
LOWER KOOTENAY INDIAN BAND

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED MARCH 31, 2009

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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

CRESTON OFFICE:

122 - 11th Avenue North P.O. Box 1175
Creston, B.C. Canada V0B 1G0
Telephone: (250) 428-2248
Fax No. (250) 428-4338
gadmin@gadminca.com

KASLO OFFICE:

Box 610 424 Front Street
Kaslo, B.C. Canada V0G 1M0
Telephone: (250) 353-7742
Fax No. (250) 353-7743
gad_min@netidea.com

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, 2009 and for the year then ended:

- Consolidated Statement of Financial Position
- Consolidated Statement of Operations
- Consolidated Statement of Change in Net Debt
- Consolidated 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, 2009 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.
October 29, 2009

Gadicke + Minichiello
CHARTERED ACCOUNTANTS



LOWER KOOTENAY INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2009

	2009	2008
FINANCIAL ASSETS		
Cash	\$ 882,458	\$ 418,687
Term Deposits	2,898	2,811
Replacement Reserve, note 9	149,077	149,196
Accounts Receivable, note 3	415,603	283,379
Investment and Loans Receivable, note 4	981,372	904,060
Loans to Band Members	4,551	5,056
	2,435,959	1,763,189
LIABILITIES		
Accounts payable	273,544	269,052
Replacement Reserve, note 9	149,077	149,196
Long Term Debt, note 7	1,249,042	1,391,412
	1,671,663	1,809,660
NET DEBT	764,296	(46,471)
NON-FINANCIAL ASSETS		
Property, Plant and Equipment, note 6	3,063,309	3,019,751
Prepaid Expenses	257	-
	3,063,566	3,019,751
ACCUMULATED SURPLUS	\$ 3,827,862	\$ 2,973,280
Represented by:		
Restricted, note 10	34,718	26,157
Unrestricted, schedule 8	1,556,031	832,066
	1,590,749	858,223
Net Assets Invested in Property, Plant and Equipment , note 8	2,237,113	2,115,057
	\$ 3,827,862	\$ 2,973,280

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
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2009

	2009		2008
	Budget	Actual	Actual
REVENUE			
Indian and Northern Affairs	\$ 1,370,128	\$ 1,566,108	\$ 1,318,372
Previous Years Indian and Northern Affairs Recoveries	-	-	(16,777)
Health and Welfare Canada	147,370	147,360	143,203
Province of BC	-	110,772	104,002
Finance Canada	-	151,704	26,278
Investment in property, plant and equipment	-	292,027	285,276
Ottawa Trust funds received	-	2,519	2,600
Community Futures	-	98,545	40,000
Grants Received	81,015	81,015	82,946
Rental Revenues	196,500	351,304	351,876
Local Revenues	53,318	50,882	50,014
Tribal Council Programs	49,226	79,639	83,761
Interest Revenues	700	6,226	8,272
C.M.H.C. Subsidy Contributions	51,500	50,384	50,553
Administrative Fees - First Nation Owned Entities	88,400	104,272	93,085
Miscellaneous	28,049	90,209	67,439
First Nation Education Steering Committee	4,665	4,665	5,361
Limited Partnership Income	-	124,846	95,798
Recovery of loan previously written off	-	93,036	93,036
	2,070,871	3,405,513	2,885,095
EXPENDITURES			
Band Government	306,792	305,729	322,609
Capital Projects	-	158,441	130,594
Community Infrastructure	181,420	335,806	506,430
Economic Development	57,794	182,637	109,666
Education	743,507	703,946	764,204
Health	199,218	163,279	150,003
Limited Partnership expense	-	2,964	21,996
Social Assistance	318,603	305,237	310,164
Social Housing	242,000	222,921	252,250
Amortization	78,835	169,971	157,435
	2,128,169	2,550,931	2,725,351
ANNUAL SURPLUS	(57,298)	854,582	159,744
ACCUMULATED SURPLUS, BEGINNING OF YEAR	858,222	2,973,280	2,813,536
ACCUMULATED SURPLUS, END OF YEAR	\$ 800,924	\$ 3,827,862	\$ 2,973,280

