

WHISPERING PINES / CLINTON BAND

FINANCIAL STATEMENTS

March 31, 2018

WHISPERING PINES / CLINTON BAND

SUMMARY FINANCIAL STATEMENTS

March 31, 2018

EXHIBIT

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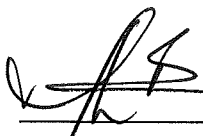
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

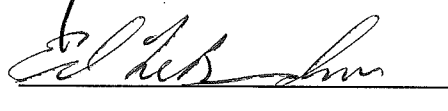
The financial statements of WHISPERING PINES / CLINTON BAND have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts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



Chief


Councillor



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INDEPENDENT AUDITOR'S 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, 2018, and the summary statement of accumulated surplus, summary statement of operations, summary statement of changes in net financial assets (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.

Auditor's 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 holds investments in Pelliquit Energy Group Ltd., Whispering Pines/A&T Limited Liability Partnership, Snine Economic Development Corp 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.

WHISPERING PINES / CLINTON BAND did not prepare an approved budget for the year ended March 31, 2018. Canadian public sector accounting standards requires the approved budget to be presented in the summary statement of operations, accumulated surplus and changes in net financial assets.

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, 2018, 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, 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.

Emphasis of Matter

We draw attention to Note A22 to the summary financial statements which describes events that have resulted in significant impacts to the Band's investment in Keneknem Manufacturing Ltd. Our opinion is not qualified in respect of this matter.

Chartered Professional Accountants

Kamloops, BC

January 9, 2020

Disclaimer of Liability

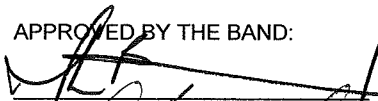
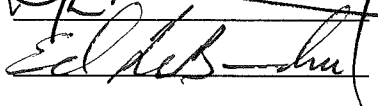
These summary financial statements were examined and this Audit Opinion issued solely for the use of WHISPERING PINES / CLINTON BAND. Daley & Company CPA LLP makes no representations of any kind to any other person in respect of these summary financial statements and accepts no responsibility for their 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, 2018

FINANCIAL ASSETS	2018	2017
Cash	\$ 629,691	\$ 3,585,523
Marketable securities (Note A3)	1,501,989	-
Grants and accounts receivable (Note A4)	262,280	439,970
CMHC subsidy accrual	1,001	1,001
Restricted Cash (Note A5)	150,210	129,940
Whispering Pines Lending Circle (Note A6)	2,335	2,335
Promissory notes receivable (Note A7)	34,265	48,265
Investments (Note A8)	61,279	60,000
	<u>2,643,050</u>	<u>4,267,034</u>
LIABILITIES		
Accounts payable and accruals (Note A10)	553,189	1,021,632
Accrued interest payable	469	109
Security deposits	400	400
Deferred Revenue (Note A11)	31,675	-
Demand loans (Note A12)	1,984,951	-
Capital Leases (Note A13)	118,044	-
Mortgage payable (Note A14)	94,175	106,901
	<u>2,782,903</u>	<u>1,129,042</u>
NET ASSETS (DEBT)	<u>(139,853)</u>	<u>3,137,992</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note A15)	3,563,295	3,287,277
Prepaid expenses	46,469	33,300
	<u>3,609,764</u>	<u>3,320,577</u>
ACCUMULATED SURPLUS (Note A16)	<u>\$ 3,469,911</u>	<u>\$ 6,458,569</u>

COMMITMENTS AND CONTINGENCIES (Note A17)

APPROVED BY THE BAND:

 Chief
 Councillor

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF ACCUMULATED SURPLUS
Year ended March 31, 2018

	2018	2017
ACCUMULATED SURPLUS, beginning of year	\$ 6,458,569	\$ 4,331,617
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>(2,988,658)</u>	<u>2,126,952</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 3,469,911</u>	<u>\$ 6,458,569</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF OPERATIONS
Year ended March 31, 2018

