance, beginning of year	\$ 9,460	\$ 7,806
Current year surplus (deficit)	(549)	3,454
Transfer from surplus, 2015 CMHC adjustment	23,753	-
Portion of surplus due to rent collected in excess of MRC:		
Current year	-	(1,800)
Balance, end of year	<u>\$ 32,664</u>	<u>\$ 9,460</u>
The Operating Reserve is represented by:		
Cash	<u>\$ 279</u>	<u>\$ 29,825</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A5. RESTRICTED CASH (continued):

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 A6. WHISPERING PINES LENDING CIRCLE:

2016

2015

Whispering Pines Lending Circle consists of the following:

Cash	\$ 42	\$ 46
Loans receivable	18,291	18,294
Loans receivable allowances	<u>(15,898)</u>	<u>(13,298)</u>
	<u>\$ 2,435</u>	<u>\$ 5,042</u>

Loans receivable consist of loans to Band members, no set terms of repayment.

NOTE A7. PROMISSORY NOTES RECEIVABLE:

2016

2015

Amounts due from the following members:

Edward LeBourdais

Loan advanced April 2014, repayable in bi-weekly instalments of \$500. \$ 42,500 \$ 50,000

Michael LeBourdais

Loan advanced June 2015, no set terms of repayment 3,665 -

Loan advanced May 2014, repayable in bi-weekly instalments of \$50 3,800 4,500

Loan advanced June 2014, repayable in bi-weekly instalments of \$50 3,300 4,000

Loan advanced June 2014, repayable in bi-weekly instalments of \$50 2,800 3,500

\$ 56,065 **\$ 62,000**

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A8. INVESTMENTS:	2016	2015
All Nations Trust Company:		
Class A common shares, par value \$1	<u>\$ 60,000</u>	<u>\$ 60,000</u>
Pelltiq't Development Corporation (100%):		
Preferred share, no par value	1	1
Less allowances	(1)	(1)
	-	-
Secwepemc Economic Development Corporation (10%):		
Common share, par value \$1	1	1
	<u>\$ 60,001</u>	<u>\$ 60,001</u>

Financial information of Pelltiq't Development Corporation is as follows:

Assets	\$ 1	\$ 1
Liabilities	1	1
Equity	<u>\$ -</u>	<u>\$ -</u>
Revenues	\$ -	\$ -
Expenses	-	-
Net income	<u>\$ -</u>	<u>\$ -</u>

Whispering Pines/A&T Limited Liability Partnership:

The Partnership was established by execution of the LLP agreement by the partners on October 21, 2015 for the purpose of providing construction and project management services to targeted companies in the oil and gas business carrying on business within the Territorial Lands. The Band has a 51% participating interest and A&T Project Developments Inc. has a 49% interest in the LLP. The Partners agreed to an initial capital contribution of \$10 each. No financial records for the partnership were available at the time of the audit.

Whispering Pines/Marwest Limited Liability Partnership:

The Partnership was established by execution of the LLP agreement by the partners on October 21, 2015 for the purpose of providing certain services to customers carrying on business within the Territorial Lands. The Band has a 51% participating interest and Marwest Utility Services Ltd. has a 49% interest in the LLP. The Partners agreed to an initial capital contribution of \$5,000 each. No financial records for the partnership were available at the time of the audit.

NOTE A9. BANK INDEBTEDNESS:

Under a line of credit arrangement with Bank of Montreal, the Band may borrow up to \$100,000 on such terms as the Band and the bank mutually agree upon. This arrangement does not have a termination date and can be withdrawn at the bank's option. At March 31, 2016, the unused portion of the credit line was \$100,000.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A10. PROMISSORY NOTE PAYABLE:	2016	2015
Kevin Ainsworth, promissory note, interest payable at 3.00%, due on demand	<u>\$ 45,000</u>	<u>\$ -</u>
 NOTE A11. DEMAND LOANS:	 2016	 2015
<u>Capital Fund:</u>		
Bank of Montreal, demand loan, repayable in monthly installments of \$4,132 including interest at Bank's prime interest rate (currently 3.00% per annum) plus 2.25% secured by specific equipment with a carrying value of \$87,554.	\$ 85,900	\$ 129,976
Bank of Montreal, demand loan, repayable in monthly installments of \$6,107 including interest at Bank's prime interest rate (currently 3.00% per annum) plus 2.00% secured by specific equipment with a carrying value of \$165,000.	58,957	127,656
Bank of Montreal, demand loan, repayable in monthly installments of \$4,813 including interest at Bank's prime interest rate (currently 3.00% per annum) plus 2.25% secured by specific equipment with a carrying value of \$155,200.	64,943	118,004
Canadian Western Bank loan, repayable in monthly installments of \$8,385 including interest at 6.95% with skip payments in April and May of each year. The loan matures on February 28, 2018 and is secured by specific equipment with a carrying value of \$253,469.	146,777	217,219
Brandt Finance loan, repayable in monthly installments of \$27,224 including interest at 6.49% with skip payments in April and May of each year. The loan matures on February 1, 2018 and is secured by specific equipment with a carrying value of \$632,000.	482,548	713,646
Brandt Finance loan, repayable in monthly installments of \$4,576 including interest at 6.25% with skip payments in April and May of each year. The loan matures on March 1, 2017 and is secured by specific equipment with a carrying value of \$89,367.	43,997	-
Brandt Finance loan, repayable in monthly installments of \$9,533 including interest at 6.25% with skip payments in April and May of each year. The loan matures on March 1, 2019 and is secured by specific equipment with a carrying value of \$350,000.	257,902	-
Brandt Finance loan, repayable in monthly installments of \$6,968 including interest at 6.25% with skip payments in April and May of each year. The loan matures on March 1, 2019 and is secured by specific equipment with a carrying value of \$247,275.	189,122	-
Brandt Finance loan, repayable in monthly installments of \$4,460 including interest at 6.25% with skip payments in April and May of each year. The loan matures on March 1, 2019 and is secured by specific equipment with a carrying value of \$158,175.	121,029	-

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A11. DEMAND LOANS (continued):

GE Canada loan, repayable in monthly installments of \$9,085 including interest at 6.75% with skip payments in April and May of each year. The loan matures on December 16, 2018 and is secured by specific equipment with a carrying value of \$299,200.	222,379	294,970
GE Canada loan, repayable in monthly installments of \$7,699 including interest at 6.95% with skip payments in April and May of each year. The loan matures on March 1, 2018 and is secured by specific equipment with a carrying value of \$235,869.	142,603	206,796
Bank of Montreal, demand loan, repaid during the year.	-	1,803
	<u>\$ 1,816,157</u>	<u>\$ 1,810,070</u>

Principal repayments due in the ensuing 3 years are approximately as follows:

2017	\$ 851,445
2018	702,571
2019	262,141
	<u>\$ 1,816,157</u>

NOTE A12. MORTGAGE PAYABLE:

2016

2015

Canada Mortgage and Housing Corporation, mortgage, repayable in monthly installments of \$1,151 including interest at 1.08% per annum, secured by 3 residential buildings with a carrying value of \$200,494, due August 2020

\$ 119,494 **\$ 131,529**

The CMHC mortgage is guaranteed by Indigenous and Northern Affairs Canada.

