

**Stk'emlupsemc Limited Partnership**  
**Financial Statements**  
**For the Year Ended March 31, 2018**  
**(Unaudited)**

**Contents**

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## Independent Practitioner's Review Engagement Report

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### To the partners of Stk'emlupsemc Limited Partnership

We have reviewed the accompanying financial statements of Stk'emlupsemc Limited Partnership that comprise the balance sheet as at March 31, 2018 and the statements of operations, retained earnings and 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 accounting standards for private enterprises, 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



### **Basis of Accounting and Restriction on Use**

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Stk'emlupsemc Limited Partnership with its internal reporting to its partners, and Stk'emlupsemc te Secwepemc Nation. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Stk'emlupsemc Limited Partnership and Stk'emlupsemc te Secwepemc Nation and should not be used by parties other than Stk'emlupsemc Limited Partnership and Stk'emlupsemc te Secwepemc Nation.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Stk'emlupsemc Limited Partnership as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Chartered Professional Accountants

Kamloops, British Columbia  
July 4, 2018

**Stk'emlupsemc Limited Partnership**  
**Balance Sheet**  
**(Unaudited)**

**As at March 31** **2018** **2017**

**Assets**

**Current**

Cash (Note 2)	\$ 129,567	\$ 73,067
Accounts receivable (Note 3)	258,034	81,276
Advances to related parties (Note 4)	1,943,371	1,658,377

	2,330,972	1,812,720
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Long-term investments	102,145	75,314
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	\$ 2,433,117	\$ 1,888,034
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**Liabilities and Partners' Equity**

**Current**

Accounts payable and accrued liabilities	\$ 29,125	\$ 59,024
Deferred revenue (Note 5)	1,521,596	1,446,020
Advances from related parties (Note 4)	702,890	227,423

	2,253,611	1,732,467
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Partners' Equity	179,506	155,567
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	\$ 2,433,117	\$ 1,888,034
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On behalf of the Board:

\_\_\_\_\_ Partner

\_\_\_\_\_ Partner

\_\_\_\_\_ Partner

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

<b>For the year ended As at March 31</b>	<b>Skeetchestn Indian Band</b>	<b>Tk'emlups te Secwepemc</b>	<b>Stk'emlupsemc Enterprises Inc.</b>	<b>2018</b>	<b>2017</b>
Balance, beginning of the year	\$ 77,488	\$ 77,488	\$ 591	\$ 155,567	\$ 392,707
Income for the year	817,169	817,169	163	1,634,501	1,668,894
Cash disbursements	(805,281)	(805,281)	-	(1,610,562)	(1,906,034)
<b>Balance, end of the year</b>	<b>\$ 89,376</b>	<b>\$ 89,376</b>	<b>\$ 754</b>	<b>\$ 179,506</b>	<b>\$ 155,567</b>

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

**Stk'emlupsemc Limited Partnership**  
**Statement of Operations**  
**(Unaudited)**

<b>For the year ended As at March 31</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Highland Valley Copper Funding Agreement (Schedule 1)	\$ 153,348	\$ -
KGHM Capacity Funding Agreement (Schedule 4)	80,985	1,210,455
KGHM Other Revenue	15,884	81,570
KGHM Cultural Heritage Funding	-	279,720
HVC Bethlehem Ext. (Schedule 3)	4,534	61,488
Province of British Columbia - ECDA	1,429,034	1,292,751
BC G2G (Schedule 5)	16,878	-
Revenue Sharing - Education and Training (Note 8)	80,311	67,004
Revenue Sharing Agreement	311,914	250,521
Stk'emlupsemc Arrow Transportation Limited Partnership	26,831	74,806
BC Hydro Substation (Schedule 2)	194,437	3,349
	<u>2,314,156</u>	<u>3,321,664</u>
<b>Operating expenses</b>		
Advertising and promotion	15,664	17,036
Bad debt expense	276	-
Honorariums	35,491	174,932
Interest and bank charges	501	744
Management fee	140,000	-
Memberships and licences	135	-
Office expenses	10,853	18,965
Other operating expenses	3,459	5,378
Professional fees	55,162	245,206
Sub-contracts	113,961	859,039
Travel expenses	15,276	94,002
Utilities	588	124
Wages and benefits	288,289	237,344
	<u>679,655</u>	<u>1,652,770</u>
<b>Net income</b>	<b>\$ 1,634,501</b>	<b>\$ 1,668,894</b>
<b>Net income apportioned to:</b>		
Skeetchestn Indian Band - 49.995%	\$ 817,169	\$ 834,364
Tk'emlups te Secwepemc - 49.995%	817,169	834,364
Stk'emlupsemc Enterprises Inc. - 0.01%	163	166
	<u>\$ 1,634,501</u>	<u>\$ 1,668,894</u>

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

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

<b>For the year ended As at March 31</b>	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Cash receipts from customers	\$ 2,566,138	\$ 3,417,588
Cash paid to suppliers and employees	(569,048)	(1,609,851)
Interest paid	(501)	(744)
Cash disbursements	(1,610,562)	(1,906,304)
	<u>386,027</u>	<u>(99,311)</u>
<b>Cash flows from investing activities</b>		
Advances to related parties	(664,994)	(588,848)
Repayments from related parties	335,467	188,279
	<u>(329,527)</u>	<u>(400,569)</u>
<b>Net increase (decrease) in cash</b>	<b>56,500</b>	<b>(499,880)</b>
<b>Cash, beginning of the year</b>	<b>73,067</b>	<b>572,947</b>
<b>Cash, end of the year</b>	<b>\$ 129,567</b>	<b>\$ 73,067</b>

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

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# Stk'emlupsemc Limited Partnership

## Notes to Financial Statements

### (Unaudited)

March 31, 2018

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#### 1. Significant Accounting Policies

<b>Nature of Business</b>	Stk'emlupsemc Limited Partnership (the "Partnership") is owned by the Skeetchestn Indian Band ("SIB"), Tk'emlups te Secwepemc ("TteS") and Stk'emlupsemc Enterprises Inc. ("SEI"). SIB owns 49.995%, TteS owns 49.995%, and SEI owns 0.01% of the Partnership.
<b>Basis of Accounting</b>	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.
<b>Investments Subject to Significant Influence</b>	The Partnership accounts for its 50.995% investment in Stk'emlupsemc Arrow Transportation Limited Partnership ("SATLP") using the equity method.
<b>Cash</b>	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.
<b>Revenue Recognition</b>	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.
<b>Financial Instruments</b>	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 related parties is not determinable.