	Budget (unaudited)	2018	2017
REVENUE:			
Indigenous Services Canada	\$ 344,909	\$ 541,954	\$ 496,179
Leases and rentals	100,842	142,512	124,716
CMHC	16,205	29,165	12,015
Province of BC	78,620	10,792	-
Consulting and contract	-	111,986	5,156,066
Natural Resources	65,000	162,842	440,953
Q'wemtsi'n Health Society	69,163	93,317	98,107
Department of Justice	71,003	71,003	66,541
Archaeology	25,280	42,404	170,294
Miscellaneous	197,503	230,106	165,661
	<u>968,525</u>	<u>1,436,081</u>	<u>6,730,532</u>
EXPENSES:			
Band Revenue	75,642	43,447	27,662
Administration	788,141	666,350	948,747
Social Development	146,723	243,774	168,782
Education	162,269	335,552	292,634
Community Facilities	109,979	292,356	159,672
Capital Works	-	31,182	21,060
Natural Resources	33,142	180,175	2,390,043
Enterprises	50,000	2,530,841	531,401
Housing	38,166	101,062	63,579
	<u>1,404,062</u>	<u>4,424,739</u>	<u>4,603,580</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (435,537)	\$ (2,988,658)	\$ 2,126,952

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF CHANGES IN NET FINANCIAL ASSETS (DEBT)
Year ended March 31, 2018

	2018	2017
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ (2,988,658)	\$ 2,126,952
Acquisition of tangible capital assets	(412,800)	(11,324)
Amortization of tangible capital assets	136,782	112,067
Loss on disposal of tangible capital assets	-	1,203,612
Proceeds on disposal of tangible capital assets	-	1,704,894
Change in prepaid expenses	<u>(13,169)</u>	<u>21,508</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(3,277,845)	5,157,709
NET DEBT, beginning of year	<u>3,137,992</u>	<u>(2,019,717)</u>
NET FINANCIAL ASSETS (DEBT), end of year	<u>\$ (139,853)</u>	<u>\$ 3,137,992</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
SUMMARY STATEMENT OF CASH FLOWS
Year ended March 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess (shortfall) of revenue over expenses	\$ (2,988,658)	\$ 2,126,952
Non-operating items:		
Amortization	136,782	112,067
Net book value of assets disposed of during the year	-	2,908,506
(Increase) decrease in:		
Marketable securities	(1,501,989)	-
Grants and accounts receivable	177,690	(59,594)
Promissory notes receivable	14,000	7,800
Prepaid expenses	(13,169)	21,508
Increase (decrease) in:		
Accounts payable and accruals	(468,442)	277,255
Accrued interest payable	360	-
Deferred revenue	31,675	-
Cash flows from (used in) operations	<u>(4,611,751)</u>	<u>5,394,494</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New borrowings	2,153,490	2,411,009
Repayment of promissory note	-	(45,000)
Repayment of debt	(63,221)	(4,239,759)
Cash flows from (used in) financing	<u>2,090,269</u>	<u>(1,873,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Withdrawal from (deposit to) replacement reserve	(17,078)	42
Income from Ottawa Trust Funds	(3,192)	(2,738)
Long term investments	(1,279)	-
Whispering Pines Lending Circle	-	100
Cash flows used in investing	<u>(21,549)</u>	<u>(2,596)</u>
CASH FLOWS FROM CAPITAL ACTIVITIES:		
Acquisition of tangible capital assets	(412,800)	(11,324)
Cash flows used in capital	<u>(412,800)</u>	<u>(11,324)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(2,955,831)	3,506,824
CASH RESOURCES, beginning of year	<u>3,585,523</u>	<u>78,699</u>
CASH RESOURCES, end of year	\$ 629,692	\$ 3,585,523

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

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

a) Fund Accounting:

The 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.
- The Social Housing Operation - Phase 4 Fund which reports the social housing 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 Social Housing Operation - Phase 4 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 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:

- Peltiq't Development Corporation

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

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

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

c) Non-financial Assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the 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.

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.

d) Investments:

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

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

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

e) Revenue Recognition:

The Whispering Pines / Clinton Band derives revenues from a number of sources.

