
LOWER KOOTENAY INDIAN BAND

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED MARCH 31, 2008

GADICKE & MINICHELLO



CHARTERED ACCOUNTANTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of the Lower Kootenay Indian Band and all the information in this annual report are the responsibility of management and have been approved by the Chief and Executive Director on behalf of Council.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Lower Kootenay Indian Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.


The Lower Kootenay Indian Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. Council carries out this responsibility principally through its Finance Committee.

The Finance Committee, composed of Council Members, reviews the Lower Kootenay Indian Band's financial statements and recommends their approval to Council. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Council for consideration when approving the financial statements for issuance to the Members. The Committee also considers, for review by Council and approval by the Members, the engagement of the external auditors.

The financial statements have been audited by Gadicke & Minichiello in accordance with Canadian generally accepted auditing standards on behalf of the members. Gadicke & Minichiello have full and free access to the Finance Committee.



Chief/Councilor



Band Administrator

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AUDITORS' REPORT

To the Members,
Lower Kootenay Indian Band

We have audited the following financial statements of the Lower Kootenay Indian Band as at March 31, 2008 and for the year then ended:

- Summary Statement of Financial Position
- Summary Statement of Operations
- Summary Statement of Cash Flow
- Notes to the Financial Statements
- Statement of Receipt and Expenditure of Capital Trust and Revenue Trust Moneys
- Schedules of Salaries, Honouraria, Travel Expenses and Other Remuneration

These financial statements are the responsibility of the Lower Kootenay Indian Band's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with Canadian 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 management, 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 Lower Kootenay Indian Band as at March 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Creston, B. C.
November 12, 2008

Gadicke + Minichiello
CHARTERED ACCOUNTANTS



LOWER KOOTENAY INDIAN BAND

SUMMARY STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2008

| | 2008 | 2007 |
|--|--------------|--------------|
| ASSETS | | |
| Cash | \$ 418,687 | \$ 428,247 |
| Term Deposits | 2,811 | 2,724 |
| Replacement Reserve, note 9 | 149,196 | 158,146 |
| Accounts Receivable, note 3 | 283,377 | 261,933 |
| Investment and Loans Receivable, note 4 | 904,061 | 831,627 |
| Loans to Band Members | 5,056 | 40,630 |
| | 1,763,188 | 1,723,307 |
| Property, Plant and Equipment, note 6 | 3,019,750 | 2,969,713 |
| | \$ 4,782,938 | \$ 4,693,020 |
| LIABILITIES | | |
| Accounts payable | \$ 269,051 | \$ 192,360 |
| Replacement Reserve, note 9 | 149,196 | 158,146 |
| Long Term Debt, note 7 | 1,391,412 | 1,528,978 |
| | 1,809,659 | 1,879,484 |
| NET ASSETS | | |
| Restricted, note 10 | 26,158 | 119,402 |
| Unrestricted, schedule 8 | 832,063 | 706,918 |
| | 858,221 | 826,320 |
| Net Assets Invested in Property, Plant and Equipment, note 8 | 2,115,058 | 1,987,216 |
| | 2,973,279 | 2,813,536 |
| | \$ 4,782,938 | \$ 4,693,020 |

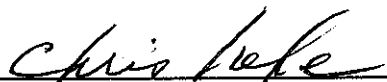
See accompanying notes to the summary financial statements.

BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, note 1

ECONOMIC DEPENDENCE, note 2

OTTAWA TRUST MONEYS, note 5

Approved by Chief/Council:





GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND
SUMMARY STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2008

| | 2008 | | 2007 |
|---|--------------|--------------|--------------|
| | Budget | Actual | Actual |
| REVENUE | | | |
| Indian and Northern Affairs | \$ 1,333,030 | \$ 1,318,372 | \$ 1,414,919 |
| Previous Years Indian and Northern Affairs Recoveries | - | (16,777) | - |
| Health and Welfare Canada | 143,203 | 143,203 | 122,570 |
| Province of BC | 102,252 | 104,002 | 103,252 |
| Finance Canada | - | 26,278 | - |
| Ottawa Trust funds received | - | 2,600 | 2,477 |
| Community Futures | 40,000 | 40,000 | - |
| Grants Received | 67,946 | 82,946 | 49,046 |
| Rental Revenues | 333,500 | 351,876 | 324,268 |
| Local Revenues | 64,000 | 50,014 | 35,938 |
| Tribal Council Programs | 93,894 | 83,761 | 72,620 |
| Interest Revenues | 14,500 | 8,272 | 41,042 |
| C.M.H.C. Subsidy Contributions | 59,100 | 50,553 | 63,002 |
| Administrative Fees - First Nation Owned Entities | 89,400 | 93,085 | 88,470 |
| Miscellaneous | 84,330 | 67,439 | 75,053 |
| First Nation Education Steering Committee | 5,358 | 5,358 | 21,332 |
| Limited Partnership Income | - | 73,802 | 198,410 |
| Recovery of loan previously written off | - | 93,036 | 93,036 |
| | 2,430,513 | 2,577,820 | 2,705,435 |
| EXPENDITURES | | | |
| Administration | 100,005 | 101,599 | 94,537 |
| Business enterprise expense | - | - | 3,519 |
| Capital projects | - | 130,594 | 98,991 |
| Chief and council | 22,600 | 22,538 | 23,553 |
| Office supplies and sundry | 32,489 | 32,429 | 21,479 |
| Equipment lease and purchases | 114,917 | 68,147 | 135,448 |
| Fire protection | 5,500 | 4,662 | 5,531 |
| Insurance | 45,620 | 43,836 | 33,899 |
| Interest on long term debt | 54,000 | 83,720 | 92,890 |
| Local education agreement | 228,154 | 228,154 | 226,182 |
| Maintenance | 175,749 | 130,725 | 110,837 |
| Miscellaneous | 36,000 | 23,803 | 4,707 |
| Mortgage payments-principal | 78,000 | 77,803 | 81,172 |
| Ottawa Trust funds expended | - | 43,543 | - |
| Professional fees | 137,992 | 111,161 | 135,482 |
| Replacement reserve allocation | 26,119 | 25,577 | 26,119 |
| Social assistance payments | 195,000 | 210,673 | 200,857 |
| Student tuition fees and support | 140,628 | 134,296 | 116,841 |
| Telecommunications | 9,450 | 9,921 | 9,887 |
| Training and travel | 68,664 | 55,186 | 73,559 |
| Utilities | 29,050 | 28,367 | 31,690 |
| Wages and benefits | 920,258 | 893,941 | 868,285 |
| Bad debts | - | 85,243 | 100 |
| | 2,420,195 | 2,545,918 | 2,395,565 |
| EXCESS OF REVENUE OVER EXPENSES | | | |
| FOR THE YEAR | 10,318 | 31,902 | 309,870 |
| NET ASSETS, BEGINNING OF YEAR | 826,320 | 826,320 | 516,450 |
| NET ASSETS, END OF YEAR | \$ 836,638 | \$ 858,222 | \$ 826,320 |

