

Citxw Nlaka'pamux Assembly
Financial Statements
December 31, 2018

Management's Responsibility

To the Members of Citxw Nlaka'pamux Assembly:

The accompanying financial statements of the Citxw Nlaka'pamux Assembly ("CNA") are the responsibility of the CNA's management and have been approved by the Directors.

CNA management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The CNA Directors are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Directors fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Directors are also responsible for recommending the appointment of the CNA's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Directors and management to discuss their audit findings.

May 7, 2019

Original Signed

Chairman

Original Signed

General Manager

Independent Auditor's Report

To the Members of Citwx Nlaka'pamux Assembly:

Opinion

We have audited the financial statements of Citwx Nlaka'pamux Assembly (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, accumulated operating surplus, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chilliwack, British Columbia

May 7, 2019

MNP LLP

Chartered Professional Accountants

Citxw Nlaka'pamux Assembly Statement of Financial Position

As at December 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents	1,140,348	1,153,890
Accounts receivable	277,191	102,056
Advances to related parties <i>(Note 3)</i>	32,053	26,430
	1,449,592	1,282,376
Liabilities		
Accounts payable and accruals	221,731	99,162
Net financial assets	1,227,861	1,183,214
Non-financial assets		
Tangible capital assets <i>(Note 4) (Schedule 1)</i>	85,631	106,329
Prepaid expenses	300	300
Total non-financial assets	85,931	106,629
Accumulated surplus	1,313,792	1,289,843

Approved on behalf of the Board

Original Signed _____

Chair

Original Signed _____

Board Member

Citxw Nlaka'pamux Assembly
Statement of Operations and Accumulated Operating Surplus

For the year ended December 31, 2018

	2018 Budget	2018	2017
Revenue			
Funding from Teck Highland Valley Copper Partnership (Note 5)	1,471,101	1,426,068	1,380,449
Funding from The Nlaka'pamux Legacy Trust (2013)	1,009,704	1,194,005	167,400
Revenue from other sources (Note 6)	193,796	329,421	333,445
Interest income	-	22,438	6,613
	2,674,601	2,971,932	1,887,907
Expenses			
Board	60,000	98,742	51,819
Business development	460,838	1,082,749	447,148
General and operating	1,099,302	801,353	748,441
Program and events	1,092,078	965,141	956,964
	2,712,218	2,947,985	2,204,372
Operating surplus (deficit)	(37,617)	23,947	(316,465)
Accumulated operating surplus, beginning of year	1,289,844	1,289,844	1,606,309
Accumulated surplus, end of year	1,252,227	1,313,791	1,289,844

The accompanying notes are an integral part of these financial statements

Citxw Nlaka'pamux Assembly
Statement of Change in Net Financial Assets

For the year ended December 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Annual operating surplus (deficit)	1,052,243	23,947	(316,465)
Purchases of tangible capital assets	-	(23,298)	(90,436)
Amortization of tangible capital assets	-	43,997	18,394
Increase (decrease) in net financial assets	1,052,243	44,646	(388,507)
Net financial assets, beginning of year	1,183,215	1,183,215	1,571,722
Net financial assets, end of year	2,235,458	1,227,861	1,183,215

The accompanying notes are an integral part of these financial statements

Citxw Nlaka'pamux Assembly
Statement of Cash Flows

For the year ended December 31, 2018

2018 **2017**

Cash provided by (used for) the following activities

Operating activities

Funding received	2,796,798	1,937,904
Cash used for operating expenses	(1,906,653)	(1,442,103)
Cash paid for salaries and benefits	(874,765)	(682,998)

15,380 (187,197)

Capital activities

Purchases of tangible capital assets	(23,298)	(90,436)
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Investing activities

Advances to related party	(5,623)	(26,430)
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Decrease in cash resources

(13,541) (304,063)

Cash resources, beginning of year

1,153,890 1,457,952

Cash resources, end of year

1,140,349 1,153,889

Statement does not balance, please review **1** **(1)**

1. Operations

The Citxw Nlaka'pamux Assembly ("CNA") was established on July 4, 2013 as a federally incorporated not-for-profit corporation. The CNA is the governing body which appoints Trustees and approves annual budgets for the Nlaka'pamux Legacy Trust (2013) (the "Trust") and works with the Trustees in fulfilling the terms of the Trust and the agreements it has with the Province of British Columbia and Teck Highland Valley Partnership ("Teck"). The Board Members of the CNA are the appointed representatives of the following eight Nlaka'pamux Nation Bands:

Ashcroft Indian Band
Boston Bar First Nation
Coldwater Indian Band
Cook's Ferry Indian Band
Nicomen Indian Band
Nooaitch Indian Band
Shackan Indian Band
Siska Indian Band

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards set out in the CPA Canada Public Sector Accounting Handbook as issued by the Accounting Standards Board in Canada and including the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents includes balances with banks. At year end, no amounts in cash are subject to restrictions that prevent its use for current purposes.

