

Stk'emlupsemc Limited Partnership
Financial Statements
For the Year Ended March 31, 2016
(Unaudited)

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Review Engagement Report

To the partners of
Stk'emlupsemc Limited Partnership

We have reviewed the balance sheet of Stk'emlupsemc Limited Partnership as at March 31, 2016 and the statements of operations, partners' equity and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Partnership.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

Chartered Professional Accountants

Kamloops, British Columbia

July 6, 2016

Stk'emlupsemc Limited Partnership
Balance Sheet
(Unaudited)

March 31 **2016** **2015**

Assets

Current

Cash (Note 2)	\$ 572,947	\$ 1,013,961
Accounts receivable	679	31,564
Advances to related parties (Note 3)	1,159,529	24,200
Investment in SATLP	97,578	85,062
	\$ 1,830,733	\$ 1,154,787

Liabilities and Partners' Equity

Current

Accounts payable and accrued liabilities (Note 3)	\$ 106,850	\$ 49,908
Deferred revenue (Note 4)	1,292,032	385,000
Advances from related parties	39,144	23,654
	1,438,026	458,562

Partners' Equity

	392,707	696,225
	\$ 1,830,733	\$ 1,154,787

On behalf of the Board:

_____ Partner

_____ Partner

_____ Partner

Stk'emlupsemc Limited Partnership
Statement of Partners' Equity
(Unaudited)

<u>For the year ended March 31</u>	<u>Skeetchestn Indian Band</u>	<u>Tk'emlups te Secwepemc</u>	<u>Stk'emlupsemc Enterprises Inc.</u>	<u>2016</u>	<u>2015</u>
Balance, beginning of the year	\$ 347,962	\$ 347,962	\$ 301	\$ 696,225	\$ 131,877
Income for the year	622,858	622,858	124	1,245,840	2,054,100
Cash disbursements	(774,679)	(774,679)	-	(1,549,358)	(1,489,752)
Balance, end of the year	\$ 196,141	\$ 196,141	\$ 425	\$ 392,707	\$ 696,225

The accompanying notes are an integral part of these financial statements.

Stk'emlupsemc Limited Partnership
Statement of Operations
(Unaudited)

For the year ended March 31	2016	2015
Revenue		
Highland Valley Copper Funding Agreement	\$ 13,868	\$ -
KGHM Capacity Funding Agreement	548,662	200,000
KGHM Cultural Heritage Funding	74,497	179,231
Prior year holdbacks	65,000	-
Province of British Columbia - ECDA	872,777	1,483,172
Province of British Columbia - SRFA	-	482,263
Revenue Sharing - Education and Training	85,724	-
Revenue Sharing Agreement	372,424	468,581
Stk'emlupsemc Arrow Transportation Limited Partnership	97,070	84,044
Other revenue	22	6,734
	<u>2,130,044</u>	<u>2,904,025</u>
Operating expenses		
Advertising and promotion	9,009	260
Chief's governance	-	217
Honorariums	19,186	-
Implementation expenses	-	214,828
Interest and bank charges	514	252
Legal - Capacity Funding	115,000	-
Office expenses	3,328	9,696
Other operating expenses	145	-
Professional fees	30,766	49,915
Rental	-	7,510
Secwepemc Window Admin Portal	-	22,666
Sub-contracts	328,723	327,034
Travel expenses	6,549	127,361
Utilities	1,275	2,741
Wages and benefits	369,709	87,445
	<u>884,204</u>	<u>849,925</u>
Net income	\$ 1,245,840	\$ 2,054,100
Net income apportioned to:		
Skeetchestn Indian Band - 49.995%	\$ 622,858	\$ 1,026,947
Tk'emlups te Secwepemc - 49.995%	622,858	1,026,947
Stk'emlupsemc Enterprises Inc. - 0.01%	124	206
	<u>\$ 1,245,840</u>	<u>\$ 2,054,100</u>

The accompanying notes are an integral part of these financial statements.

Stk'emlupsemc Limited Partnership
Statement of Cash Flows
(Unaudited)

<u>For the year ended March 31</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Cash receipts from customers	\$ 1,850,914	\$ 2,976,217
Cash paid to suppliers and employees	(779,760)	(873,725)
Cash disbursements	(1,551,858)	(1,489,752)
	<u>(480,704)</u>	<u>612,740</u>
Cash flows from investing activities		
Proceeds on disposal of investments	-	36,351
Advances to related parties	-	(87,006)
Repayments from related parties	39,690	-
	<u>39,690</u>	<u>(50,655)</u>
Net (decrease) increase in cash	(441,014)	562,085
Cash, beginning of the year	<u>1,013,961</u>	<u>451,876</u>
Cash, end of the year	<u>\$ 572,947</u>	<u>\$ 1,013,961</u>

The accompanying notes are an integral part of these financial statements.

Stk'emlupsemc Limited Partnership

Notes to Financial Statements

(Unaudited)

March 31, 2016

1. Significant Accounting Policies

Nature of Business	Stk'emlupsemc Limited Partnership (the "Partnership") is owned by the Skeetchestn Indian Band ("SIB"), Tk'emlups te Secwepemc ("TteS") and Stk'emlupsemc Enterprises Ltd ("SEI"). SIB owns 49.995%, TteS owns 49.995%, and SEI owns 0.01% of the partnership.
Basis of Accounting	As a government business partnership, Canadian public sector accounting standards requires Stk'emlupsemc Limited Partnership to adhere to the standards applicable to publicly accountable enterprises in the CPA Handbook - Accounting. Accordingly, the Partnership is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial Reporting Standards. Management has determined that the internal reporting needs of the Limited Partners and its General Partner, are met through the use of Canadian accounting standards for private enterprises ("ASPE") and, therefore, these financial statements have been prepared in accordance with that framework. Since ASPE is not designed to necessarily meet the needs of all users of the financial statements of a government business partnership, the readers of these financial statements may require additional information.
Investments Subject to Significant Influence	The Partnership accounts for its 50.995% investment in Stk'emlupsemc Arrow Transportation Limited Partnership ("SATLP") using the equity method.
Cash	Cash includes cash on hand, operating deposits with financial institutions, and for the purpose of the statement of cash flows, bank overdrafts that are repayable on demand.
Revenue Recognition	Revenue from contribution agreements and other services are recognized when the significant acts for the agreement or milestones have been completed, the amount is due and collectibility is reasonably assured.
Financial Instruments	The fair values of the financial instruments representing working capital approximate their carrying values due to their short term nature and/or market rates of interest. The fair value of amounts due to shareholders is not determinable.

Stk'emlupsemc Limited Partnership
Notes to Financial Statements
(Unaudited)

March 31, 2016

1. Significant Accounting Policies (continued)

Use of Estimates The preparation of financial statements in accordance with Canadian accounting standards for private enterprises requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates.

2. Cash

The Partnership's cash is held in one Canadian Chartered Bank and earns interest at the current prevailing rate for business operating accounts.

3. Related Party Transactions

At the end of the year, the amounts due to and (from) related entities are as follows:

	<u>2016</u>	<u>2015</u>
Stk'emlupsemc Enterprises Inc. ("SEI")	\$ 39,144	\$ 23,654
Stk'emlupsemc te Secwepemc Nation ("SSN")	<u>(1,159,529)</u>	<u>(24,200)</u>
	<u>\$ (1,120,385)</u>	<u>\$ (546)</u>

SEI is related to the Partnership by virtue of being its General Partner. SSN is related to the Partnership by virtue of common control. These amounts are unsecured, non-interest bearing and with no specific terms of repayment.

During the year the Partnership paid administrative fees to SEI in the amount of \$nil (2015 - \$39,146). In addition, SEI paid \$nil (2015 - \$52,764) of expenses of the Partnership, which the Partnership was required to reimburse.

Included in accounts payable is \$44,000 payable to each of the two Limited Partners in relation to funding being provided for the Capacity Funding project.

Stk'emlupsemc Limited Partnership
Notes to Financial Statements
(Unaudited)

March 31, 2016

4. Deferred revenue

	2015	Funding received	Funding spent	2016
KGHM Capacity Funding	\$ 285,000	\$ 925,000	\$ (548,662)	\$ 661,338
Cultural Heritage Funding	100,000	279,059	(74,497)	304,562
HVC Funding	-	300,000	(13,868)	286,132
Province of B.C.	-	40,000	-	40,000
	<u>\$ 385,000</u>	<u>\$ 1,544,059</u>	<u>\$ (637,027)</u>	<u>\$ 1,292,032</u>

5. Employee Retirement Savings Plan

The Company and its employees contribute to a retirement savings plan. Total contributions to the plan by the Company during the year were \$16,916 (2015 - \$1,997).

6. Financial Instruments

Liquidity Risk

The Partnership has financial liabilities outstanding, including accounts payable and accrued liabilities. The Partnership manages its liquidity risk by reviewing liquidity resources, ensuring cash flows from operations and holdings of cash and cash equivalents are sufficient to meet liabilities when they are due as well as ensuring adequate funds exist to support business strategies and operations growth. The risk has not changed from previous periods.

Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Partnership's credit risk is primarily attributable to the accounts receivable, which are all from entities that operate in the Interior region of British Columbia. Management believes such accounts receivable are subject to minimal credit risk. The risk has not changed from previous periods.

Stk'emlupsemc Limited Partnership
Schedule 1 - KGHM Capacity Funding
(Unaudited)

For the year ended March 31

2016

Revenue	<u>\$ 548,662</u>
Advertising and promotions	5,759
Cultural	131
Disbursements	88,000
Honorariums	19,186
Legal	115,000
Meals	750
Meetings and catering	6,008
Negotiations	35,000
Office supplies	2,989
Subcontractors	123,881
Travel	541
Utilities	1,275
Wages and benefits	<u>150,142</u>
	548,662
	<hr/>
Surplus for the year	<u>\$ -</u>

Stk'emlupsemc Limited Partnership
Schedule 2 - KGHM Cultural Heritage Study
(Unaudited)

For the year ended March 31 2016

Revenue	\$ 74,497
Subcontractors	<u>74,497</u>
Surplus for the year	<u>\$ -</u>

Stk'emlupsemc Limited Partnership
Schedule 3 - Highland Valley Copper Funding
(Unaudited)

For the year ended March 31 2016

Revenue	\$ 13,868
Subcontractors	<u>13,868</u>
Surplus for the year	<u>\$ -</u>