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

SUMMARY STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2008

| | 2008 | 2007 |
|---|--------------|--------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Indian and Northern Affairs funding received | \$ 1,276,095 | \$ 1,293,412 |
| Health and Welfare Canada funding received | 143,203 | 122,570 |
| Administration Fee received | 93,085 | 88,470 |
| Canada Mortgage & Housing Subsidy contributions | 50,553 | 63,002 |
| Capital Funding | 25,500 | 121,507 |
| First Nation Education Steering Committee | 5,358 | 21,332 |
| Grants received | 82,946 | 49,046 |
| Interest revenue received | 8,272 | 41,042 |
| Local revenue received | 50,014 | 35,938 |
| Miscellaneous Revenues received | 98,510 | 114,515 |
| Ottawa Trust Funds | 2,600 | 2,477 |
| Province of BC | 104,002 | 103,252 |
| Rental income received | 351,876 | 324,268 |
| Tribal Council programs funding received | 83,761 | 72,620 |
| Payments for operating expenses | (2,040,189) | (1,987,140) |
| Net change in replacement reserve cash balance | (10) | (10) |
| | 335,576 | 466,301 |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Repayment of long term debt | (137,566) | (137,270) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (207,472) | (245,455) |
| Proceeds from disposal of property, plant and equipment | - | 9,900 |
| Investments advances | - | (25,000) |
| | (207,472) | (260,555) |
| INCREASE (DECREASE) IN CASH | (9,462) | 68,476 |
| CASH, BEGINNING OF YEAR | 451,293 | 382,817 |
| CASH, END OF YEAR | \$ 441,831 | \$ 451,293 |
| REPRESENTED BY: | | |
| Cash and term deposits | \$ 421,498 | \$ 430,971 |
| Cash, restricted | 20,333 | 20,322 |
| | \$ 441,831 | \$ 451,293 |

*During the year the Band received \$10,872 interest income and paid \$83,720 interest on loans.

LOWER KOOTENAY INDIAN BAND

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2008

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These Summary Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

a) **Fund Accounting**

The Lower Kootenay Indian Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the Summary Financial Statements. Details of the operations of each fund are set out in the supplementary schedules. The Lower Kootenay Indian Band maintains the following funds:

- The Operating Fund which reports the general activities of the Lower Kootenay Indian Band Administration.
- The Property, Plant and Equipment Assets Fund which reports the physical assets of the Lower Kootenay Indian Band, together with their related financing.
- The Trust Fund which reports on trust funds owned by the Lower Kootenay Indian Band and held by third parties.

b) **Reporting Entity and Principles of Financial Reporting**

The Lower Kootenay Indian Band reporting entity includes the Lower Kootenay Indian Band government and all related entities which are accountable to the Band and are either owned or controlled by the Band.

These financial statements consolidate the assets, liabilities and results of operations for the following entities which use accounting principles, which lend themselves to consolidation:

- Lower Kootenay Indian Band Operating Fund
- Lower Kootenay Indian Band Trusts Funds
- Lower Kootenay Indian Band Property, Plant and Equipment Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Lower Kootenay Indian Band Council and which are not dependent on the Band for their continuing operations, are included in the summary financial statements using the modified equity method. In these financial statements the operations of the Lower Kootenay Guide Outfitters Ltd. and Lower Kootenay Forest Products Ltd are included.

Lower Kootenay Indian Band has a 20% beneficial interest in the Ktunaxa/Kinbasket Development Corporation where they hold one common share without par value.

c) **Property, Plant and Equipment Acquired After March 31, 1995**

Property, equipment and infrastructure expenditures incurred after March 31, 1995 are valued at acquisition cost and recorded in the Property, Plant and Equipment Fund. Expenditures incurred previous to April 1, 1995 are not reflected in the Property, Plant and Equipment Fund as the cost of these assets can not be reasonably determined. The acquisition costs of property, plant and equipment and payments on capital debt, which are not funded from capital financing sources, are charged to operations and matched with the applicable revenue source in the year of expenditure. These expenditures are also recorded as an addition to assets of the Property, Plant and Equipment Fund with a corresponding increase in Net Assets Invested in Property, Plant and Equipment.

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

d) Amortization

Property, Plant and Equipment are amortized annually with a corresponding reduction in Net Assets Invested in Property, Plant and Equipment. Property, Plant and Equipment are amortized over their expected useful life using the straight line method at the following rates:

| | |
|----------------------------|-----|
| General housing | 5% |
| Buildings and improvements | 4% |
| Infrastructure | 4% |
| Major Renovations | 4% |
| General equipment | 20% |
| Computer equipment | 30% |
| Automotive | 30% |

In the year of acquisition, 50% of the normal amortization is recorded.

Social Housing

Social Housing assets acquired under CMHC sponsored housing programs are amortized at a rate equivalent to the annual principal reduction in related long term debt, as required for CMHC reporting purposes.

e) Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as revenue in the year of receipt and classified as Restricted Members' Net Assets on the Statement of Financial Position.

f) Measurement Uncertainty

These financial statements have been prepared in accordance with Canadian generally accepted accounting practices. In preparing these financial statements management has made estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

2. ECONOMIC DEPENDENCE

The Lower Kootenay Indian Band receives a major portion of its revenues pursuant to a funding arrangement with Indian and Northern Affairs Canada.

3. ACCOUNTS RECEIVABLE

| | 2008 | 2007 |
|---------------------------|-------------------|-------------------|
| CMHC Subsidy | \$ 4,224 | \$ 5,222 |
| Government Grants | 181,043 | 47,568 |
| Health and Welfare Canada | 765 | 16,973 |
| Land Leases | 11,381 | 94,854 |
| Miscellaneous | 4,517 | 4,769 |
| Property Taxes | 41,973 | 68,524 |
| Rent Receivable | 39,474 | 24,023 |
| | \$ 283,377 | \$ 261,933 |