Revenue recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect 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 reporting period.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the statement of operations in the periods in which they become known.

Financial instruments

The CNA recognizes its financial instruments when the CNA becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the CNA may irrevocably elect to subsequently measure any financial instrument at fair value. The CNA has not made such an election during the year.

The CNA subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

2. Significant accounting policies *(Continued from previous page)*

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating surplus. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The CNA assesses impairment of all its financial assets measured at cost or amortized cost. The CNA groups assets for impairment testing when there are numerous assets affected by the same factors. Management considers whether there has been a breach in contract in determining whether objective evidence of impairment exists. When there is an indication of impairment, the CNA determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the CNA reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year operations.

The CNA reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in operations in the year the reversal occurs.

Income taxes

The CNA is registered as a non-profit organization under the *Income Tax Act* (the "Act") and as such is exempt from income taxes. In order to maintain its status as a non-profit organization under the Act, the CNA must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

Net financial assets

The CNA's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the CNA is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records.

Amortization

Tangible capital assets are amortized monthly using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	<i>Method</i>	<i>Rate</i>
Furniture and equipment	straight-line	5 years
Computers	straight-line	3 years

3. Advances to related parties

Advances to related parties are unsecured, non-interest bearing, and have no fixed terms of repayment.

Citxw Nlaka'pamux Assembly
Notes to the Financial Statements
For the year ended December 31, 2018

4. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

5. Funding from Teck Highland Valley Copper Partnership

Funding from Teck Highland Valley Copper Partnership consists of:

	2018	2017
Business development	665,484	534,297
Annual implementation funding - base	500,000	500,000
Annual implementation funding - CPI	33,740	22,764
Employment and training - training initiatives	126,844	200,472
Territorial stewardship	100,000	60,000
Equity match initiative	-	50,000
Cost reimbursements	-	12,916
	1,426,068	1,380,449

6. Revenue from other sources

Revenue from other sources consists of:

	2018	2017
Business Development		
Boart Longyear Ventures Inc.	-	27,253
Cantex Mining Services Ltd.	-	7,321
Drillwell Enterprises Ltd.	47,378	-
ECO Canada	-	7,500
Harrison Industrial Contracting	15,948	-
Interior Iron Construction Ltd.	4,368	21,097
Newport Structures Ltd.	15,297	-
RKM Services Ltd.	17,044	-
Rock Solid Industries Inc.	84,666	18,954
Valley Carriers	3,546	-
	188,247	82,125
Funding and revenue from other sources		
Aboriginal Skills and Employment Training	16,860	-
BC Association of Aboriginal Friendship Centres	7,942	-
First Peoples' Heritage, Language and Culture Council	-	15,000
Government of Canada	62,596	66,613
Mining Association of Canada	7,728	6,695
Natural Resources Canada	-	7,276
Other funding	6,609	19,836
Provincial Government of BC	2,439	-
Scw'exmx Community Health Services Society	37,000	135,900
	141,174	251,320
	329,421	333,445

7. Economic dependence

The CNA receives substantially all its revenues from the Nlaka'pamux Legacy Trust (2013) and Teck Highland Valley Partnership (refer to Note 1). The revenues were derived from payments in accordance with participation agreements with these parties. The ability of the CNA to continue operations is dependent upon the continued financial commitments as agreed to by the parties noted above.

8. Related party transactions

During the year, the CNA paid a grant of \$579,073 to K'en T'em Limited Partnership, a partnership that is controlled by the eight Nlaka'pamux Nation Bands.

The transaction was in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

9. Financial Instruments

The CNA as part of its operations carries a number of financial instruments. It is management's opinion that the CNA is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

10. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation. Specifically, expenses have been grouped in categories that better represent how the CNA plans and monitors expenses.

Citxw Nlaka'pamux Assembly
Schedule 1 - Schedule of Tangible Capital Assets
For the year ended December 31, 2018

	<i>Furniture and Equipment</i>	<i>Computers</i>	<i>2018</i>	<i>2017</i>
Cost				
Balance, beginning of year	7,394	140,796	148,190	57,756
Acquisition of tangible capital assets	-	23,299	23,299	90,434
Balance, end of year	7,394	164,095	171,489	148,190
Accumulated amortization				
Balance, beginning of year	1,092	40,769	41,861	23,467
Annual amortization	2,856	41,141	43,997	18,394
Balance, end of year	3,948	81,910	85,858	41,861
Net book value of tangible capital assets	3,446	82,185	85,631	106,329
2017 Net book value of tangible capital assets	6,301	100,028	106,329	

Citxw Nlaka'pamux Assembly
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended December 31, 2018