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

Amounts received 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.

f) Replacement Reserve:

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

g) Operating Reserve:

The Operating Reserve account is funded by an allocation of the excess or shortfall of annual revenue over current eligible expenditures.

h) 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 grants and accounts receivable, CMHC subsidy accrual, restricted cash, promissory notes receivable, bank indebtedness and accounts payable, accruals 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 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 investments due to the limited amount of comparable market information available.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A2. FINANCIAL INSTRUMENTS (continued):

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 has a fixed rate of interest. Therefore interest rate risk is reduced to the minimum.

Note A3. MARKETABLE SECURITIES:

	2018	2017
BMO Variable Rate GIC	\$ 1,001,989	\$ -
BMO Term Investment	500,000	-
	<u>\$ 1,501,989</u>	<u>\$ -</u>

NOTE A4. GRANTS AND ACCOUNTS RECEIVABLE:

Band Operations:

Indigenous Services Canada	\$ 62,107	\$ 140,991
Other receivables	667,791	680,714
	<u>729,898</u>	<u>821,705</u>
Less: allowance for doubtful accounts	<u>(469,883)</u>	<u>(383,162)</u>
	260,015	438,543

Social Housing Operations:

Social Housing rents receivable	2,265	1,427
	<u>\$ 262,280</u>	<u>\$ 439,970</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A5. RESTRICTED CASH:

	2018	2017
Replacement Reserve (CMHC)	\$ 19,299	\$ 2,221
Operating Reserve (CMHC)	279	279
Ottawa Trust Funds (Exhibit C1)	<u>130,632</u>	<u>127,440</u>
	<u><u>\$ 150,210</u></u>	<u><u>\$ 129,940</u></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.

	2018	2017
Balance, beginning of year	\$ 24,319	\$ 21,319
Allocation for the year	3,000	3,000
2017 supplemental funding	17,150	-
Replacement expenditures	<u>(2,812)</u>	<u>-</u>
Balance, end of year	<u><u>\$ 41,657</u></u>	<u><u>\$ 24,319</u></u>
The Replacement Reserve is represented by:		
Cash - Social Housing Operation - Phase 4	<u><u>\$ 19,299</u></u>	<u><u>\$ 2,221</u></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.

	2018	2017
Balance, beginning of year	\$ 35,814	\$ 32,664
Current year surplus	<u>7,155</u>	<u>3,150</u>
Balance, end of year	<u><u>\$ 42,969</u></u>	<u><u>\$ 35,814</u></u>
The Operating Reserve is represented by:		
Cash	<u><u>\$ 279</u></u>	<u><u>\$ 279</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 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.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A6. WHISPERING PINES LENDING CIRCLE:

2018

2017

Whispering Pines Lending Circle consists of the following:

Cash	\$ 42	\$ 42
Loans receivable	15,141	15,141
Loans receivable allowances	<u>(12,848)</u>	<u>(12,848)</u>
	<u><u>\$ 2,335</u></u>	<u><u>\$ 2,335</u></u>

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

NOTE A7. PROMISSORY NOTES RECEIVABLE:

2018

2017

Amounts due from the following members:

Edward LeBourdais

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

\$ 21,000	\$ 35,000
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Michael LeBourdais

Loan advanced June 2015, no set terms of repayment

3,665	3,665
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Loan advanced May 2014, repayable in bi-weekly instalments of \$50

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

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

2,500	2,500
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<u><u>\$ 34,265</u></u>	<u><u>\$ 48,265</u></u>
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Subsequent to the year end, Michael LeBourdais repaid his loans in full.

NOTE A8. INVESTMENTS:

2018

2017

All Nations Trust Company:

Class A common shares, par value \$1

<u>\$ 60,000</u>	<u>\$ 60,000</u>
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Kenkeknem Manufacturing Ltd.