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

4. INVESTMENT AND LOANS RECEIVABLE

| | 2008 | 2007 |
|--|-------------------|-------------------|
| Investment, at cost | | |
| Lower Kootenay Forest Products Ltd. | \$ 1 | \$ 289 |
| Lower Kootenay Guide Outfitters Ltd. | 37,932 | 37,932 |
| All Nations Trust Company | 60,000 | 60,000 |
| Lower Kootenay Limited Partnership | 296,429 | 230,126 |
| Lower Kootenay Development Corporation | 1 | (32) |
| Okanagan Nation Alliance | 3,000 | 3,000 |
| Lower Kootenay Forage Products | 33,020 | 33,020 |
| Lower Kootenay Wood Fiber | - | 471 |
| Loans receivable | | |
| Lower Kootenay Guide Outfitters Ltd. | 437,648 | 431,504 |
| Lower Kootenay Forest Products Ltd | 11,893 | 29,430 |
| Lower Kootenay Development Corporation | 24,137 | 5,887 |
| | \$ 904,061 | \$ 831,627 |

5. OTTAWA TRUST MONEYS

The Ottawa Trust Accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

6. PROPERTY, PLANT AND EQUIPMENT

| | Cost | Accumulated Amortization | Net 2008 | Net 2007 |
|---------------------------|---------------------|-----------------------------|---------------------|---------------------|
| Land | \$ 289,364 | \$ - | \$ 289,364 | \$ 256,160 |
| Automotive | 101,680 | 84,255 | 17,425 | - |
| Buildings and Renovations | 423,603 | 89,211 | 334,392 | 321,684 |
| Computers | 54,491 | 53,311 | 1,180 | 3,041 |
| Dyke Upgrade | 232,231 | 50,091 | 182,140 | 107,363 |
| Equipment | 168,011 | 137,475 | 30,536 | 45,237 |
| Housing | 3,144,980 | 1,297,387 | 1,847,593 | 1,914,517 |
| Landfill | 806 | 193 | 613 | 645 |
| Physical Development | 17,671 | 7,448 | 10,223 | 10,930 |
| Reservoir | 14,395 | 3,455 | 10,940 | 11,516 |
| Water systems | 463,699 | 168,355 | 295,344 | 298,620 |
| | \$ 4,910,931 | \$ 1,891,181 | \$ 3,019,750 | \$ 2,969,713 |

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

7. LONG TERM DEBT

| | 2008 | 2007 |
|--|---------------------|---------------------|
| CANADIAN IMPERIAL BANK OF COMMERCE | | |
| Mortgage secured by Indian and Northern Affairs, repayable \$720 monthly, including interest at 6.55% | \$ - | \$ 1,428 |
| Mortgage secured by Indian and Northern Affairs, repayable \$981 bi-weekly including interest at 6.75% | 156,412 | 163,501 |
| BANK OF NOVA SCOTIA | | |
| Mortgage secured by Indian and Northern Affairs, repayable \$1,867 monthly including interest at 6.05% | 61,396 | 79,540 |
| Mortgage secured by Indian and Northern Affairs, repayable \$2,565 monthly including interest at 5.05% | 157,376 | 179,682 |
| CANADA MORTGAGE AND HOUSING CORPORATION | | |
| Mortgages secured by Indian and Northern Affairs, various mortgage loans bearing interest at varying rates, repayable in monthly installments including interest aggregating \$4,418 | 539,010 | 567,846 |
| PEACE HILLS TRUST | | |
| Mortgage secured by Indian and Northern Affairs, repayable \$7,753 monthly including interest at 6.5% | 477,218 | 536,981 |
| | \$ 1,391,412 | \$ 1,528,978 |

Scheduled principal reduction over the next 5 years and beyond is estimated as follows:

| | |
|-----------------|---------------------|
| 2009 | \$ 142,733 |
| 2010 | 151,181 |
| 2011 | 160,144 |
| 2012 | 146,738 |
| 2013 | 155,288 |
| 2014 and beyond | 635,328 |
| | \$ 1,391,412 |

8. NET ASSETS INVESTED IN PROPERTY, PLANT AND EQUIPMENT

| | 2008 | 2007 |
|--|--------------|--------------|
| Balance beginning of year | \$ 1,987,216 | \$ 1,834,218 |
| Additions: | | |
| Principal reduction of mortgages | 77,803 | 81,172 |
| Investment in property, plant and equipment | 207,473 | 245,455 |
| | 285,276 | 326,627 |
| Deductions: | | |
| Amortization of property, plant and equipment | (157,434) | (173,229) |
| Proceeds on disposal property, plant and equipment | - | 9,500 |
| Net book value of disposed property | - | (9,900) |
| | (157,434) | (173,629) |
| Balance end of year | \$ 2,115,058 | \$ 1,987,216 |

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

9. REPLACEMENT RESERVE

Under the terms of the agreement with the Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$25,577 (2007 - \$26,119) annually plus interest. These funds along with accumulated interest, must be held in a separate bank account and /or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Mortgage and Housing Corporation from time to time. The funds in the account may only be used as approved by the Canada Mortgage and Housing Corporation. At year-end, the funds in the reserve consisted of the following:

| | 2008 | | 2007 | |
|-------------------------|------|---------|------|---------|
| Cash | \$ | 20,333 | \$ | 20,322 |
| Due from Operating Fund | | 128,864 | | 137,824 |
| | \$ | 149,197 | \$ | 158,146 |

10. RESTRICTED NET ASSETS

| | Ottawa Trust | Unexpended Capital Financing | Total 2008 | Total 2007 |
|-----------------|-----------------|---------------------------------|---------------|---------------|
| Opening Balance | \$ 46,697 | \$ 72,705 | \$ 119,402 | \$ 94,409 |
| Interest Earned | 2,600 | - | 2,600 | 2,477 |
| Capital Funding | - | 34,750 | 34,750 | 121,507 |
| Expenditures | - | (130,594) | (130,594) | (98,991) |
| | \$ 49,297 | \$ (23,139) | \$ 26,158 | \$ 119,402 |



LOWER KOOTENAY INDIAN BAND
Schedule 1 - Statement of Operations - Administration
FOR THE YEAR ENDED MARCH 31, 2008