	2018	2017
Consolidated expenses by object		
Administration	1,500	-
Advertising and promotion	20,689	5,421
Amortization	43,997	18,394
Audit fees	8,502	5,850
Bank charges and interest	2,230	2,465
Bursary	30,500	55,500
Catering	68,090	68,981
Conferences	11,066	8,409
Consultants	437,746	491,230
Equipment rental	747	700
Food and beverage	23,035	18,886
Grant expense	579,073	-
Honouraria	146,307	109,820
Insurance	5,965	8,089
Licenses and dues	4,852	4,498
Office	86,068	77,115
Program Initiatives	59,023	-
Professional development	30,939	20,641
Professional fees	98,095	120,637
Rent	32,102	31,800
Repairs and maintenance	1,632	816
Salaries and benefits	874,764	682,998
Supplies	204,331	313,370
Travel	167,094	148,252
Utilities	9,638	10,500
	2,947,985	2,204,372

**Citxw Nlaka'pamux Assembly
Board**
Schedule 3 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	2018	2017
Revenue		
Funding from Teck Highland Valley Copper Partnership	60,000	51,819
Revenue from other sources	7,728	-
	67,728	51,819
Expenses		
Catering	1,663	615
Food and beverage	2,256	1,159
Honouraria	69,330	40,472
Travel	25,493	9,472
Utilities	-	101
	98,742	51,819
Deficit before transfers	(31,014)	-
Transfers between segments	31,014	-
Accumulated surplus, end of year	-	-

Citxw Nlaka'pamux Assembly
Business development
Schedule 4 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	2018	2017
Revenue		
Funding from Teck Highland Valley Copper Partnership	665,484	534,296
Revenue from other sources	188,247	82,125
	853,731	616,421
Expenses		
Bank charges and interest	-	790
Consultants	161,837	124,541
Food and beverage	91	32
Grant expense	579,073	-
Honouraria	675	-
Insurance	2,500	5,600
Licenses and dues	68	-
Office	814	170
Professional development	1,980	-
Professional fees	9,332	2,595
Salaries and benefits	192,925	182,940
Supplies	113,780	104,521
Travel	19,674	25,959
	1,082,749	447,148
Surplus (deficit) before transfers	(229,018)	169,273
Transfers between segments	(32,248)	-
Surplus (deficit)	(261,266)	169,273
Accumulated surplus, beginning of year	261,266	91,993
Accumulated surplus, end of year	-	261,266

Citxw Nlaka'pamux Assembly
General and operating
Schedule 5 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	2018	2017
Revenue		
Funding from Teck Highland Valley Copper Partnership	700,584	787,833
Funding from The Nlaka'pamux Legacy Trust (2013)	80,656	-
Revenue from other sources	62,813	89,108
Interest income	22,438	6,613
	866,491	883,554
Expenses		
Administration	1,500	-
Advertising and promotion	1,138	3,663
Amortization	43,997	18,394
Audit fees	8,502	5,850
Bank charges and interest	2,230	1,675
Catering	7,324	14,901
Conferences	866	3,072
Consultants	61,986	137,153
Food and beverage	9,241	5,034
Honouraria	8,625	12,750
Insurance	2,408	2,489
Licenses and dues	137	664
Office	62,088	58,830
Professional development	-	11,370
Professional fees	88,763	95,302
Program Initiatives	59,023	-
Rent	31,800	31,800
Repairs and maintenance	1,632	816
Salaries and benefits	363,998	282,372
Supplies	1,921	9,120
Travel	34,887	42,787
Utilities	9,287	10,399
	801,353	748,441
Surplus before transfers	65,138	135,113
Transfers between segments	(59,301)	-
Surplus	5,837	135,113
Accumulated surplus, beginning of year	954,340	819,227
Accumulated surplus, end of year	960,177	954,340

Citxw Nlaka'pamux Assembly
Program and events
Schedule 6 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	2018	2017
Revenue		
Funding from The Nlaka'pamux Legacy Trust (2013)	1,113,349	167,400
Revenue from other sources	70,632	162,213
Funding from Teck Highland Valley Copper Partnership	-	6,500
	1,183,981	336,113
Expenses		
Advertising and promotion	19,551	1,758
Catering	59,103	53,465
Conferences	10,200	5,337
Consultants	213,923	229,536
Equipment rental	747	700
Food and beverage	11,447	12,661
High school bursary	9,000	18,000
Honouraria	67,677	56,598
Insurance	1,057	-
Licenses and dues	4,647	3,834
Office	23,166	18,115
Post secondary bursary	21,500	37,500
Professional development	28,959	9,271
Professional fees	-	22,741
Rent	302	-
Salaries and benefits	317,843	217,686
Supplies	88,630	199,729
Travel	87,039	70,033
Utilities	350	-
	965,141	956,964
Surplus (deficit) before transfers	218,840	(620,851)
Transfers between segments	60,535	-
Surplus (deficit)	279,375	(620,851)
Accumulated surplus, beginning of year	74,238	695,089
Accumulated surplus, end of year	353,613	74,238