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

2017	\$ 12,587
2018	12,724
2019	12,862
2020	13,001
2021	68,320
	<u>\$ 119,494</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A13. TANGIBLE CAPITAL ASSETS: 2016 2015

Tangible capital assets consist of the following:

Band Operations:

Buildings	\$ 187,016	\$ 207,941
Vehicles	557,241	178,327
Computers	5,576	8,439
Equipment and furniture	64,904	72,414
Heavy equipment	2,396,173	2,101,461
Water systems	2,078,614	2,118,078
Dyke	413,113	428,413
Roads	<u>367,793</u>	<u>378,475</u>
	 6,070,430	 5,493,548

Social Housing:

Building	224,453	231,055
----------	---------	---------

Secwepemc Community Justice Program:

Computers	<u>1,643</u>	<u>149</u>
	 <u>\$ 6,296,526</u>	 <u>\$ 5,724,752</u>

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

NOTE A14. ACCUMULATED SURPLUS: 2016 2015

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

Surplus (deficit) from operations	<u>\$ (207,947)</u>	<u>\$ 678,670</u>
Invested in tangible capital assets	<u>4,360,878</u>	<u>3,783,153</u>
Funded reserves:		
Ottawa trust funds (Note A5)	124,702	121,831
Operating reserve (CMHC) (Note A5)	32,664	9,460
Replacement reserve (CMHC) (Note A5)	<u>21,319</u>	<u>19,263</u>
	<u>178,685</u>	<u>150,554</u>
	 <u>\$ 4,331,616</u>	 <u>\$ 4,612,377</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A15. COMMITMENTS AND CONTINGENCIES:

Lease Commitments:

The Band leases a photocopier under a long-term lease which expires May 2017.

Future minimum lease payments as at March 31, 2016, are as follows:

2017	\$ 6,360
2018	1,060

Contingencies:

- a) The Band receives a portion of its funding under a contribution authority with Indigenous and Northern Affairs Canada which, if unexpended, may be refundable to Indigenous and Northern Affairs Canada. Further, amounts which are overexpended may be reimbursed by Indigenous and Northern Affairs Canada to the Band. No amounts have been recorded in the financial statements as refundable or reimbursable.
- b) The Band is guarantor of various Social Housing mortgages, secured by Ministerial guarantees, totaling \$119,494.
- c) Legal action has been initiated by former employees alleging wrongful dismissal by the Band. The amount of the potential liability, if any, is undeterminable at this time.

NOTE A16. SEGMENTED INFORMATION:

The Whispering Pines / Clinton 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, community development, capital works 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.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A16. SEGMENTED INFORMATION (continued):

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 Facilities

Community facilities 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.

Capital Works

Capital 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.

Enterprises

Enterprises department is responsible for the administration and management of economic and business development.

Housing

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

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 A17. CASH FLOW INFORMATION:

During the year \$158,660 (2015 - \$70,978) of interest and bank charges were paid.

NOTE A18. ECONOMIC DEPENDENCE:

The Band receives a major portion of its revenues pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.

The Band also receives a major portion of its logging revenues from Whispering Pines Energy, the total included in revenue for the year was \$3,265,194.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2016

NOTE A19. RELATED PARTY TRANSACTIONS:

The Band paid \$8,400 (2015 - \$12,684) during the year for rodeo stock and elders meat to S&E Bucking Bulls, a business owned in part by Edward LeBourdais, Councillor of the Band.

NOTE A20. 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.

APPENDIX 1

WHISPERING PINES / CLINTON BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2016

	Social Housing	Buildings	Vehicles	Computers and furniture	Equipment and furniture	Heavy Equipment	Water Systems	Dyke	Roads	2016	2015
Cost											
Balance, beginning of year	\$ 330,078	\$ 848,668	\$ 293,858	\$ 56,959	\$ 218,274	\$ 2,337,824	\$ 2,285,725	\$ 612,016	\$ 601,552	\$ 7,584,954	\$ 5,751,962
Add: Additions during the year	-	-	450,500	1,878	6,454	482,750	-	-	-	941,582	1,867,972
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	34,980
Balance, end of year	330,078	848,668	744,358	58,837	224,728	2,820,574	2,285,725	612,016	601,552	8,526,536	7,584,954
Accumulated amortization											
Balance, beginning of year	99,023	640,727	115,531	48,371	145,860	236,363	167,647	183,603	223,077	1,860,202	1,569,699
Add: Amortization	6,602	20,925	71,586	3,247	13,964	188,038	39,464	15,300	10,682	369,808	302,495
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	11,992
Balance, end of year	105,625	661,652	187,117	51,618	159,824	424,401	207,111	198,903	233,759	2,230,010	1,860,202
Net Book Value of Tangible Capital Assets	\$ 224,453	\$ 187,016	\$ 557,241	\$ 7,219	\$ 64,904	\$ 2,396,173	\$ 2,078,614	\$ 413,113	\$ 367,793	\$ 6,296,526	\$ 5,724,752