| | Administration | Employee Benefits | Indian Registry | 2008 | | 2007 |
|--|----------------|-------------------|-----------------|------------|------------|------------|
| | | | | Budget | Actual | Actual |
| REVENUE | | | | | | |
| Indian and Northern Affairs | \$ 160,944 | \$ 30,334 | \$ 1,762 | \$ 193,040 | \$ 193,040 | \$ 200,587 |
| Internal Administration Fees | 93,085 | - | - | 89,400 | 93,085 | 88,470 |
| Interest Revenue | 46 | - | - | 2,000 | 46 | 5,225 |
| Other Revenues | 10,742 | - | - | 1,000 | 10,742 | 12,900 |
| | 255,837 | 30,334 | 1,762 | 285,440 | 296,913 | 307,182 |
| EXPENDITURE | | | | | | |
| Computer software | 2,025 | - | - | 3,000 | 2,025 | 761 |
| Employee Benefits | - | 58,684 | - | 48,400 | 58,684 | 45,761 |
| Equipment purchases | - | - | - | 3,000 | - | 2,880 |
| Equipment leases | 6,637 | - | - | 6,500 | 6,637 | 6,434 |
| Equipment repairs and maintenance | 3,243 | - | - | 4,000 | 3,243 | 2,115 |
| Indian registry costs | - | - | 1,762 | 1,762 | 1,762 | 1,736 |
| Materials and supplies | 868 | - | - | 1,000 | 868 | 928 |
| Office and sundry supplies | 7,028 | - | - | 7,700 | 7,028 | 7,620 |
| Ottawa Trust Funds expended | 43,543 | - | - | 53,786 | 43,543 | - |
| General consulting | 705 | - | - | - | 705 | - |
| Professional fees-audit and accounting | 9,500 | - | - | 9,500 | 9,500 | 9,700 |
| Telecommunications | 9,921 | - | - | 9,000 | 9,921 | 9,718 |
| Wages and payroll costs | 155,279 | - | - | 167,978 | 155,279 | 161,334 |
| Council-Honouraria | 22,200 | - | - | 21,600 | 22,200 | 21,750 |
| Council-travel | 1,214 | - | - | 2,000 | 1,214 | 4,037 |
| | 262,163 | 58,684 | 1,762 | 339,226 | 322,609 | 274,774 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | | | | | | |
| | (6,326) | (28,350) | - | (53,786) | (25,696) | 32,408 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | | | | | | |
| | 349,589 | (16,070) | - | - | 333,519 | 301,111 |
| NET ASSETS (DEFICIT), END OF YEAR | | | | | | |
| | \$ 343,263 | \$ (44,420) | \$ - | - | \$ 307,823 | \$ 333,519 |

LOWER KOOTENAY INDIAN BAND
Schedule 2 - Statement of Operations - Education
FOR THE YEAR ENDED MARCH 31, 2008

| | Band Employees Benefits | Tuition Agreement | Enhanced Teacher Salary | All other Education Programs | 2008 | | 2007 Actual |
|--|-------------------------|-------------------|-------------------------|------------------------------|------------|------------|-------------|
| | | | | | Budget | Actual | |
| REVENUE | | | | | | | |
| Indian and Northern Affairs Canada | 20,602 | \$ 228,154 | \$ 2,866 | \$ 408,590 | \$ 660,212 | \$ 660,212 | \$ 685,688 |
| Tribal Council | - | - | - | 17,243 | 17,243 | 17,243 | 12,720 |
| Grants and other revenues | - | - | - | 74,037 | 73,406 | 74,037 | 56,744 |
| First Nation Education Steering Committee | - | - | - | 5,358 | 5,358 | 5,358 | 5,856 |
| Previous years recoveries and reimbursements ; Independent School funding | - | - | - | 8,284 | 8,284 | 8,284 | 4,822 |
| | 20,602 | 228,154 | 2,866 | 513,512 | 764,503 | 765,134 | 765,830 |
| EXPENDITURE | | | | | | | |
| Administration and miscellaneous | - | - | - | 23,125 | 24,500 | 23,125 | 18,301 |
| Books and supplies | - | - | - | 21,921 | 24,950 | 21,921 | 21,131 |
| Building upgrades | - | - | - | - | - | - | - |
| Enhanced teacher salary | - | - | 2,866 | - | 2,500 | 2,866 | 1,000 |
| Equipment rent and purchases | - | - | - | 1,602 | 4,665 | 1,602 | 12,172 |
| Feasibility study | - | - | - | - | - | - | - |
| Local Education Agreement | - | 228,154 | - | - | 228,154 | 228,154 | 226,182 |
| Repairs and maintenance | - | - | - | 29,012 | 29,935 | 29,012 | 26,167 |
| Staff travel | - | - | - | 7,154 | 5,600 | 7,154 | 11,758 |
| Student financial assistance | - | - | - | 98,623 | 101,028 | 98,623 | 77,093 |
| Student transportation | - | - | - | 8,192 | 13,950 | 8,192 | 12,633 |
| Tuition Fees | - | - | - | 13,939 | 15,000 | 13,939 | 18,196 |
| Wages and benefits | 23,490 | - | - | 288,738 | 318,650 | 312,228 | 289,480 |
| Workshops and field trips | - | - | - | 12,087 | 20,575 | 12,087 | 21,928 |
| Utilities | - | - | - | 5,301 | 6,300 | 5,301 | 4,270 |
| | 23,490 | 228,154 | 2,866 | 509,694 | 795,807 | 764,204 | 740,311 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | (2,888) | - | - | 3,818 | (31,304) | 930 | 25,519 |
| NET ASSETS, BEGINNING OF YEAR | - | - | - | 186,235 | 211,754 | 211,754 | 186,235 |
| NET ASSETS (DEFICIT), END OF YEAR | (2,888) | \$ - | \$ - | \$ 190,053 | \$ 180,450 | \$ 212,684 | \$ 211,754 |

LOWER KOOTENAY INDIAN BAND
Schedule 3 - Statement of Operations - Social Housing
FOR THE YEAR ENDED MARCH 31, 2008

| | 2008 | | 2007 |
|---|-------------|-------------|-------------|
| | Budget | Actual | Actual |
| REVENUE | | | |
| Rental Income | \$ 201,000 | \$ 198,714 | \$ 195,631 |
| C.M.H.C. Subsidy | 59,100 | 50,553 | 63,002 |
| Interest Income | - | - | 220 |
| | 260,100 | 249,267 | 258,853 |
| EXPENDITURE | | | |
| Insurance | 14,720 | 14,714 | 11,032 |
| Maintenance | 86,035 | 47,659 | 42,807 |
| Snow removal and garbage pickup | 31,600 | 18,854 | 24,339 |
| Administration fees | 15,650 | 17,733 | 15,342 |
| Mortgage payments-principal | 78,000 | 77,803 | 81,172 |
| Mortgage payments-interest | 54,000 | 47,810 | 55,952 |
| Professional fees | 2,100 | 2,100 | 2,000 |
| Replacement reserve, allocation for the year | 26,119 | 25,577 | 26,119 |
| | 308,224 | 252,250 | 258,763 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | | | |
| FOR THE YEAR | (48,124) | (2,983) | 90 |
| NET DEFICIT, BEGINNING OF YEAR | - | (89,649) | (89,739) |
| NET DEFICIT, END OF YEAR | \$ (48,124) | \$ (92,632) | \$ (89,649) |