LOWER KOOTENAY INDIAN BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2009

	2009 Actual	2008 Actual
ANNUAL SURPLUS	\$ 854,582	\$ 159,744
Acquisition of property, plant and equipment	(213,529)	(207,473)
Amortization of property, plant and equipment	169,971	157,435
	811,024	109,706
Acquisitions of prepaid asset	(257)	-
(Increase)/Decrease in Net Debt	810,767	109,706
Net Debt at beginning of year	(46,471)	(156,177)
Net Debt at end of year	\$ 764,296	\$ (46,471)



LOWER KOOTENAY INDIAN BAND
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
CASH FLOW FROM OPERATING ACTIVITIES		
Indian and Northern Affairs funding received	\$ 1,403,397	\$ 1,276,095
Health and Welfare Canada funding received	147,360	143,203
Administration Fee received	104,272	93,085
Canada Mortgage & Housing Subsidy contributions	50,384	50,553
Capital Funding	162,711	25,500
First Nation Education Steering Committee	4,665	5,358
First Nations GST received	151,704	26,278
Grants received	179,560	82,946
Interest revenue received	6,226	8,272
Local revenue received	50,882	50,014
Miscellaneous Revenues received	86,265	72,232
Ottawa Trust Funds	2,519	2,600
Province of BC	110,772	104,002
Rental income received	351,304	351,876
Tribal Council programs funding received	79,639	83,761
Payments for operating expenses	(1,991,861)	(2,040,189)
Net change in replacement reserve cash balance	(40,021)	(10)
	859,778	335,576
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long term debt	(142,371)	(137,566)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(213,528)	(207,473)
INCREASE (DECREASE) IN CASH	503,879	(9,463)
CASH, BEGINNING OF YEAR	441,831	451,294
CASH, END OF YEAR	\$ 945,710	\$ 441,831
REPRESENTED BY:		
Cash and term deposits	\$ 885,356	\$ 421,498
Cash, restricted	60,354	20,333
	\$ 945,710	\$ 441,831

*During the year the Band received \$8,746 interest income and paid \$71,057 interest on loans.

LOWER KOOTENAY INDIAN BAND

NOTES TO THE SUMMARY FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2009

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, 2009

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

	2009	2008
CMHC Subsidy	\$ 3,079	\$ 4,224
Government Grants	285,588	181,043
Health and Welfare Canada	2,383	765
Land Leases	32,677	11,381
Miscellaneous	10,307	4,519
Property Taxes	40,646	41,973
Rent Receivable	40,923	39,474
	\$ 415,603	\$ 283,379

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

4. INVESTMENT AND LOANS RECEIVABLE

	2009	2008
Investment, at cost		
Lower Kootenay Guide Outfitters Ltd.	\$ 6,320	\$ 37,932
All Nations Trust Company	60,000	60,000
Lower Kootenay Limited Partnership	418,311	296,429
Lower Kootenay Development Corporation	1	1
Okanagan Nation Alliance	-	3,000
Lower Kootenay Forage Products	33,020	33,020
Loans receivable		
Lower Kootenay Guide Outfitters Ltd.	439,983	437,648
Lower Kootenay Forest Products Ltd	-	11,893
Lower Kootenay Development Corporation	23,737	24,137
	\$ 981,372	\$ 904,060

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 2009	Net 2008
Land	\$ 289,429	\$ -	\$ 289,429	\$ 289,364
Automotive	101,680	97,305	4,375	17,425
Buildings and Renovations	464,934	106,982	357,952	334,392
Computers	57,822	54,990	2,832	1,180
Dyke Upgrade	234,999	59,436	175,563	182,140
Equipment	186,378	157,440	28,938	30,537
Housing	3,153,379	1,382,899	1,770,480	1,847,593
Landfill	806	226	580	613
Physical Development	105,557	9,912	95,645	10,223
Reservoir	14,395	4,031	10,364	10,940
Water systems	515,081	187,930	327,151	295,344
	\$ 5,124,460	\$ 2,061,151	\$ 3,063,309	\$ 3,019,751