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2016

	Band Revenue	Administration	Social Development	Community Facilities	Capital Works	Natural Resources	Enterprises	Housing	Other	Total 2016	Total 2015
REVENUE:											
Indigenous and Northern Affairs Canada	\$ 72,270	\$ 102,143	\$ 91,301	\$ 195,227	\$ 54,184	\$ 41,921	\$ 60,000	\$ 43,220	\$ -	\$ 544,776	\$ 1,967,486
Leases and rentals	-	-	-	-	-	-	-	12,376	-	115,440	120,848
CMHC	-	-	10,296	-	-	-	-	-	-	12,376	13,098
Province of BC	10,000	152,000	-	24,791	-	-	100,900	-	-	10,296	10,212
Consulting and contract Business Enterprises	-	-	96,060	-	-	4,080,059	-	-	-	287,691	443,280
Qwemtsin Health Society	-	-	80,377	-	-	-	-	-	-	4,080,059	1,714,946
Department of Justice	-	-	-	-	-	-	-	-	-	96,060	73,083
Archaeology	-	-	-	-	-	-	-	-	-	151,380	138,266
Miscellaneous	49,589	7,163	9,462	22,163	-	-	65,485	57,653	-	65,485	42,659
	131,859	261,306	207,119	322,558	54,184	41,921	4,145,544	218,553	55,596	2,871	148,901
									73,874	5,512,514	4,649,567
EXPENSES:											
Administration fees (recovered)	-	(20,776)	9,606	12,543	-	-	8,222	1,800	3,423	14,818	(10,819)
Amortization	-	2,861	-	359,959	-	-	-	6,602	386	369,808	302,495
Assistance	-	65,863	-	-	-	-	-	-	-	65,863	53,915
Bad debts	9,500	625	921	-	-	53,438	2,600	53,443	2,600	123,127	36,577
Community infrastructure	21,720	-	13,000	920	758	17,792	328,992	11,255	-	74,956	91,558
Contract services	-	-	-	-	193,983	-	-	77,238	-	373,879	831,061
Fees and tuition	-	-	100,403	-	-	-	103,758	1,085	-	271,221	337,860
Healthcare	11,853	6,619	764	-	-	-	-	-	-	100,403	184,086
Insurance	-	16,891	-	-	-	-	141,729	-	-	131,355	63,663
Interest and bank charges	-	-	-	-	-	-	-	-	-	160,645	79,283
Logging expenses	1,182	5,325	5,682	4,000	-	-	25,117	1,255	-	-	42,561
Materials and supplies	86,211	18,145	1,154	37,978	-	3,794	36,116	26,949	-	739	207,292
Office and other	-	243,177	-	-	3,573	-	763,744	(163)	1,200	144	248,415
Professional fees	13,503	2,244	990	-	5,472	1,200	10,739	27,923	18,615	-	802,506
Repairs and maintenance	-	-	2,680	-	1,963	-	-	742,412	2,080	-	379,726
Training	11,025	52,598	7,445	112,652	23,791	-	-	-	-	13,691	32,080
Travel	35,516	126,251	208,677	280,488	41,9688	21,566	1,530,835	52,063	-	3,703	404,896
Wages and benefits										42,386	1,923,494
	190,610	567,363	208,677	280,488	41,9688	21,566	1,530,835	52,063	90,961	68,234	5,793,274
											4,179,942
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES											
	\$ (58,651)	\$ (306,057)	\$ (1,558)	\$ 42,070	\$ (363,784)	\$ 20,335	\$ 408,664	\$ 7,946	\$ (35,365)	\$ 5,640	\$ (280,760)
											\$ 469,625