LOWER KOOTENAY INDIAN BAND
Schedule 4 - Statement of Operations - Social Development
FOR THE YEAR ENDED MARCH 31, 2008

| | Basic Needs | Child out of parental home | Employment and training | Special Needs | In Home Care | National Child Benefit | Prevention Projects | Service Delivery | Community Services | 2008 | | 2007 |
|--|-------------|----------------------------|-------------------------|---------------|--------------|------------------------|---------------------|------------------|--------------------|-------------|-------------|------------|
| | | | | | | | | | | Budget | Actual | |
| REVENUE | | | | | | | | | | | | |
| Indian and Northern Affairs Canada | \$ 120,000 | \$ 75,000 | \$ 7,038 | \$ 5,356 | \$ 13,892 | \$ 27,019 | \$ 2,993 | \$ 42,829 | \$ - | \$ 294,127 | \$ 294,127 | \$ 305,422 |
| Recoveries Indian and Northern Affairs | (193) | (1,450) | - | - | - | - | - | - | - | - | (1,643) | - |
| | 119,807 | 73,550 | 7,038 | 5,356 | 13,892 | 27,019 | 2,993 | 42,829 | - | 294,127 | 292,484 | 305,422 |
| EXPENDITURE | | | | | | | | | | | | |
| Community Drop-in Centre utilities | - | - | - | - | - | - | - | - | - | - | - | - |
| Facilitators and consultants | - | - | 7,038 | - | - | - | 2,993 | - | - | 10,031 | 10,031 | 12,333 |
| Guardian financial assistance | - | 69,675 | - | - | - | - | - | - | - | 75,000 | 69,675 | 76,051 |
| Rent payments | 46,638 | - | - | - | - | - | - | - | - | 39,500 | 46,638 | 42,599 |
| Special Needs | - | - | - | 5,656 | - | - | - | - | - | 5,356 | 5,656 | 5,244 |
| Support payments | 68,765 | - | - | - | - | - | - | - | - | 60,000 | 68,765 | 58,171 |
| Travel | - | - | - | - | - | - | - | 2,005 | - | 1,769 | 2,005 | 1,688 |
| Utility payments | 25,595 | - | - | - | - | - | - | - | - | 20,500 | 25,595 | 24,031 |
| Wages and benefits | - | - | - | - | 13,937 | 9,040 | - | 40,822 | - | 81,971 | 63,799 | 78,999 |
| Youth Activities | - | - | - | - | - | 18,000 | - | - | - | - | 18,000 | - |
| | 140,998 | 69,675 | 7,038 | 5,656 | 13,937 | 27,040 | 2,993 | 42,827 | - | 294,127 | 310,644 | 299,111 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | (21,191) | 3,875 | - | (300) | (45) | (21) | - | 2 | - | - | (17,680) | 6,311 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | (16,487) | (4,601) | (47) | 114 | 2,305 | 23 | (34) | (7,823) | (1,011) | (21,251) | (21,251) | (27,56) |
| NET ASSETS (DEFICIT), END OF YEAR | \$ (37,678) | \$ (726) | \$ (47) | \$ (186) | \$ 2,260 | \$ 2 | \$ (34) | \$ (7,821) | \$ (1,011) | \$ (21,251) | \$ (38,931) | \$ (21,25) |

LOWER KOOTENAY INDIAN BAND
Schedule 5 - Statement of Operations - Health Programs
FOR THE YEAR ENDED MARCH 31, 2008

| | Health Programs | Head-Start Program | Home Care Nursing | Aboriginal Family Centre | 2008 Budget | 2008 Actual | 2007 Actual |
|--|-----------------|--------------------|-------------------|--------------------------|-------------|-------------|-------------|
| REVENUE | | | | | | | |
| Health Canada | \$ 105,370 | \$ - | \$ - | \$ - | \$ 105,370 | \$ 105,370 | \$ 105,570 |
| Health Canada-Patient Transportation | 17,000 | - | - | - | 17,000 | 17,000 | 17,000 |
| Interior Health Authority | 20,833 | - | - | - | 20,833 | 20,833 | - |
| Interior Aboriginal Strategic Trust Fund | - | - | - | - | - | - | - |
| Ktunaxa/Kinbasket Tribal Council | - | 1,667 | 30,000 | - | 35,000 | 31,667 | 55,000 |
| Other Revenue | 3,762 | - | - | - | 5,500 | 3,762 | 7,085 |
| | 146,965 | 1,667 | 30,000 | - | 183,703 | 178,632 | 184,655 |
| EXPENDITURES | | | | | | | |
| Administration overhead charges | 12,085 | - | - | - | 10,540 | 12,085 | 5,400 |
| Bank charges | 69 | - | - | - | 110 | 69 | 105 |
| Building rent and utilities | - | - | - | - | - | - | 3,700 |
| Healthy Elders program supplies | - | - | - | - | - | - | - |
| Materials and supplies | 4,236 | - | - | 2,900 | 5,000 | 7,136 | 4,554 |
| Mental health professional fees | 2,520 | - | - | - | 13,360 | 2,520 | 6,793 |
| Patient transportation | 9,526 | - | - | - | 15,455 | 9,526 | 11,926 |
| Renovations | - | - | - | - | - | - | 110 |
| Training | 2,817 | - | - | - | 2,000 | 2,817 | 952 |
| Travel | 1,340 | - | 2,600 | - | 3,960 | 3,941 | 4,143 |
| Wages and benefits | 79,450 | 4,625 | 19,252 | - | 117,133 | 103,328 | 126,973 |
| Workshops | 8,581 | - | - | - | 11,600 | 8,581 | 8,785 |
| | 120,624 | 4,625 | 21,852 | 2,900 | 179,158 | 150,003 | 173,442 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | 26,341 | (2,958) | 8,148 | (2,900) | 4,545 | 28,629 | 11,213 |
| NET ASSETS, BEGINNING OF YEAR | 55,385 | 1,902 | 4,709 | 5,261 | 66,260 | 67,257 | 56,044 |
| NET ASSETS (DEFICIT), END OF YEAR | \$ 81,726 | \$ (1,056) | \$ 12,857 | \$ 2,361 | \$ 70,805 | \$ 95,886 | \$ 67,257 |