Class C common shares, no par value

2,000,000	-
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Write off of Kenkeknem shares

<u>(2,000,000)</u>	<u>-</u>
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Total

<u><u>-</u></u>	<u><u>-</u></u>
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The Whispering Pines / Clinton Indian Band entered into a share purchase agreement September 21, 2017. The share purchase provided the Band with 96 Class C Common shares which amounted to 49% of the participating shares in Kenkeknem Manufacturing Ltd. Subsequent to the year end it became known that Kenkeknem Manufacturing Ltd. was no longer operating after experiencing significant losses and having its manufacturing assets seized and their land lease terminated. Effectively, the shares no longer had value and as such, the shares have been written off to highlight the investments actual value.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A8. INVESTMENTS (continued):

Snine Economic Development Corp.

100 Class A	10	-
100 Class B	10	-
Due from Snine	1,259	-
Total	<u>1,279</u>	<u>-</u>

TOTAL INVESTMENTS	<u>\$ 61,279</u>	<u>\$ 60,000</u>
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The Company was established on November 10, 2017 to coordinate economic development opportunities. No financials records for the Corporation were available at the time of the audit, however there is believed to be no activity.

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, however there is believed to be no activity.

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, however there is believed to be no activity.

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, 2018, the unused portion of the credit line was \$100,000.

NOTE A10. ACCOUNTS PAYABLE AND ACCRUALS:

	2018	2017
Trade payables and accruals	\$ 488,283	\$ 721,632
Payable to CP holders of properties through which the Trans Mountain Pipeline passes	<u>64,906</u>	<u>300,000</u>
	<u>\$ 553,189</u>	<u>\$ 1,021,632</u>

NOTE A11. DEFERRED REVENUE:

	2018	2017
Canadian Red Cross - Emergency support related to traditional food needs.	<u>\$ 31,675</u>	<u>\$ -</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A12. DEMAND LOANS:

2018

2017

Bank of Montreal, demand loan, repayable in monthly installments of \$15,505 including interest at Bank's prime interest rate (currently 3.45% per annum) plus 1.50%.

\$ 1,984,951

\$ -

NOTE A13. OBLIGATIONS UNDER CAPITAL LEASE:

2018

2017

Driving Force lease bearing interest at 4.95% per annum, repayable in monthly blended payments of \$1,296. The lease matures on June 30, 2020 and is secured by a 2017 Dodge Ram 3500 which has a carrying value of \$50,636. The Band may purchase the asset at the end of the term for \$16,999.

\$ 46,100

\$ -

Driving Force lease bearing interest at 4.95% per annum, repayable in monthly blended payments of \$1,454. The lease matures on June 30, 2020 and is secured by a 2017 Dodge Ram 3500 which has a carrying value of \$40,439. The Band may purchase the asset at the end of the term for \$13,964.

32,918

-

Driving Force lease bearing interest at 4.95% per annum, repayable in monthly blended payments of \$1,454. The lease matures on June 30, 2020 and is secured by a 2017 Dodge Ram 3500 which has a carrying value of \$40,439. The Band may purchase the asset at the end of the term for \$13,954.

32,917

-

Dell Financial Services lease bearing interest at 2.63% per annum, repayable in monthly blended payments of \$210. The lease matures on September 14, 2020 and is secured by a Dell Poweredge Server which has a carrying value of \$5,891. The Band may purchase the asset at the end of the term for \$1.

6,109

-

\$ 118,044

\$ -

Future minimum capital lease payments are approximately:

2019	\$ 53,139
2020	52,104
2021	19,373
Total minimum lease payments.	124,616
Less: amount representing interest at various rates	(6,572)
	<u>\$ 118,044</u>

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A14. MORTGAGE PAYABLE:

2018

2017

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 \$211,249, due August 2020.

	\$ 94,175	\$ 106,901
--	------------------	-------------------

The CMHC mortgage is guaranteed by Indigenous Services Canada.