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

7. LONG TERM DEBT

	2009	2008
CANADIAN IMPERIAL BANK OF COMMERCE		
Mortgage secured by Indian and Northern Affairs, repayable \$981 bi-weekly including interest at 6.75%	\$ 148,838	\$ 156,412
BANK OF NOVA SCOTIA		
Mortgage secured by Indian and Northern Affairs, repayable \$1,867 monthly including interest at 6.05%	42,138	61,396
Mortgage secured by Indian and Northern Affairs, repayable \$2,565 monthly including interest at 5.05%	136,448	157,376
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	508,272	539,010
PEACE HILLS TRUST		
Mortgage secured by Indian and Northern Affairs, repayable \$7,753 monthly including interest at 6.5%	413,346	477,218
	\$ 1,249,042	\$ 1,391,412

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

2010	\$ 155,816
2011	164,021
2012	149,605
2013	157,341
2014	163,128
2015 and beyond	459,131
	\$ 1,249,042

8. NET ASSETS INVESTED IN PROPERTY, PLANT AND EQUIPMENT

	2009	2008
Balance beginning of year	\$ 2,115,057	\$ 1,987,216
Additions:		
Principal reduction of mortgages	78,499	77,803
Investment in property, plant and equipment	213,528	207,473
	292,027	285,276
Deductions:		
Amortization of property, plant and equipment	(169,971)	(157,435)
Balance end of year	\$ 2,237,113	\$ 2,115,057

LOWER KOOTENAY INDIAN BAND
NOTES TO THE SUMMARY FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

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 \$25,527 (2008 - \$25,577) 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:

	2009		2008	
Cash	\$	60,354	\$	20,333
Due from Operating Fund		88,724		128,864
	\$	149,078	\$	149,197

10. RESTRICTED NET ASSETS

	Ottawa Trust	Unexpended Capital Financing	Total 2009	Total 2008
Opening Balance	\$ 49,297	\$ (23,139)	\$ 26,158	\$ 119,401
Interest Earned	2,519	-	2,519	2,600
Capital Funding	-	162,711	162,711	34,750
Reclassification of unexpended financing	-	1,771	1,771	-
Expenditures	-	(158,441)	(158,441)	(130,594)
	\$ 51,816	\$ (17,098)	\$ 34,718	\$ 26,157

CRESTON OFFICE:

122 - 11th Avenue North P.O. Box 1175
Creston, B.C. Canada V0B 1G0
Telephone: (250) 428-2248
Fax No. (250) 428-4338
gadmin@gadminca.com

KASLO OFFICE:

Box 610 424 Front Street
Kaslo, B.C. Canada V0G 1M0
Telephone: (250) 353-7742
Fax No. (250) 353-7743
gad_min@netidea.com

NOTICE TO READER

On the basis of information provided by management, we have compiled the financial information of various programs of the Lower Kootenay Indian Band as at March 31, 2009.

We have not performed an audit or a review engagement in respect of these schedules and, accordingly, we express no assurance thereon.

Readers are cautioned that these schedules may not be appropriate for their purposes.

Creston, British Columbia
October 6, 2009

Gadicke + Minichiello
CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND
Schedule 1 - Statement of Operations - Administration
(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	2009				2008	
	Administration	Employee Benefits	Indian Registry	Capacity Initiative	Budget	Actual
REVENUE						
Indian and Northern Affairs	\$ 167,839	\$ 27,607	\$ 3,745	\$ 75,000	\$ 199,192	\$ 193,040
Internal Administration Fees	104,272	-	-	-	88,400	93,085
Interest Revenue	45	-	-	-	100	46
Other Revenues	8,601	-	-	-	19,100	10,742
	280,757	27,607	3,745	75,000	306,792	296,913
EXPENDITURE						
Computer software	2,798	-	-	-	2,000	2,025
Employee Benefits	-	40,917	-	-	46,900	58,684
Equipment leases	6,449	-	-	-	6,600	6,637
Equipment repairs and maintenance	2,747	-	-	-	1,100	3,243
Indian registry costs	-	-	3,745	-	3,745	1,762
Materials and supplies	1,435	-	-	3,773	1,500	868
Office and sundry supplies	6,057	-	-	2,000	5,500	7,028
Ottawa Trust Funds expended	-	-	-	-	28,455	43,543
General consulting	900	-	-	24,263	1,000	705
Professional fees-audit and accounting	9,500	-	-	-	9,500	9,500
Telecommunications	9,662	-	-	-	9,500	9,921
Wages and payroll costs	119,483	-	-	44,992	167,392	135,279
Council-Honouraria	23,300	-	-	-	21,600	22,200
Council-travel	3,708	-	-	-	2,000	1,214
	186,039	40,917	3,745	75,028	306,792	322,609
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	94,718	(13,310)	-	(28)	-	(45,696)
ASSETS (DEFICIT), BEGINNING OF YEAR	352,243	(44,420)	-	-	-	333,519
ASSETS (DEFICIT), END OF YEAR	\$ 446,961	\$ (57,730)	\$ -	\$ (28)	\$ -	\$ 389,203