LOWER KOOTENAY INDIAN BAND

Schedule 6 - Statement of Operations - Infrastructure and Land Management FOR THE YEAR ENDED MARCH 31, 2008

| | Land Management | Operations & Maintenance | Taxation | Land Leases | 2008 Budget | 2008 Actual | 2007 Actual |
|--|-----------------|--------------------------|------------|--------------|-------------|-------------|-------------|
| REVENUE | | | | | | | |
| Indian and Northern Affairs Canada | \$ 30,697 | \$ 88,868 | \$ - | \$ - | \$ 119,565 | \$ 119,565 | \$ 112,879 |
| Province of BC-Forest & Range | - | - | - | 102,252 | 102,252 | 102,252 | 102,252 |
| Land taxes | - | - | 31,472 | - | 40,000 | 31,472 | 35,938 |
| Land rent | - | - | - | 171,704 | 156,500 | 171,704 | 115,228 |
| Interest | - | - | 965 | 7,261 | 12,500 | 8,226 | 34,981 |
| Other Revenues | - | - | 7,000 | 23,635 | 20,000 | 30,635 | 13,859 |
| Recovery of loan previously written off | - | - | - | 93,036 | - | 93,036 | - |
| | 30,697 | 88,868 | 39,437 | 397,888 | 450,817 | 556,890 | 415,137 |
| EXPENDITURE | | | | | | | |
| Administration | - | - | 14,661 | 61,000 | 77,560 | 75,661 | 67,945 |
| Business enterprise expenses | - | - | - | - | - | - | 3,519 |
| Environmental Assessment | - | - | - | - | - | - | - |
| Equipment purchases and maintenance | - | - | 5,987 | 49,386 | 100,752 | 55,373 | 113,963 |
| Fire protection | - | 3,162 | 1,500 | - | 5,500 | 4,662 | 5,531 |
| Insurance | - | 15,750 | - | 10,075 | 28,000 | 25,824 | 19,985 |
| Interest on long term debt | - | - | - | 35,910 | - | 35,910 | 36,938 |
| Land lease improvements | - | - | 14,222 | - | 15,440 | 14,222 | 11,198 |
| Legal and consulting fees | - | - | 1,600 | 53,826 | 59,000 | 55,426 | 80,250 |
| Maintenance-Community Buildings | - | 43,337 | - | - | 40,700 | 43,337 | 45,529 |
| -Electrical | - | 367 | - | - | - | 367 | - |
| -Roads | - | 15,136 | - | - | 6,000 | 15,136 | 5,295 |
| -Water systems | - | 17,289 | - | - | 19,000 | 17,289 | 11,362 |
| Miscellaneous | - | - | - | 24,051 | 36,000 | 24,051 | 5,089 |
| Municipal services | - | 2,347 | - | - | 714 | 2,347 | 2,787 |
| Sanitation-garbage collection | - | 1,202 | - | - | 1,000 | 1,202 | 1,179 |
| Site buildup | - | - | - | - | - | - | - |
| Travel | - | - | 1,604 | 1,129 | 6,000 | 2,733 | 6,091 |
| Wages and benefits | 30,697 | - | - | 16,950 | 53,697 | 47,647 | 80,576 |
| Bad debts | - | - | 30,780 | 54,463 | - | 85,243 | (93,036) |
| | 30,697 | 98,590 | 70,354 | 306,790 | 449,363 | 506,430 | 404,208 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | - | (9,722) | (30,917) | 91,098 | 1,454 | 50,460 | 10,934 |
| NET ASSETS (DEFICIT), BEGINNING OF YEAR | 115,475 | 105,343 | 164,964 | (347,910) | - | 37,872 | 26,938 |
| NET ASSETS (DEFICIT), END OF YEAR | \$ 115,475 | \$ 95,621 | \$ 134,047 | \$ (256,812) | \$ 1,454 | \$ 88,332 | \$ 37,872 |

LOWER KOOTENAY INDIAN BAND
Schedule 7 - Statement of Operations - Economic Development
FOR THE YEAR ENDED MARCH 31, 2008

| | Training & Misc Programs | CEDO Planning & Operations | Pine Beetle Project | Frog Project | First Nations Goods & Services Tax | 2008 | | 2007 | |
|---|--------------------------|----------------------------|---------------------|--------------|------------------------------------|-----------|-----------|-----------|-----------|
| | | | | | | Budget | Actual | Budget | Actual |
| REVENUE | | | | | | | | | |
| INAC | \$ - | \$ 10,794 | \$ - | \$ - | \$ - | \$ 10,794 | \$ 10,794 | \$ 10,794 | \$ 10,794 |
| Finance Canada | - | - | - | - | 26,278 | - | 26,278 | - | - |
| Ktunaxa Nation Council | 12,000 | - | - | 18,250 | - | 37,050 | 30,250 | - | - |
| First Nation Education Steering Committee | 2,601 | - | - | - | - | 2,601 | 2,601 | 18,127 | 18,127 |
| Community Futures | - | - | 42,500 | - | - | - | 42,500 | 15,000 | 15,000 |
| Natural Resources Canada | - | - | - | 501 | - | 30,501 | 501 | 9,000 | 9,000 |
| University of British Columbia | 14,424 | - | - | - | - | 13,085 | 14,424 | - | - |
| | 29,025 | 10,794 | 42,500 | 18,751 | 26,278 | 94,031 | 127,348 | 52,921 | 52,921 |

EXPENDITURE

| | | | | | | | | | |
|----------------------------|--------|--------|--------|--------|-----|--------|---------|--------|--------|
| Administration | - | - | - | - | - | - | - | - | - |
| Business plan | - | - | - | - | - | - | - | - | - |
| Capital purchases | - | - | - | - | - | - | - | - | - |
| Consulting fees | - | - | 30,379 | - | - | - | 30,379 | 15,000 | 15,000 |
| FNGST payouts | - | - | - | - | 559 | - | 559 | - | - |
| Field technicians | - | - | - | 500 | - | 501 | 500 | 8,647 | 8,647 |
| Legal fees | - | - | - | - | - | - | - | - | - |
| Legal researcher | - | - | - | - | - | - | - | - | - |
| Materials and supplies | 223 | - | 12,202 | 1,636 | - | - | 14,061 | - | - |
| Travel | 116 | - | - | - | - | - | 116 | 355 | 355 |
| Tree planting and survival | - | - | - | - | - | - | - | - | - |
| Wages and benefits | 30,155 | 10,794 | - | 23,101 | - | 50,445 | 64,050 | 28,921 | 28,921 |
| | 30,494 | 10,794 | 42,581 | 25,237 | 559 | 50,946 | 109,665 | 52,923 | 52,923 |

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR

| | | | | | | | | | |
|--|---------|---|------|---------|--------|--------|--------|-----|-----|
| | (1,469) | - | (81) | (6,486) | 25,719 | 43,085 | 17,683 | (2) | (2) |
|--|---------|---|------|---------|--------|--------|--------|-----|-----|

NET DEFICIT, BEGINNING OF YEAR

| | | | | | | | | | |
|--|---------|----------|---|-----|---|---|----------|----------|----------|
| | (2,725) | (28,269) | - | (2) | - | - | (30,994) | (30,992) | (30,992) |
|--|---------|----------|---|-----|---|---|----------|----------|----------|