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

**March 31, 2018**

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**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.

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**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.

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**3. Accounts Receivable**

	<u>2018</u>	<u>2017</u>
Accounts receivable, trade	\$ 174,227	\$ 81,276
Due from SIB	83,807	
	<u>\$ 258,034</u>	<u>\$ 81,276</u>

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

**March 31, 2018**

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**4. Related Party Transactions**

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

	2018	2017
Stk'emlupsemc Enterprises Inc. ("SEI")	\$ 702,890	\$ 227,423
Stk'emlupsemc te Secwepemc Nation ("SSN")	(1,943,371)	(1,658,377)
Skeetchestn Natural Resources LLP	-	14,487
Tk'emlupsemc te Secwepemc	-	(81,000)
	\$ (1,240,481)	\$ (1,497,467)

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 due on demand.

During the year the Partnership paid a management fee to SEI of \$140,000 (2017-\$nil).

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**5. Deferred Revenue**

	2017	Funding received	Funding spent	2018
KGHM Capacity Funding	\$ 15,883	\$ -	\$ (15,883)	\$ -
Cultural Heritage Funding	24,842	-	-	24,842
HVC Bethlehem Ext.	224,644	-	(4,534)	220,110
HVC Funding	760,000	564,323	(629,035)	695,288
BC Hydro Substation	150,651	53,750	(98,750)	105,651
BC Hydro Culteral	270,000	-	-	270,000
BC Hydro West Kelowna	-	12,600	-	12,600
New Gold Project Coordinator	-	84,983	-	84,983
Prov. BC Water Sustainability	-	100,000	-	100,000
BC G2G	-	25,000	(16,878)	8,122
	\$ 1,446,020	\$ 840,656	\$ (765,080)	\$ 1,521,596

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

**March 31, 2018**

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**6. Employee Retirement Savings Plan**

The Partnership and its employees contribute to a retirement savings plan. Total contributions to the plan by the Partnership during the year were \$11,701 (2017 - \$11,480).

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**7. 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.

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**8. 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 \$33,544 (2017 - \$59,595).

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**Stk'emlupsemc Limited Partnership**  
**Schedule 1 - Highland Valley Copper Funding**  
**(Unaudited)**

**For the year ended As at March 31**

**2018**

**Revenue**

Highland Valley Copper funding	<u>\$ 153,348</u>
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**Expenses**

Advertising and promotions	1,465
Honorariums	6,070
Management fee	95,000
Meals	1,920
Meetings and catering	316
Miscellaneous expenses	32
Office equipment	814
Office supplies	5,738
Subcontractors	11,171
Telephone & internet	562
Tobacco	35
Travel	1,506
Vehicle	2,500
Wages and salaries	<u>26,219</u>

153,348

**Surplus for the year, being end of year**

\$ -

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**Stk'emlupsemc Limited Partnership  
Schedule 2 - BC Hydro Substation  
(Unaudited)**

**For the year ended As at March 31**

**2018**

**Revenue**

BC Hydro Substation funding	<u>\$ 194,437</u>
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**Expenses**

Adverting and promotion	705
Honorariums	5,277
Management fee	45,000
Meetings and catering	2,018
Office supplies	2,969
Subcontractors	14,049
Telephone and internet	26
Travel	5,781
Wages and salaries	<u>118,612</u>

194,437

**Surplus for the year, being end of year**

\$ -

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**Stk'emlupsemc Limited Partnership**  
**Schedule 3- HVC Bethlehem Ext.**  
**(Unaudited)**

<u>For the year ended As at March 31</u>	<u>2018</u>
<b>Revenue</b>	
HVC Bethlehem funding	<u>\$ 4,534</u>
<b>Expenses</b>	
Subcontractors	<u>4,534</u>
 <b>Surplus for the year, being end of year</b>	 <u>\$ -</u>

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**Stk'emlupsemc Limited Partnership**  
**Schedule 4- KGHM Decision Release**  
**(Unaudited)**

**For the year ended As at March 31**

**2018**

<b>Revenue</b>	
KGHM funding	<u>\$ 80,985</u>
<b>Expenses</b>	
Advertising & promotions	11,397
Business fees & licenses	320
Contractors	26,166
Honorariums	23,963
Meals	177
Meetings & catering	3,316
Office expenses	1,035
Professional/consultant	5,000
Salaries & wages	143,458
Subcontractors	36,162
Tobacco	230
Travel	2,340
Vehicle	<u>959</u>
	254,523
	<u><u>\$ (173,538)</u></u>

**Deficit for the year, being deficit end of year**

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**Stk'emlupsemc Limited Partnership**  
**Schedule 5- BC G2G**  
**(Unaudited)**

<u>For the year ended As at March 31</u>	<u>2018</u>
<b>Revenue</b>	
BC G2G funding	<u>\$ 16,878</u>
<b>Expenses</b>	
Professional/consultant	<u>16,878</u>
 <b>Surplus for the year, being end of year</b>	 <u>\$ -</u>