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

2019	\$	12,859
2020		12,998
2021		68,318
		94,175
	\$	94,175

NOTE A15. TANGIBLE CAPITAL ASSETS:

2018

2017

Tangible capital assets consist of the following:

Band Operations:

Assets under capital lease	\$	137,405	\$	-
Land		131,770		-
Buildings		168,860		169,642
Vehicles		35,972		39,732
Computers		10,779		5,894
Equipment and furniture		123,629		43,254
Heavy equipment		10,994		16,830
Water systems		1,999,685		2,039,150
Dyke		382,513		397,813
Roads		350,439		357,111
		3,352,046		3,069,426

Social Housing:

Building		211,249		217,851
		\$ 3,563,295		\$ 3,287,277

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

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A16. ACCUMULATED SURPLUS:	2018	2017
Accumulated surplus consists of individual fund surpluses and reserves as follows:		
Surplus (deficit) from operations	<u>\$ (96,427)</u>	<u>\$ 3,090,617</u>
Invested in tangible capital assets	<u>3,351,080</u>	<u>3,180,379</u>
Funded reserves:		
Ottawa trust funds (Note A5)	130,632	127,440
Operating reserve (CMHC) (Note A5)	42,969	35,814
Replacement reserve (CMHC) (Note A5)	<u>41,657</u>	<u>24,319</u>
	<u>215,258</u>	<u>187,573</u>
	<u><u>\$ 3,469,911</u></u>	<u><u>\$ 6,458,569</u></u>

NOTE A17. COMMITMENTS AND CONTINGENCIES:

Commitments:

Under the terms of the Kinder Morgan Mutual Benefits agreement, the Band received \$440,000 and is committed to erect fencing along the portion of the Reserve that is on the Trans Mountain Pipeline right of way. The cost to erect the fencing is not known and as such no amount has been accrued.

Under the terms of the Kinder Morgan Mutual Benefits agreement, the Band received \$300,000 in 2017 for the benefit of the CP Holders of the properties through which the Trans Mountain Pipeline passes and the Band is committed to distribute these funds to the CP Holders. Of this amount, \$64,906 remains outstanding and has been included in accounts payable and is separately disclosed in the notes to summary financial statements.

Contingencies:

- a) The Band receives a portion of its funding under a contribution authority with Indigenous Services Canada which, if unexpended, may be refundable to Indigenous Services Canada. Further, amounts which are overexpended may be reimbursed by Indigenous Services 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 \$94,175.

NOTE A18. 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 infrastructure, capital works, natural resources, enterprises and 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:

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.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A18. SEGMENTED INFORMATION (continued):

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.

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 Infrastructure

Community infrastructure supports the construction, operation and basic maintenance of community infrastructure and services such as water and sewage, roads, electrification, schools and fire protection. It is also responsible for ensuring that the infrastructure 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 A19. CASH FLOW INFORMATION:

During the year \$25,492 (2017 - \$296,828) of interest and bank charges were paid.

WHISPERING PINES / CLINTON BAND
NOTES TO SUMMARY FINANCIAL STATEMENTS
March 31, 2018

NOTE A20. ECONOMIC DEPENDENCE:

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

NOTE A21. RELATED PARTY TRANSACTIONS:

The Band paid \$50,000 (2017 - \$25,000) during the year to each Steve Tresierra, Chief of the Band and Debbie Van de Mosselaer, Councillor of the Band as compensation for Portfolio Management.

The Band paid \$148,628 (2017 - \$59,566) for the period of April 1, 2017 to March 31, 2018 for executive advisory services to VdM Consulting Group, a business owned by the spouse of Debbie Van de Mosselaer, Councillor of the Band.

NOTE A22. SUBSEQUENT EVENTS:

Subsequent to the fiscal year-end, the Band became aware that Kenkekneq Manufacturing Ltd. was no longer able to operate as it experienced significant losses and was unable to pay its lease or payroll obligations. As a result, the leaseholder of land Kenkekneq Manufacturing Ltd. was operating on secured the land, building, and related assets and auctioned the assets off. This has resulted in the value of the shares held by Whispering Pines / Clinton Band to devalue to \$Nil resulting in a total loss write down recorded in 2018 of \$2,000,000.

Subsequent to the fiscal year-end, the Band bought out the assets under capital lease.

NOTE A23. 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.

NOTE A24. BUDGET FIGURES:

The budget information disclosed is for information purposes only. The budget has not been approved by the Chief and Council and has not been audited.

WHISPERING PINES / CLINTON BAND
SUMMARY SCHEDULE OF TANGIBLE CAPITAL ASSETS
Year ended March 31, 2018

	Capital Lease	Land	Social Housing	Buildings	Vehicles	Computers	Equipment and furniture	Heavy Equipment	Water Systems	Dyke	Roads	2018	2017
Cost													
Balance, beginning of year (restated)	\$ -	\$ -	\$ 330,078	\$ 848,668	\$ 41,250	\$ 60,731	\$ 191,658	\$ 87,544	\$ 2,285,725	\$ 612,016	\$ 601,552	\$ 5,059,222	\$ 8,526,536
Add: Additions during the year	153,490	131,770	-	17,778	-	8,911	100,851	-	-	-	-	412,800	11,324
Less: Disposals during the year			-	-	-	-	-	-	-	-	-	-	3,478,638
Balance, end of year	153,490	131,770	330,078	866,446	41,250	69,642	292,509	87,544	2,285,725	612,016	601,552	5,472,022	5,059,222
Accumulated amortization													
Balance, beginning of year	-	-	112,227	679,026	1,518	54,836	148,404	70,714	246,576	214,203	244,441	1,771,945	2,230,010
Add: Amortization	16,085	-	6,602	18,560	3,760	4,027	20,476	5,836	39,464	15,300	6,672	136,782	112,067
Less: Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-	570,132
Balance, end of year	16,085	-	118,829	697,586	5,278	58,863	168,880	76,550	286,040	229,503	251,113	1,908,727	1,771,945
Net Book Value of Tangible Capital Assets	<u>\$ 137,405</u>	<u>\$ 131,770</u>	<u>\$ 211,249</u>	<u>\$ 168,860</u>	<u>\$ 35,972</u>	<u>\$ 10,779</u>	<u>\$ 123,629</u>	<u>\$ 10,994</u>	<u>\$ 1,999,685</u>	<u>\$ 382,513</u>	<u>\$ 350,439</u>	<u>\$ 3,563,295</u>	<u>\$ 3,287,277</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2018

	Band Revenue	Admin- istration	Social Deve- lopment	Education	Community Infrastructure	Capital Works	Natural Resources	Enterprises	Housing	Other	Total 2018	Total 2017
REVENUE:												
Indigenous Services												
Canada (recovery)	\$ -	\$ 216,180	\$ 69,250	\$ 197,388	\$ 38,975	\$ 33,210	\$ -	\$ (83,394)	\$ 70,345	\$ -	\$ 541,954	\$ 496,179
Leases and rentals	73,806	-	-	-	-	-	-	-	68,706	-	142,512	124,716
CMHC	-	-	-	-	-	-	-	-	29,165	-	29,165	12,015
Province of BC	-	-	10,792	-	-	-	-	-	-	-	10,792	-
Consulting and contract	9,000	51,915	-	-	-	-	-	51,071	-	-	111,986	5,156,066
Natural Resources	-	-	-	-	-	-	162,842	-	-	-	162,842	440,953
Q'wemtsi'n Health Society	-	-	93,317	-	-	-	-	-	-	-	93,317	98,107
Department of Justice	-	-	-	71,003	-	-	-	-	-	-	71,003	66,541
Archaeology	-	-	-	-	-	-	42,404	-	-	-	42,404	170,294
Miscellaneous	7,232	53,688	13,286	14,970	53,738	-	-	75,967	8,032	3,193	230,106	165,661
	<u>90,038</u>	<u>321,783</u>	<u>186,645</u>	<u>283,361</u>	<u>92,713</u>	<u>33,210</u>	<u>205,246</u>	<u>43,644</u>	<u>176,248</u>	<u>3,193</u>	<u>1,436,081</u>	<u>6,730,532</u>
EXPENSES:												
Administration fees (recovered)	-	(32,986)	40,386	7,103	-	1,858	-	-	1,800	-	18,161	49,257
Amortization	-	3,792	-	235	126,153	-	-	-	6,602	-	136,782	112,067
Assistance	-	-	109,883	-	-	-	-	-	-	-	109,883	70,548
Bad debts (recovered)	7,232	(13,622)	-	-	-	-	65,115	-	19,175	-	77,900	112,081
Community infrastructure	-	-	-	-	166,203	-	-	-	-	-	166,203	52,242
Compensation for CP Holders	-	-	-	-	-	-	-	-	-	-	-	300,000
Contract services	2,442	125,313	8,901	-	-	-	97,791	175,024	475	-	409,946	303,505
Fees and tuition	-	-	-	230,070	-	-	-	10,708	-	-	240,778	207,578
Honorarium	-	144,565	-	-	-	-	-	100,900	-	-	245,465	196,596
Insurance	1,127	15,378	-	-	-	-	-	1,538	8,866	-	26,909	100,967
Interest and bank charges	1,961	1,436	-	-	-	-	-	25,410	1,373	-	30,180	277,961
Logging expenses	-	-	-	-	-	-	-	-	-	-	-	10,023
Loss on investments	-	-	-	-	-	-	-	2,000,000	-	-	2,000,000	1,203,612
Materials and supplies (recovered)	-	5,840	20,242	-	-	-	(1,669)	14,994	-	-	39,407	50,723
Office and other	12,690	51,591	11,052	4,675	-	-	-	32,232	195	-	112,435	81,054
Professional fees	-	180,093	-	-	-	29,324	-	114,371	1,200	-	324,988	561,303
Repairs and maintenance	11,882	4,171	5,400	-	-	-	272	767	35,932	-	58,424	203,849
Training	-	100	4,928	18,072	-	-	4,182	-	-	-	27,282	28,779
Travel	105	117,587	3,715	2,755	-	-	11,101	42,222	55	-	177,540	234,567
Wages and benefits	6,008	63,092	39,267	72,642	-	-	3,383	12,675	25,389	-	222,456	446,868
	<u>43,447</u>	<u>666,350</u>	<u>243,774</u>	<u>335,552</u>	<u>292,356</u>	<u>31,182</u>	<u>180,175</u>	<u>2,530,841</u>	<u>101,062</u>	<u>-</u>	<u>4,424,739</u>	<u>4,603,580</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	\$ 46,591	\$ (344,567)	\$ (57,129)	\$ (52,191)	\$ (199,643)	\$ 2,028	\$ 25,071	\$ (2,487,197)	\$ 75,186	\$ 3,193	\$ (2,988,658)	\$ 2,126,952

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
STATEMENT OF FINANCIAL ACTIVITIES - SEGMENTED
Year ended March 31, 2017

	Band Revenue	Admin- istration	Social Deve- lopment	Education	Community Facilities	Capital Works	Natural Resources	Enterprises	Housing	Other	Total 2017
REVENUE:											
Indigenous and Northern Affairs Canada (recovery)	\$ -	\$ 135,813	\$ 85,048	\$ 172,727	\$ 49,733	\$ (56,642)	\$ -	\$ 109,500	\$ -	\$ -	\$ 496,179
Leases and rentals	73,441	-	-	-	-	-	-	-	51,275	-	124,716
CMHC	-	-	-	-	-	-	-	-	12,015	-	12,015
Consulting and contract	10,000	50,000	-	7,066	-	-	-	5,089,000	-	-	5,156,066
Natural Resources	-	-	-	-	-	-	440,953	-	-	-	440,953
Q'wemtsi'n Health Society	-	-	98,107	-	-	-	-	-	-	-	98,107
Department of Justice	-	-	-	66,541	-	-	-	-	-	-	66,541
Archaeology	-	-	-	-	-	-	170,294	-	-	-	170,294
Miscellaneous	-	42,870	20,490	21,731	20,000	-	-	57,832	-	2,738	165,661
	<u>83,441</u>	<u>228,683</u>	<u>203,645</u>	<u>268,065</u>	<u>69,733</u>	<u>(56,642)</u>	<u>611,247</u>	<u>5,256,332</u>	<u>63,290</u>	<u>2,738</u>	<u>6,730,532</u>
EXPENSES:											
Administration fees (recovered)	-	(12,114)	34,467	15,389	-	-	3,440	6,275	1,800	-	49,257
Amortization	-	2,984	-	235	102,246	-	-	-	6,602	-	112,067
Assistance	-	-	69,048	1,500	-	-	-	-	-	-	70,548
Bad debts	-	(2)	-	-	-	-	81,950	2,417	27,716	-	112,081
Community infrastructure	906	-	-	-	51,336	-	-	-	-	-	52,242
Compensation for CP Holders	-	-	-	-	-	-	-	300,000	-	-	300,000
Contract services	128	21,470	11,920	21,794	-	-	163,106	85,087	-	-	303,505
Fees and tuition	-	-	-	178,172	-	-	-	29,406	-	-	207,578
Honorarium	-	121,039	-	200	-	-	-	75,357	-	-	196,596
Insurance	7,507	7,558	815	-	-	-	75,789	1,606	7,692	-	100,967
Interest and bank charges	11	60,677	-	-	-	-	216,051	-	1,222	-	277,961
Logging expenses	-	-	-	-	-	-	10,023	-	-	-	10,023
Loss on disposal of assets	-	-	-	-	-	-	1,203,612	-	-	-	1,203,612
Materials and supplies	-	10,036	678	3,938	-	-	35,640	431	-	-	50,723
Office and other	18,941	33,908	875	5,149	163	-	249	21,769	-	-	81,054
Professional fees	-	531,937	-	1,000	-	21,060	-	6,106	-	-	561,303
Repairs and maintenance	-	9,491	-	-	4,727	-	169,463	2,821	17,347	-	203,849
Training	-	462	445	12,778	1,200	-	13,894	-	-	-	28,779
Travel	-	89,746	1,334	1,678	-	-	141,683	126	-	-	234,567
Wages and benefits	169	71,555	49,200	50,801	-	-	275,143	-	-	-	446,868
	<u>27,662</u>	<u>948,747</u>	<u>168,782</u>	<u>292,634</u>	<u>159,672</u>	<u>21,060</u>	<u>2,390,043</u>	<u>531,401</u>	<u>63,579</u>	<u>-</u>	<u>4,603,580</u>
EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES	<u>\$ 55,779</u>	<u>\$ (720,064)</u>	<u>\$ 34,863</u>	<u>\$ (24,569)</u>	<u>\$ (89,939)</u>	<u>\$ (77,702)</u>	<u>\$ (1,778,796)</u>	<u>\$ 4,724,931</u>	<u>\$ (289)</u>	<u>\$ 2,738</u>	<u>\$ 2,126,952</u>

See accompanying notes to financial statements.

WHISPERING PINES / CLINTON BAND
SUPPLEMENTARY FINANCIAL INFORMATION
March 31, 2018

EXHIBIT

SUPPLEMENTARY FINANCIAL INFORMATION:

- F INDEPENDENT AUDITOR'S REPORT
- F1 SCHEDULE OF REMUNERATION AND EXPENSES - CHIEFS AND COUNCILLORS



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Incorporated Professionals

INDEPENDENT AUDITOR'S REPORT

EXHIBIT F

Report on Supplementary Schedules

We have audited the summary financial statements of WHISPERING PINES / CLINTON BAND, for the year ended March 31, 2018.

A schedule of remuneration and expenses - chiefs and councillors, and schedule of remuneration and expenses - unelected senior officials are required to be presented to the membership of WHISPERING PINES / CLINTON BAND pursuant to the funding agreement between Indigenous Services Canada and WHISPERING PINES / CLINTON 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 Aboriginal Affairs and do not form part of the summary financial statements; 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 Indigenous Services Canada.

Auditor's 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 WHISPERING PINES / CLINTON BAND are presented fairly, in all material respects, in accordance with the criteria established by the funding agreement with Indigenous Services Canada.

Daley & Company LLP

Chartered Professional Accountants

Kamloops, BC
January 9, 2020