NET ASSETS (DEFICIT), END OF YEAR

| | | | | | | | | | |
|--|------------|-------------|---------|------------|-----------|-----------|-------------|-------------|-------------|
| | \$ (4,194) | \$ (28,269) | \$ (81) | \$ (6,488) | \$ 25,719 | \$ 43,085 | \$ (13,311) | \$ (30,994) | \$ (30,994) |
|--|------------|-------------|---------|------------|-----------|-----------|-------------|-------------|-------------|

LOWER KOOTENAY INDIAN BAND
Schedule 8 - Summary of Operations by Schedule
FOR THE YEAR ENDED MARCH 31, 2008

| | Sch 1 | Sch 2 | Sch 3 | Sch 4 | Sch 5 | Sch 6 | Sch 7 | Limited Partnership | 2008 | 2007 |
|--|------------|------------|-------------|-------------|-----------|------------|-------------|---------------------|--------------|--------------|
| REVENUE | | | | | | | | | | |
| Indian and Northern Affairs | \$ 193,040 | \$ 660,212 | \$ - | \$ 292,484 | \$ - | \$ 119,565 | \$ 10,794 | \$ - | \$ 1,276,095 | \$ 1,315,375 |
| Other Income | 103,873 | 104,922 | 249,267 | - | 178,632 | 437,325 | 116,554 | 95,798 | 1,286,371 | 1,180,514 |
| | 296,913 | 765,134 | 249,267 | 292,484 | 178,632 | 556,890 | 127,348 | 95,798 | 2,562,466 | 2,495,889 |
| EXPENSES | | | | | | | | | | |
| Equipment Expense | 8,662 | 1,602 | - | - | - | 55,373 | - | - | 65,637 | 136,210 |
| Insurance | - | - | 14,714 | - | - | 25,824 | - | - | 40,538 | 31,017 |
| Office and Sundry | 7,028 | 23,125 | 17,733 | - | 12,154 | 99,712 | - | - | 159,752 | 119,803 |
| Other Expenses | 69,587 | 390,070 | 151,190 | 236,334 | 32,001 | 123,886 | 14,177 | - | 1,017,245 | 772,636 |
| Professional Fees | 9,500 | - | 2,100 | - | 2,520 | 55,426 | 31,438 | 21,996 | 122,980 | 129,864 |
| Repairs and Maintenance | 3,243 | 29,012 | 66,513 | - | - | 98,562 | - | - | 197,330 | 178,420 |
| Telephone and Utilities | 9,921 | 5,301 | - | - | - | - | - | - | 15,222 | 17,688 |
| Wages and Benefits | 214,668 | 315,094 | - | 73,830 | 103,328 | 47,647 | 64,050 | - | 818,617 | 825,369 |
| | 322,609 | 764,204 | 252,250 | 310,164 | 150,003 | 506,430 | 109,665 | 21,996 | 2,437,321 | 2,211,007 |
| EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR | | | | | | | | | | |
| | (25,696) | 930 | (2,983) | (17,680) | 28,629 | 50,460 | 17,683 | 73,802 | 125,145 | 284,882 |
| UNRESTRICTED NET ASSETS (DEFICIT) BEGINNING OF YEAR | | | | | | | | | | |
| | 333,519 | 211,754 | (89,649) | (21,251) | 67,257 | 37,872 | (30,994) | 198,410 | 706,918 | 422,036 |
| UNRESTRICTED NET ASSETS (DEFICIT), END OF YEAR | | | | | | | | | | |
| | \$ 307,823 | \$ 212,684 | \$ (92,632) | \$ (38,931) | \$ 95,886 | \$ 88,332 | \$ (13,311) | \$ 272,212 | \$ 832,063 | \$ 706,918 |

LOWER KOOTENAY INDIAN BAND

Changes in Deferred Revenue of Capital Projects FOR THE YEAR ENDED MARCH 31, 2008

| | Project #8872 | Project #8522 | Project #7586 | Project #8215 | Project #3274 | TOTALS 2008 | TOTALS 2007 |
|---|---------------|---------------|---------------|---------------|---------------|-------------|-------------|
| BALANCE BEGINNING OF YEAR | \$ - | \$ 55,594 | \$ (9,792) | \$ 15,134 | \$ 11,768 | \$ 72,704 | \$ 50,188 |
| Funds Received-INAC | 16,000 | - | - | - | 9,500 | 25,500 | 121,507 |
| Funds Received-Province of BC | 1,750 | - | - | - | - | 1,750 | - |
| Funds Received-Regional District | 7,500 | - | - | - | - | 7,500 | - |
| Expenditures during the year | (27,021) | (55,397) | - | (14,973) | (33,203) | (130,594) | (98,991) |
| RESTRICTED NET ASSETS (DEFICIT), END OF YEAR | \$ (1,771) | \$ 197 | \$ (9,792) | \$ 161 | \$ (11,935) | \$ (23,140) | \$ 72,704 |

Changes in Ottawa Trust Fund FOR THE YEAR ENDED MARCH 31, 2008

| | 2008 | 2007 |
|---|-----------|-----------|
| BALANCE BEGINNING OF YEAR | \$ 46,697 | \$ 44,220 |
| Interest Earned | 2,600 | 2,477 |
| Transferred to Other Funds | - | - |
| RESTRICTED NET ASSETS, END OF YEAR | \$ 49,297 | \$ 46,697 |

LOWER KOOTENAY INDIAN BAND

Statement of Receipt and Expenditure of Indian Moneys

FOR THE YEAR ENDED MARCH 31, 2008

REVENUE TRUST MONEY

| Band Council Resolution | | | Receipt and Expenditure of Funds | | | |
|--|-----------------------------|------------------------------|---|----------------------------------|-------------------------------------|--|
| Date and number of Band Council Resolution | Date funds released to Band | Purpose for release of funds | Unexpended Prior years withdrawals from Trust funds Beginning of year | Amount Received from Trust Funds | Actual Amount Spent during the year | Unexpended withdrawals from Trust Funds- End of Year |
| Sept. 20/05 #2005-9 | Nov 15/05 | Building repairs | \$ 53,786 | \$ - | \$ 25,329 | \$ 28,457 |

Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration Elected or Appointed Officials

