Stk'emlupsemc te Secwepemc Nation

Financial Statements

For the year ended March 31, 2010

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Auditors' Report

To the Members of
Stk'emlupsemc te Secwepemc Nation

We have audited the balance sheet of Stk'emlupsemc te Secwepemc Nation as at March 31, 2010 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the organization, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2010 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants

Kamloops, British Columbia
May 31, 2010

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Stk'emlupsemc te Secwepemc Nation
Balance Sheet

As at March 31	2010	2009
Assets		
Current		
Cash (Note 2)	$ **217,989**	$ 227,559
Accounts receivable (Note 3)	**60,000**	-
Loan receivable (Note 3)	**200,000**	100,000
Prepaid lease payment	**50,000**	-
	$ **527,989**	$ 327,559
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$ **38,205**	$ 14,943
Due to related parties (Note 3)	**5,010**	15,753
Deferred revenue	**126,600**	60,000
	169,815	90,696
Net Assets		
Unrestricted net assets	**358,174**	236,863
	$ **527,989**	$ 327,559

Approved on behalf of the Joint Council:

_____, Councillor

_____, Councillor

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Stk'emlupsemc te Secwepemc Nation
Statement of Operations and Net Assets

For the year ended March 31	2010	2009
Revenue		
Contribution agreements	**$ 410,600**	$ 540,000
Expenditures		
Accounting and legal	**241,794**	139,396
Advertising and promotion	**17,845**	9,700
Bank charges	**1**	20
Management fees (Note 3)	**-**	100,000
Office expenses	**-**	396
Subcontractors	**10,000**	27,580
Travel	**19,649**	26,045
	289,289	303,137
Surplus for the year	**121,311**	236,863
Net assets, beginning of year	**236,863**	-
Net assets, end of year	**$ 358,174**	$ 236,863

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Stk'emlupsemc te Secwepemc Nation
Statement of Cash Flows

For the year ended March 31	2010	2009
Operating activities		
Cash received from contributors	$ **417,200**	$ 500,000
Cash paid to employees and suppliers	**(316,027)**	(288,194)
Cash flows from operating activities	**101,173**	211,806
Investing activities		
Advances from related party	**(10,743)**	15,753
Issuance of loan receivable	**(100,000)**	(100,000)
Cash flows from investing activities	**(110,743)**	(84,247)
Net increase (decrease) in cash	**(9,570)**	127,559
Cash, beginning of year	**227,559**	100,000
Cash, end of year	$ **217,989**	$ 227,559

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

March 31, 2010

Revenue Recognition

Revenue from contribution agreements 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 organization classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The organization's accounting policy for each category is as follows:

Held-for-trading
This category is comprised of cash. They are carried on the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Other financial liabilities
Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and is comprised of accounts payable and accrued liabilities, and due to related parties. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Measuring fair value
The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or asking prices as appropriate, in the most advantageous active market for that instrument to which the organization has immediate access.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 year. Actual results could be different from those estimates.

March 31, 2010

Future Accounting Pronouncements

i) International Financial Reporting Standards
The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the organization's financial statements is not yet determinable.

March 31, 2010

1. Nature of Entity

Stk'emlupsemc te Secwepemc Nation is an unincorporated political entity that is the caretaker of the land base which is inhabited by the Tk'emlups Indian Band and Skeetchestn Indian Band. The objective of the entity is to recover the costs of maintaining the natural resource rights within its traditional territory.

2. Cash

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

3. Related Party Transactions

At the end of the year, the advances from related parties are as follows:

	2010	2009
Skeetchestn Indian Band	**1,226**	4,237
Tk'emlups Indian Band	**3,784**	11,516
	$ 5,010	$ 15,753

These loans are unsecured, non-interest bearing and with no specific terms of repayment.

Skeetchestn Indian Band ("SIB")
During the year, the organization received funding in the amount of $60,000 from the related party.

During the previous year, the organization paid management fees in the amount of $50,000 to the related party.

Tk'emlups Indian Band ("TIB")
During the year, the organization was to receive funding in the amount of $60,000 from the related party. The amount was unpaid at year end and is included in accounts receivable.

During the previous year, the organization paid management fees in the amount of $50,000 to the related party.

3. **Related Party Transactions** - continued

The amounts received during the year were in kind contributions for the legal fees incurred by the organization.

The management fees were paid in the prior year in recognition of the contributions made by the two member Bands for costs incurred in the start up phases of this organization.

SIB and TIB are related to the organization by virtue of being the two Bands, which control the organization.

Stk'emlupsemc Enterprises Inc. ("SEI")

SEI is related to the organization by virtue of common control. During the year, the organization forwarded SEI $100,000 (2009 - $100,000), which represented a loan to fund the initial operations of SEI. These funds are to be repaid as contribution agreements are entered into by SEI. The loan is due on demand, unsecured and non-interest bearing with no specific terms of repayment.

These transactions are in the normal course of operations and have been recorded at the exchange amount, which represents the amount paid or credited to the related party.

March 31, 2010

4. Financial Instruments

The organization holds various forms of financial instruments. The nature of these instruments and the organization's operations expose the company to credit and liquidity risks. The organization manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

Credit risk

The organization's exposure to credit risk is represented by cash. The credit risk relating to cash is managed by holding the funds in a bank, subject to risk based on deposit insurance.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they fall due. The organization's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions. The organization manages liquidity by monitoring cash requirements to meet expected operating expenses.

5. Capital Disclosures

On April 1, 2008, the organization adopted CICA Handbook Section 1535, "Capital Disclosures", which requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance.

The organization considers its capital to be the members' equity. The organization's objectives when managing capital are to safeguard its ability to continue as a going concern so it can continue to provide services to allow for future expansion.