LOWER KOOTENAY INDIAN BAND
Schedule 2 - Statement of Operations - Education
(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	Band Employees Benefits	Tuition Agreement	Enhanced Teacher Salary	All other Education Programs	2009		2008 Actual
					Budget	Actual	
REVENUE							
Indian and Northern Affairs Canada	\$ 24,246	\$ 232,734	\$ 2,477	\$ 387,584	\$ 647,041	\$ 647,041	\$ 660,212
Tribal Council	-	-	-	17,226	17,226	17,226	17,243
Grants and other revenues	-	-	-	80,124	78,882	80,124	74,037
First Nation Education Steering Committee	-	-	-	4,665	4,665	4,665	5,358
Previous years recoveries and reimbursements ;	-	-	-	7,582	7,582	7,582	8,284
Independent School funding	-	-	-	-	-	-	-
	24,246	232,734	2,477	497,181	755,396	756,638	765,134
EXPENDITURE							
Administration and miscellaneous	-	-	-	16,968	20,800	16,968	23,125
Books and supplies	-	-	-	24,645	22,300	24,645	21,921
Building upgrades	-	-	-	-	-	-	-
Enhanced teacher salary	-	-	2,505	-	2,500	2,505	2,866
Equipment rent and purchases	-	-	-	4,294	2,500	4,294	1,602
Feasibility study	-	-	-	-	-	-	-
Local Education Agreement	-	232,735	-	-	235,392	232,735	228,154
Repairs and maintenance	-	-	-	25,611	33,210	25,611	29,012
Staff travel	-	-	-	3,174	3,000	3,174	7,154
Student financial assistance	-	-	-	35,212	47,822	35,212	98,623
Student transportation	-	-	-	9,571	12,480	9,571	8,192
Tuition Fees	-	-	-	5,739	16,700	5,739	13,939
Wages and benefits	27,269	-	-	292,757	323,543	320,026	312,228
Workshops and field trips	-	-	-	18,795	16,960	18,795	12,087
Utilities	-	-	-	4,671	6,300	4,671	5,301
	27,269	232,735	2,505	441,437	743,507	703,946	764,204
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	(3,023)	(1)	(28)	55,744	11,889	52,692	930
NET ASSETS, BEGINNING OF YEAR	-	-	-	212,684	212,684	212,684	211,754
NET ASSETS (DEFICIT), END OF YEAR	\$ (3,023)	\$ (1)	\$ (28)	\$ 268,428	\$ 224,573	\$ 265,376	\$ 212,684

LOWER KOOTENAY INDIAN BAND

Schedule 3 - Statement of Operations - Social Housing

(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	2009		2008
	Budget	Actual	Actual
REVENUE			
Rental Income	\$ 196,500	\$ 190,758	\$ 198,714
C.M.H.C. Subsidy	51,500	50,384	50,553
	248,000	241,142	249,267
EXPENDITURE			
Insurance	21,300	21,305	14,714
Maintenance	44,411	25,145	47,659
Snow removal and garbage pickup	10,100	11,060	18,854
Administration fees	15,150	16,937	17,733
Mortgage payments-principal	78,835	78,499	77,803
Mortgage payments-interest	43,885	42,248	47,810
Professional fees	2,200	2,200	2,100
Replacement reserve, allocation for the year	26,119	25,527	25,577
	242,000	222,921	252,250
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	6,000	18,221	(2,983)
NET DEFICIT, BEGINNING OF YEAR	-	(92,630)	(89,647)
NET DEFICIT, END OF YEAR	\$ 6,000	\$ (74,409)	\$ (92,630)