FOR THE YEAR ENDED MARCH 31, 2008

| Name of Individual | Position Title | Number of Months | Salary and Honouraria | Travel Expenses | Other Remuneration | Total |
|--------------------|----------------|------------------|-----------------------|-----------------|--------------------|------------|
| Chris Luke | Chief | 12 | \$ 5,400 | \$ 273 | \$ - | \$ 5,673 |
| Joe Pierre | Councillor | 12 | 57,332 | 877 | - | 58,209 |
| Arlene Teasley | Councillor | 12 | 36,800 | - | - | 36,800 |
| Jason Louie | Councillor | 12 | 38,098 | 40 | - | 38,138 |
| Anne Jimmie | Councillor | 12 | 4,200 | 25 | - | 4,225 |
| | | | \$ 141,830 | \$ 1,215 | \$ - | \$ 143,045 |

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND
SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2008

LOWER KOOTENAY GUIDE OUTFITTERS LTD.

| | 2008 | 2007 |
|--|--------------------|-------------------|
| ASSETS | | |
| Cash | \$ 79 | \$ 79 |
| Property, Plant and Equipment | 443,903 | 466,924 |
| | \$ 443,982 | \$ 467,003 |
| LIABILITIES - Due to Lower Kootenay Indian Band | \$ 437,648 | \$ 431,504 |
| SHARE CAPITAL AND CONTRIBUTED SURPLUS | 226,437 | 226,433 |
| DEFICIT | (220,103) | (190,937) |
| | 6,334 | 35,496 |
| | \$ 443,982 | \$ 467,000 |
| REVENUE | \$ 8,870 | \$ - |
| EXPENSES | 38,036 | 3,809 |
| NET LOSS FOR THE YEAR | \$ (29,166) | \$ (3,809) |

GADICKE & MINICHELLO



CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2008

LOWER KOOTENAY FOREST PRODUCTS LTD.

| | 2008 | 2007 |
|--------------------------------------|-------------|-----------|
| ASSETS | | |
| Current | | |
| Cash | \$ 392 | \$ 33,459 |
| LIABILITIES | | |
| Current | | |
| Accounts Payable | \$ 399 | \$ 1,314 |
| Due to Related Parties | 11,893 | 31,293 |
| | 12,292 | 32,607 |
| SHARE CAPITAL | 1 | 1 |
| RETAINED EARNINGS (DEFICIT) | (11,901) | 851 |
| | \$ 392 | \$ 33,459 |
| REVENUE | \$ 45 | \$ 44,506 |
| EXPENSES | 12,798 | 13,939 |
| NET INCOME (LOSS) | \$ (12,753) | \$ 30,567 |
| LOWER KOOTENAY INDIAN BAND | | |
| 50% INTEREST OF INCOME (LOSS) | \$ (6,377) | \$ 10,393 |

LOWER KOOTENAY INDIAN BAND
SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2008

LOWER KOOTENAY DEVELOPMENT LIMITED PARTNERSHIP

| | 2008 | 2007 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 158,623 | \$ 163,779 |
| Accounts Receivable | 1,465 | 1,367 |
| Investments | 136,360 | 115,000 |
| | \$ 296,448 | \$ 280,146 |
| LIABILITIES | | |
| Current | | |
| Accounts payable | \$ - | \$ 4,500 |
| PARTNERS' EQUITY | | |
| Partners' accounts | | |
| Lower Kootenay Development Corporation | 27 | 20 |
| Lower Kootenay Band | 296,421 | 230,126 |
| | 296,448 | 230,146 |
| | \$ 296,448 | \$ 234,646 |
| REVENUE | \$ 95,798 | \$ 205,884 |
| EXPENSES | 21,996 | 7,474 |
| NET INCOME FOR THE YEAR | \$ 73,802 | \$ 198,410 |

GADICKE & MINICHELLO



CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2008

LOWER KOOTENAY DEVELOPMENT CORPORATION

| | 2008 | 2007 |
|----------------------------------|------------|-----------|
| ASSETS | | |
| Current | | |
| Cash | \$ 24,288 | \$ 10,225 |
| Accounts Receivable | 663 | 111 |
| | \$ 24,951 | \$ 10,336 |
| LIABILITIES | | |
| Current | | |
| Accounts payable | \$ 6,002 | \$ 4,500 |
| Due to Shareholder | 24,115 | 5,866 |
| | 30,117 | 10,366 |
| SHARE CAPITAL AND DEFICIT | | |
| Share Capital | 1 | 1 |
| Deficit | (5,167) | (31) |
| | (5,166) | (30) |
| | \$ 24,951 | \$ 10,336 |
| REVENUE | \$ 50,111 | \$ 33,809 |
| EXPENSES | 55,246 | 33,841 |
| NET LOSS FOR THE YEAR | \$ (5,135) | \$ (32) |

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

AUDITORS' DERIVATIVE REPORT

FOR THE SCHEDULE OF FEDERAL GOVERNMENT FUNDING

To the Members of the Lower Kootenay Indian Band,

We have audited the summary financial statements of the Lower Kootenay Indian Band as at March 31, 2008 and for the year then ended and reported thereon under date of November 13, 2008.

A schedule of Federal Government Funding is required to be presented to the membership of the Lower Kootenay Indian Band pursuant to the funding agreement between Indian and Northern Affairs Canada and the Lower Kootenay Indian Band. The schedule has been compiled from information provided by the management of the Lower Kootenay Indian Band.

For the purpose of compiling the attached schedule, Lower Kootenay Indian Band has used the following interpretations in conjunction with the instructions provided by Indian and Northern Affairs Canada Year-end Reporting Handbook for First Nations Supplement Regarding Schedule of Federal Government Funding dated November 2003:

- Where a program receives federal government funding and other sources of funding, the federal government funding is assumed to be expended before any other source of funding;
- Where amounts are transferred internally between programs that each receive federal government funding, such amounts are recorded in the schedule as a transfer;
- Where amounts are transferred from a program that receives federal government funding to a program that does not receive federal government funding, such amounts are recorded in the schedule as expended, if expended;
- Where federal government funding has been received in the year and allocated by the Lower Kootenay Indian Band to cover amounts expended in previous fiscal periods, such previous expenditures are recorded in the schedule as funding expended.

For the purposes of understanding our involvement with this schedule, please note that:

- We have audited and separately reported on the summary financial statements;
- Our audit was conducted for the purpose of forming an opinion on the summary financial statements taken as a whole;
- The attached schedule is presented for the purpose of forming an opinion for the Membership and the Department of Indian Affairs and does not form part of the summary financial statements; and
- The attached schedule has been subjected to the auditing procedures applied to the audit of the summary financial statements taken as a whole.

However, no procedures have been carried out on this schedule in addition to those necessary to form an opinion on the summary financial statements.

This report is to be used solely to satisfy the Indian and Northern Affairs Canada funding requirements and should not be referred to or used for any other purpose.

Creston, B. C.
November 13, 2008

Gadicke + Minichiello
CHARTERED ACCOUNTANTS

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS