

Stk'emlupsemc Limited Partnership
Financial Statements
For the Year Ended March 31, 2017
(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, 2017 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 4, 2017

Stk'emlupsemc Limited Partnership
Balance Sheet
(Unaudited)

March 31 **2017** **2017**

Assets

Current

Cash (Note 2)	\$ 73,067	\$ 572,947
Accounts receivable (Note 3)	81,276	679
Advances to related parties (Note 3)	1,658,377	1,159,529
Investment in SATLP	75,314	97,578
	\$ 1,888,034	\$ 1,830,733

Liabilities and Partners' Equity

Current

Accounts payable and accrued liabilities (Note 3)	\$ 59,024	\$ 106,851
Deferred revenue (Note 4)	1,446,020	1,292,031
Advances from related parties (Note 3)	227,423	39,144
	1,732,467	1,438,026

Partners' Equity

	155,567	392,707
	\$ 1,888,034	\$ 1,830,733

On behalf of the Board:

_____ Partner

_____ Partner

_____ Partner

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

For the year ended March 31	Skeetchestn Indian Band	Tk'emlups te Secwepemc	Stk'emlupsemc Enterprises Inc.	2017	2017
Balance, beginning of the year	\$ 196,141	\$ 196,141	\$ 425	\$ 392,707	\$ 696,225
Income for the year	834,364	834,364	166	1,668,894	1,245,840
Cash disbursements	(953,017)	(953,017)	-	(1,906,034)	(1,549,358)
Balance, end of the year	\$ 77,488	\$ 77,488	\$ 591	\$ 155,567	\$ 392,707

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	2017	2017
Revenue		
Highland Valley Copper Funding Agreement	\$ 61,488	\$ 13,868
KGHM Capacity Funding Agreement	1,210,455	548,662
KGHM Other Revenue	81,570	22
KGHM Cultural Heritage Funding	279,720	74,497
Prior year holdbacks	-	65,000
Province of British Columbia - ECDA	1,292,751	872,777
Revenue Sharing - Education and Training (Note 7)	67,004	85,724
Revenue Sharing Agreement	250,521	372,424
Stk'emlupsemc Arrow Transportation Limited Partnership	74,806	97,070
BC Hydro Substation	3,349	-
	<u>3,321,664</u>	<u>2,130,044</u>
Operating expenses		
Advertising and promotion	17,036	9,009
Honorariums	174,932	19,186
Interest and bank charges	744	514
Legal - Capacity Funding	-	115,000
Office expenses	18,965	3,328
Other operating expenses	5,378	145
Professional fees	245,206	30,766
Sub-contracts	859,039	328,723
Travel expenses	94,002	6,549
Utilities	124	1,275
Wages and benefits	237,344	369,709
	<u>1,652,770</u>	<u>884,204</u>
Net income	\$ 1,668,894	\$ 1,245,840
Net income apportioned to:		
Skeetchestn Indian Band - 49.995%	\$ 834,364	\$ 622,858
Tk'emlups te Secwepemc - 49.995%	834,364	622,858
Stk'emlupsemc Enterprises Inc. - 0.01%	166	124
	<u>\$ 1,668,894</u>	<u>\$ 1,245,840</u>

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

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

For the year ended March 31	2017	2016
Cash flows from operating activities		
Cash receipts from customers	\$ 3,417,588	\$ 3,068,447
Cash paid to suppliers and employees	(1,609,851)	(826,747)
Interest received	-	13
Interest paid	(744)	(514)
Cash disbursements	(1,906,304)	(1,549,858)
	<u>(99,311)</u>	<u>691,341</u>
Cash flows from investing activities		
Purchase of investments	-	(12,516)
Advances to related parties	(588,848)	(1,135,329)
Repayments from related parties	188,279	15,490
	<u>(400,569)</u>	<u>(1,132,355)</u>
Net decrease in cash	(499,880)	(441,014)
Cash, beginning of the year	<u>572,947</u>	<u>1,013,961</u>
Cash, end of the year	\$ 73,067	\$ 572,947

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

Stk'emlupsemc Limited Partnership

Notes to Financial Statements

(Unaudited)

March 31, 2017

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 Canada 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, 2017

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:

	2017	2017
Stk'emlupsemc Enterprises Inc. ("SEI")	\$ 227,423	\$ 39,144
Stk'emlupsemc te Secwepemc Nation ("SSN")	(1,658,377)	(1,159,529)
Skeetchestn Natural Resources LLP	14,487	-
Tk'emlupsemc te Secwepemc	(81,000)	-
	\$ (1,497,467)	\$ (1,120,385)

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.

Included in accounts receivable is \$81,000 receivable from Tk'emlupsemc te Secwepemc in relation to work done for Ajax mine application.

Included in accounts payable is \$14,487 payable to Skeetchestn Natural Resources LLP in relation to components for KGHM service schedule agreement.

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

March 31, 2017

4. Deferred revenue

	2016	Funding received	Funding spent	2017
KGHM Capacity Funding	\$ 701,338	\$ 606,570	\$ (1,292,025)	\$ 15,883
Cultural Heritage Funding	304,562	-	(279,720)	24,842
HVC - Bethlehem extension	286,132	-	(61,488)	224,644
HVC Funding	-	760,000	-	760,000
BC Hydro Substation	-	154,000	(3,349)	150,651
BC Hydro Cultural	-	270,000	-	270,000
	<u>\$ 1,292,032</u>	<u>\$ 1,790,570</u>	<u>\$ (1,636,582)</u>	<u>\$ 1,446,020</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 \$11,480 (2016 - \$16,916).

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
Notes to Financial Statements
(Unaudited)**

March 31, 2017

7. Education and Training

Education and training amounts are set aside for the purposes of providing opportunities to the members of the Skeetchestn Indian Band and Tk'emlupsemc te Secwepemc communities. Unspent education and training amounts available for future years is \$59,595.

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

For the year ended March 31

2017

Revenue

KGHM capacity funding	\$ 1,210,455
Other revenue	<u>\$ 81,570</u>
	<u>1,292,025</u>

Expenses

Advertising and promotions	16,460
Contractors	187,836
Cultural	50
Honorariums	174,632
Legal	230,062
Meals	60
Meetings and catering	88,942
Negotiations	55,000
Office supplies	24,016
Subcontractors	270,435
Travel	2,753
Utilities	124
Wages and benefits	<u>241,655</u>
	<u>1,292,025</u>

Surplus for the year, being end of year

\$ -

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

<u>For the year ended March 31</u>	<u>2017</u>
Revenue	
KGHM cultural heritage funding	<u>\$ 279,720</u>
Expenses	
Subcontractors	<u>279,720</u>
Surplus for the year, being end of year	<u>\$ -</u>

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

<u>For the year ended March 31</u>	<u>2017</u>
Revenue	
Highland valley copper funding	<u>\$ 61,488</u>
Expenses	
Subcontractors	<u>61,488</u>
Surplus for the year, being end of year	<u>\$ -</u>

**Stk'emlupsemc Limited Partnership
BC Hydro Substation
(Unaudited)**

For the year ended March 31 **2017**

Revenue

BC hydro substation funding 3,349

Expenses

Adverting and promotion \$ 517

Contractors 258

Meetings and catering 180

Office supplies 90

Travel \$ 2,304

3,349

Surplus for the year, being end of year

\$ -