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

Schedule 4 - Statement of Operations - Social Development

(Unaudited - See Notice to Reader)

FOR THE YEAR ENDED MARCH 31, 2009

	Basic Needs	Child out of parental home	Employment and training	Special Needs	In Home Care	National Child Benefit	Prevention Projects	Service Delivery	Community Services	2009		2008
										Budget	Actual	
REVENUE												
Indian and Northern Affairs Canada	\$ 144,840	\$ 71,248	\$ 6,302	\$ 5,364	\$ 14,521	\$ 29,916	\$ 2,993	\$ 43,419	\$ -	\$ 318,603	\$ 318,603	\$ 294,12
Recoveries Indian and Northern Affairs	-	-	-	-	-	-	-	-	-	-	-	(1,64)
	144,840	71,248	6,302	5,364	14,521	29,916	2,993	43,419	-	318,603	318,603	292,48
EXPENDITURE												
Facilitators and consultants	-	-	6,272	-	-	-	2,996	-	-	9,295	9,268	10,03
Guardian financial assistance	-	74,450	-	-	-	-	-	-	-	71,248	74,450	69,67
Rent payments	43,087	-	-	-	-	-	-	-	-	46,000	43,087	46,63
Special Needs	-	-	-	5,369	-	-	-	-	-	5,364	5,369	5,65
Support payments	67,437	-	-	-	-	-	-	-	-	74,840	67,437	68,76
Travel	-	-	-	-	-	-	-	4,247	-	4,169	4,247	2,00
Utility payments	23,765	-	-	-	-	-	-	-	-	24,000	23,765	25,59
Wages and benefits	-	-	-	-	7,821	18,073	-	39,834	-	83,687	65,728	63,79
Youth Activities	-	-	-	-	-	11,886	-	-	-	-	11,886	18,00
	134,289	74,450	6,272	5,369	7,821	29,959	2,996	44,081	-	318,603	305,237	310,16
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	10,551	(3,202)	30	(5)	6,700	(43)	(3)	(662)	-	-	13,366	(17,68)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	(33,832)	1,725	(47)	(186)	2,260	2	(34)	(7,808)	(1,011)	(38,931)	(38,931)	(21,25)
NET ASSETS (DEFICIT), END OF YEAR	\$ (23,281)	\$ (1,477)	\$ (17)	\$ (191)	\$ 8,960	\$ (41)	\$ (37)	\$ (8,470)	\$ (1,011)	\$ (38,931)	\$ (25,565)	\$ (38,93)

LOWER KOOTENAY INDIAN BAND
Schedule 5 - Statement of Operations - Health Programs
(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	Health Programs	Head-Start Program	Home Care Nursing	Aboriginal Family Centre	2009 Budget	2009 Actual	2008 Actual
REVENUE							
Health Canada	\$ 105,360	\$ -	\$ -	\$ -	\$ 105,370	\$ 105,360	\$ 105,370
Health Canada-Patient Transportation	17,000	-	-	-	17,000	17,000	17,000
Interior Health Authority	25,000	-	-	-	25,000	25,000	20,833
Interior Aboriginal Strategic Trust Fund	-	-	-	-	-	-	-
Ktunaxa/Kinbasket Tribal Council	-	-	30,000	-	30,000	30,000	31,667
Other Revenue	2,580	-	-	-	2,500	2,580	3,762
	149,940	-	30,000	-	179,870	179,940	178,632
EXPENDITURES							
Administration overhead charges	16,869	-	-	-	10,800	16,869	12,085
Bank charges	69	-	-	-	70	69	69
Building rent and utilities	-	-	-	690	-	690	-
Healthy Elders program supplies	-	-	-	-	-	-	-
Materials and supplies	10,608	-	-	760	11,893	11,368	7,136
Mental health professional fees	977	-	-	-	15,000	977	2,520
Patient transportation	10,931	-	-	-	15,455	10,931	9,526
Training	886	-	-	-	2,000	886	2,817
Travel	2,051	-	2,400	-	4,200	4,451	3,941
Wages and benefits	77,214	-	24,646	-	107,800	101,860	103,328
Workshops	15,178	-	-	-	32,000	15,178	8,581
	134,783	-	27,046	1,450	199,218	163,279	150,003
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	15,157	-	2,954	(1,450)	(19,348)	16,661	28,629
NET ASSETS, BEGINNING OF YEAR	81,726	(1,056)	12,857	2,361	66,260	95,888	67,259
NET ASSETS (DEFICIT), END OF YEAR	\$ 96,883	\$ (1,056)	\$ 15,811	\$ 911	\$ 46,912	\$ 112,549	\$ 95,888

LOWER KOOTENAY INDIAN BAND

Schedule 6 - Statement of Operations - Infrastructure and Land Management

(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	Land Management	Operations & Maintenance	Taxation	Land Leases	2009 Budget	2009 Actual	2008 Actual
REVENUE							
Indian and Northern Affairs Canada	\$ 30,702	\$ 122,066	-	\$ -	\$ 119,498	\$ 152,768	\$ 119,565
Province of BC-Forest & Range	-	-	-	110,772	-	110,772	102,252
Land taxes	-	-	50,882	-	53,318	50,882	31,472
Land rent	-	-	-	160,546	-	160,546	171,704
Interest	-	-	595	5,586	600	6,181	8,226
Other Revenues	-	-	3,000	23,422	3,000	26,422	30,635
Recovery of loan previously written off	-	-	-	93,036	-	93,036	93,036
	30,702	122,066	54,477	393,362	176,416	600,607	556,890
EXPENDITURE							
Administration	-	-	11,131	60,000	29,768	71,131	75,661
Business enterprise expenses	-	-	-	28,401	-	28,401	-
Equipment purchases and maintenance	-	-	-	25,236	10,000	25,236	55,343
Fire protection	-	4,414	2,500	-	6,900	6,914	4,662
Insurance	-	-	-	22,902	-	22,902	25,824
Interest on long term debt	-	-	-	28,810	-	28,810	35,940
Land lease improvements	-	-	7,429	-	15,000	7,429	14,222
Legal and consulting fees	-	-	8,775	16,861	3,580	25,636	55,426
Maintenance-Community Buildings	-	42,531	-	-	39,400	42,531	43,347
-Electrical	-	-	-	-	-	-	367
-Roads	-	12,178	-	-	13,500	12,178	15,146
-Water systems	-	14,228	-	-	22,000	14,228	17,289
Miscellaneous	-	-	-	5,515	570	5,515	24,031
Municipal services	-	8,336	-	-	8,000	8,336	2,347
Sanitation-garbage collection	-	1,349	-	-	1,500	1,349	1,202
Travel	-	-	255	1,207	200	1,462	2,743
Wages and benefits	30,702	-	-	2,376	30,702	33,078	47,647
Bad debts	-	-	-	670	300	670	85,243
	30,702	83,036	30,090	191,978	181,420	335,806	506,480
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	-	39,030	24,387	201,384	(5,004)	264,801	50,460
NET ASSETS (DEFICIT), BEGINNING OF YEAR	-	95,622	134,047	(141,337)	-	88,332	37,872
NET ASSETS (DEFICIT), END OF YEAR	\$ -	\$ 134,652	\$ 158,434	\$ 60,047	\$ (5,004)	\$ 353,133	\$ 88,332

LOWER KOOTENAY INDIAN BAND
Schedule 7 - Statement of Operations - Economic Development
(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	Training & Misc Programs	CEDO Planning & Operations	Pine Beetle Project	Frog Project	First Nations Goods & Services Tax	2009		2008	
						Budget	Actual	Budget	Actual
REVENUE									
INAC	\$ -	\$ 10,794	\$ -	\$ -	\$ -	\$ 10,794	\$ 10,794	\$ 10,794	\$ 10,794
Finance Canada	-	-	-	-	151,704	-	151,704	26,278	26,278
Ktunaxa Nation Council	2,108	-	-	26,250	-	-	28,358	30,250	30,250
First Nation Education Steering Committee	2,055	-	-	-	-	-	2,055	2,601	2,601
Community Futures	-	-	98,545	-	-	-	98,545	42,500	42,500
First Nations Emergency Services	-	-	8,000	-	-	-	8,000	-	-
Natural Resources Canada	-	-	-	18,900	-	-	18,900	501	501
University of British Columbia	17,070	-	-	-	-	-	17,070	14,424	14,424
Miscellaneous	2,173	-	-	-	-	-	2,173	-	-
	23,406	10,794	106,545	45,150	151,704	10,794	337,599	127,348	127,348