WHISPERING PINES / CLINTON BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2015

	Band Revenue	Administration	Social Development	Education	Community Facilities	Capital Works	Natural Resources	Enterprises	Housing	Other	Total 2015
REVENUE:											
Indigenous and Northern Affairs Canada	\$ 78,148	\$ 263,348	\$ 74,571	\$ 176,963	\$ 55,507	\$ 335,200	\$ -	\$ 1,061,897	\$ 42,700	\$ -	\$ 1,967,486
Leases and rentals	-	-	-	-	-	-	-	-	-	-	120,848
CMHC	-	-	10,212	-	-	-	-	-	-	-	13,098
Province of BC	18,000	204,922	-	48,158	-	-	-	-	-	-	10,212
Consulting and contract	-	-	-	-	-	-	-	-	-	-	443,280
Business Enterprises	-	-	-	73,083	-	-	-	-	-	-	1,714,946
Qu'wetmish Health Society	-	-	-	-	67,263	-	-	-	-	-	73,083
Department of Justice	-	-	-	-	-	-	-	-	-	-	138,266
Archaeology	-	-	-	-	-	-	-	-	-	-	42,659
Miscellaneous	44,141	14,632	9,122	2,174	-	255	-	42,659	-	-	3,218
	<u>140,289</u>	<u>482,902</u>	<u>166,988</u>	<u>294,558</u>	<u>55,507</u>	<u>335,455</u>	<u>1,757,605</u>	<u>1,238,244</u>	<u>55,798</u>	<u>74,221</u>	<u>4,649,567</u>
EXPENSES:											
Administration fees (recovered)	-	(48,655)	7,072	-	-	291,861	14,355	4,388	100	3,400	8,521
Amortization	-	4,033	53,915	-	-	-	-	-	-	6,601	(10,819)
Assistance	-	-	-	-	-	-	-	-	-	-	302,495
Bad debts	-	-	-	-	-	-	-	-	-	-	53,915
Community infrastructure	42,446	200,992	-	33,588	49,112	279,792	249,621	63,120	-	-	36,577
Contract services	715	-	-	242,345	-	-	-	95,515	-	-	91,558
Fees and tuition	-	184,086	-	-	-	-	-	-	-	-	831,061
Honorarium	10,482	5,760	1,099	-	-	-	39,048	-	-	-	337,860
Insurance	-	5,959	-	-	-	-	22	69,712	-	-	184,086
Interest and bank charges	-	6,577	7,961	6,975	1,825	-	14,168	33,347	24,716	-	-
Logging expenses	90,896	24,282	1,853	62,476	-	-	690	5,836	28,995	-	-
Materials and supplies	-	131,272	-	-	-	45,117	-	-	-	-	63,663
Office and other	5,938	610	1,118	-	5,198	20,275	254,298	80,540	11,749	-	79,283
Professional fees	-	-	-	10,541	1,200	-	3,202	8,300	-	-	352
Repairs and maintenance	13,985	47,498	9,901	1,837	-	-	327,286	2,710	-	-	49,418
Training	2,594	141,207	106,777	35,616	-	-	558,764	4,045	-	-	898,421
Travel	-	-	-	-	-	-	-	-	-	-	-
Wages and benefits	173,633	705,005	190,538	388,228	347,371	347,419	1,574,820	312,980	40,642	72,255	4,179,942
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (33,344)	\$ (222,103)	\$ (23,601)	\$ (93,670)	\$ (291,864)	\$ (38,964)	\$ 182,785	\$ 973,264	\$ 15,156	\$ 1,966	\$ 469,625