

Stk'emlupsemc Limited Partnership
Financial Statements
For the year ended March 31, 2015
(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, 2015 and March 31, 2014 and the statements of operations and partners' equity, and cash flows for the years then ended. Our review was made in accordance with generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the partners.

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.

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 Limited Partners and General Partner. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Stk'emlupsemc Limited Partnership, and Skeetchestn Indian Band (Limited Partner), Tk'emlups te Secwepemc (Limited Partner), and Stk'emlupsemc Enterprises Inc. (General Partner) and should not be used by parties other than Stk'emlupsemc Limited Partnership and its Limited Partners and General Partner.

Chartered Professional Accountants

Kamloops, British Columbia
June 10, 2015

Stk'emlupsemc Limited Partnership
Balance Sheet
(Unaudited)

As at March 31 **2015** **2014**

Assets

Current

Cash (Note 3)	\$ 1,013,961	\$ 451,876
Accounts receivable	31,564	6,000
Advances from related parties (Note 4)	546	-
Investment in SATLP	85,062	121,413
	\$ 1,131,133	\$ 579,289

Liabilities and Partners' Equity

Current

Accounts payable and accrued liabilities	\$ 49,908	\$ 73,708
Advances from related parties (Note 4)	-	86,460
Deferred RFA revenue	-	287,244
Deferred KGHM Capacity Funding	385,000	-
	434,908	447,412

Partners' Equity

Partners' Equity	696,225	131,877
	696,225	131,877
	\$ 1,131,133	\$ 579,289

Approved by the Partners:

_____, Partner

_____, Partner

_____, Partner

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

For the year ended March 31	2015	2014
Equity, Skeetchestn Indian Band		
Balance, beginning of year	\$ 65,891	\$ 42,498
Income for the year	1,026,947	388,064
Cash Disbursements	(744,876)	(364,671)
	<u>347,962</u>	<u>65,891</u>
Equity, Tk'emlups te Secwepemc		
Balance, beginning of year	65,891	42,498
Income for the year	1,026,947	388,064
Cash Disbursements	(744,876)	(364,671)
	<u>347,962</u>	<u>65,891</u>
Equity, Stk'emlupsemc Enterprises Inc.		
Balance, beginning of year	95	17
Income for the year	206	78
	<u>301</u>	<u>95</u>
	<u>\$ 696,225</u>	<u>\$ 131,877</u>

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 2015 2014

	2015	2014
Revenue		
KGHM Capacity Funding Agreement	\$ 200,000	\$ -
KGHM Cultural Heritage	179,231	235,137
Other Revenue	6,734	10,927
Province of British Columbia - ECDA	1,483,172	730,325
Province of British Columbia - RFA	482,263	449,116
SLP Revenue Sharing Agreement	468,581	-
Stk'emlupsemc Arrow Transportation Limited Partnership	84,044	120,904
Western Resource Council	-	3,112
WestKam	-	65,000
	2,904,025	1,614,521
Expenses		
Administration fees	25,093	125,101
Advertising and promotion	260	4,972
Bank charges and interest	252	222
Chief's governance	217	13,962
Cultural	-	5,600
Honorariums	-	3,961
Implementation funding	214,828	240,000
Miscellaneous	1,210	-
Office	110,296	23,147
Professional services	24,822	127,163
Rent	7,510	3,943
Secwepemc Window Admin Portal	22,666	-
Subcontractors	327,034	51,692
Travel	25,551	9,717
Utilities	2,741	1,462
Wages and benefits	87,445	227,373
	849,925	838,315
Income for the year	\$ 2,054,100	\$ 776,206

Net Income Apportioned to:

Skeetchestn Indian Band - 49.99%	\$ 1,026,947	\$ 388,064
TK'emlups te Secwepemc - 49.99%	1,026,947	388,064
Stk'emlupsemc Enterprises Inc. - 0.01%	206	78
	\$ 2,054,100	\$ 776,206

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	2015	2014
Operating activities		
Cash received from funders	\$ 3,299,812	\$ 1,572,121
Cash paid to employees and suppliers	(1,160,717)	(477,141)
Interest paid	(252)	(222)
	<u>2,138,843</u>	<u>1,094,758</u>
Investing activity		
Advances from (to) related parties	(87,006)	86,460
Financing activity		
Partner distributions	(1,489,752)	(729,342)
Net increase (decrease) in cash	562,085	451,876
Cash, beginning of year	<u>451,876</u>	<u>-</u>
Cash, end of year	\$ 1,013,961	\$ 451,876

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

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

March 31, 2015

1. Summary of Significant Accounting Policies

Basis of Accounting

As a government business partnership, Canadian public sector accounting standards requires Stk'emlupsemc Limited Partnership (the "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.

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.

Nature of Business

The Partnership is owned by the Skeetchestn Indian Band ("SIB"), Tk'emlups te Secwepemc ("TteS") and Stk'emlupsemc Enterprises Ltd ("SEI"). SIB owns 49.99%, TteS owns 49.99%, and SEI owns 0.01% of the partnership.

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.

Investments Subject to Significant Influence

The company accounts for its 50.995% investment in Stk'emlupsemc-Arrow Transportation Limited Partnership ("SATLP") using the equity method.

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.

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

March 31, 2015

1. Summary of 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. Initial Adoption of Accounting Standards for Private Enterprises (ASPE)

Effective April 1, 2013, the Partnership adopted the requirements of the accounting framework, Canadian Accounting Standards for Private Enterprises (ASPE) or Part II of the requirements of the Canadian Institute of Chartered Professional Accountants (CPA) Handbook - Accounting. These are the Partnership's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1500, First-time Adoption have been applied. Section 1500 requires retrospective application of the accounting standards with certain elective exemptions and retrospective exceptions. The accounting policies set out in Note 1 - Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2015, the comparative information presented in these financial statements for the year ended March 31, 2014. The Partnership began operations during the year ended March 31, 2014, and as such, an opening balance sheet as at April 1, 2013 has not been prepared.

The Partnership issued financial statements for the year ended March 31, 2014 under a notice-to-reader financial statement, which did not necessarily comply with ASPE. The adoption of ASPE resulted in one adjustment to the previously reported assets, liabilities, equity and net income of the Partnership as described below.

The Partnership holds a 50.995% equity ownership in SATLP. Although the Partnership holds more than 50% of the Limited Partnership interest, it does not control the General Partner, as such, it accounts for the Partnership using the equity method of accounting. The investment in SATLP commenced during the year ended March 31, 2013. An opening balance sheet was not prepared as this was the only activity undertaken during that reporting period. No equity income from SATLP has been previously reported. As such, the following adjustments have been made to the previously reported financial statements:

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

March 31, 2015

2. Initial Adoption of Accounting Standards for Private Enterprises (ASPE) - continued

	March 31, 2014	March 31, 2013
Increase in Investment in SATLP	120,913	85,013
Increase in Partners' Equity	121,413	85,013
Increase in Equity earnings in SATLP	36,400	85,013
Increase in net income	36,400	85,013

3. Cash

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

4. Related Party Transactions

At the end of the year, the advances to (from) shareholders are as follows:

	2015	2014
Stk'emlupsemc Enterprises Inc. ("SEI")	\$ (23,654)	\$ (86,460)
Stk'emlupsemc te Secwepemc Nation ("SSN")	24,200	-
	\$ 546	\$ (86,460)

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 \$39,146 (2014 - \$125,101). In addition, SEI paid \$52,764 (2014 - \$nil) of expenses of the Partnership, which the Partnership was required to reimburse.

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

March 31, 2015

5. Financial Instrument Risk

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.

Draft - subject to final approval