EXPENDITURE

Administration	-	-	-	-	-	2,000	-	-	-
Consulting fees	-	-	18,243	8,200	462	-	26,905	30,379	30,379
FNGST payouts	-	-	-	-	2,367	-	2,367	559	559
Field technicians	-	-	-	18,847	-	-	18,847	500	500
Legal fees	-	-	-	-	-	-	-	-	-
Legal researcher	-	-	-	7,651	-	-	7,812	14,061	14,061
Materials and supplies	161	-	-	-	-	-	-	116	116
Travel	-	-	81,612	-	-	-	81,612	-	-
Tree planting and survival	-	-	-	-	-	-	-	-	-
Wages and benefits	20,957	10,794	-	13,343	-	55,794	45,094	64,061	64,061
	21,118	10,794	99,855	48,041	2,829	57,794	182,637	109,666	109,666

EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR

	2,288	-	6,690	(2,891)	148,875	(47,000)	154,962	17,682	17,682
NET DEFICIT, BEGINNING OF YEAR	(4,194)	(28,269)	(81)	(6,488)	25,719	-	(13,312)	(30,994)	(30,994)
NET ASSETS (DEFICIT), END OF YEAR	\$ (1,906)	\$ (28,269)	\$ 6,609	\$ (9,379)	\$ 174,594	\$ (47,000)	\$ 141,650	\$ (13,312)	\$ (13,312)

LOWER KOOTENAY INDIAN BAND
Schedule 8 - Summary of Operations by Schedule
(Unaudited - See Notice to Reader)
FOR THE YEAR ENDED MARCH 31, 2009

	Sch 1	Sch 2	Sch 3	Sch 4	Sch 5	Sch 6	Sch 7	Limited Partnership	2008
REVENUE									
Indian and Northern Affairs	\$ 274,191	\$ 647,041	\$ -	\$ 318,603	\$ -	\$ 152,768	\$ 10,794	\$ -	\$ 1,276,095
Other Income	112,918	109,597	241,142	-	179,940	447,839	326,805	124,846	1,286,371
	387,109	756,638	241,142	318,603	179,940	600,607	337,599	124,846	2,562,466
EXPENSES									
Equipment Expense	9,247	4,294	-	-	-	25,236	-	-	65,637
Insurance	-	-	21,305	-	-	22,902	-	-	40,538
Office and Sundry	8,057	16,968	16,937	-	16,938	76,646	-	-	159,752
Other Expenses	35,961	329,871	146,274	230,241	42,814	59,343	89,424	-	1,017,245
Professional Fees	9,500	-	2,200	-	977	25,636	48,119	2,964	122,980
Repairs and Maintenance	2,747	25,611	36,205	-	-	92,965	-	-	197,330
Telephone and Utilities	9,662	4,671	-	-	690	-	-	-	15,222
Wages and Benefits	230,555	322,531	-	74,996	101,860	33,078	45,094	-	818,618
	305,729	703,946	222,921	305,237	163,279	335,806	182,637	2,964	2,437,322
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	81,380	52,692	18,221	13,366	16,661	264,801	154,962	121,882	125,144
UNRESTRICTED NET ASSETS (DEFICIT) BEGINNING OF YEAR	307,823	212,684	(92,630)	(38,931)	95,888	88,332	(13,312)	272,212	706,922
UNRESTRICTED NET ASSETS (DEFICIT), END OF YEAR	\$ 389,203	\$ 265,376	\$ (74,409)	\$ (25,565)	\$ 112,549	\$ 353,133	\$ 141,650	\$ 394,094	\$ 832,066

LOWER KOOTENAY INDIAN BAND

Changes in Deferred Revenue of Capital Projects FOR THE YEAR ENDED MARCH 31, 2009

	Project #9095	Project #8872	Project #8522	Project #7586	Project #8215	Project #3274	Project #9246	TOTALS 2009	TOTALS 2008
BALANCE BEGINNING OF YEAR	\$ -	\$ (1,771)	\$ 197	\$ (9,792)	\$ 161	\$ (11,935)	\$ -	\$ (23,140)	\$ 72,704
Funds Received-INAC	84,820	-	-	-	-	14,491	63,400	162,711	25,500
Funds Received-Province of BC	-	-	-	-	-	-	-	-	1,750
Funds Received-Regional District	-	-	-	-	-	-	-	-	7,500
Transferred to other funds	-	1,771	-	-	-	-	-	1,771	-
Expenditures during the year	(87,886)	-	(2,768)	-	-	(65)	(67,722)	(158,441)	(130,594)
RESTRICTED NET ASSETS (DEFICIT), END OF YEAR	\$ (3,066)	\$ -	\$ (2,571)	\$ (9,792)	\$ 161	\$ 2,491	\$ (4,322)	\$ (17,099)	\$ (23,140)

Changes in Ottawa Trust Fund FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
BALANCE BEGINNING OF YEAR	\$ 49,296	\$ 46,696
Interest Earned	2,519	2,600
RESTRICTED NET ASSETS, END OF YEAR	\$ 51,815	\$ 49,296

LOWER KOOTENAY INDIAN BAND

Statement of Receipt and Expenditure of Indian Moneys

FOR THE YEAR ENDED MARCH 31, 2009

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	\$ 28,457	\$ -	\$ -	\$ 28,457

CRESTON OFFICE:

122 - 11th Avenue North P.O. Box 1175
Creston, B.C. Canada V0B 1G0
Telephone: (250) 428-2248
Fax No. (250) 428-4338
gadmin@gadminca.com

KASLO OFFICE:

Box 610 424 Front Street
Kaslo, B.C. Canada V0G 1M0
Telephone: (250) 353-7742
Fax No. (250) 353-7743
gad_min@netidea.com

REVIEW ENGAGEMENT REPORT

To the Members of the Lower Kootenay Indian Band,

At the request of the Lower Kootenay Indian Band, we have reviewed the Schedule of Salaries, Honouraria, Travel Expenses and Other Remuneration of Elected or Appointed Officials and Unelected Senior Officials of the Lower Kootenay Indian Band as at March 31, 2009. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Band.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these schedules.

Based on our review, nothing has come to our attention that causes us to believe that these schedules are not, in all material respects, in accordance with generally accepted accounting principles.

Creston, British Columbia
November 9, 2009

Gadicke + Minichiello
CHARTERED ACCOUNTANTS



LOWER KOOTENAY INDIAN BAND

Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration

Elected or Appointed Officials

FOR THE YEAR ENDED MARCH 31, 2009

Name of Individual	Position Title	Number of Months	Salary and Honouraria	Travel Expenses	Other Remuneration	Total
Chris Luke	Chief	12	\$ 5,620	\$ 246	\$ -	\$ 5,866
Joe Pierre	Councillor	9	38,718	2,788	-	41,506
Arlene Basil	Councillor	9	27,368	-	-	27,368
Sandra Luke	Councillor	3	875	149	-	1,024
Jason Louie	Councillor	12	46,358	526	-	46,884
Mary Basil	Councillor	3	875	-	-	875
Carol Louie	Councillor	3	875	-	-	875
Anne Jimmie	Councillor	9	4,745	-	-	4,745
			\$ 125,434	\$ 3,709	\$ -	\$ 129,143

Unelected Senior Officials

FOR THE YEAR ENDED MARCH 31, 2009

Name of Individual	Position Title	Number of Months	Salary and Honouraria	Travel Expenses	Other Remuneration	Total
Joe Pierre	Councillor	3	\$ 12,959	\$ -	\$ -	\$ 12,959

LOWER KOOTENAY INDIAN BAND

SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2009

LOWER KOOTENAY GUIDE OUTFITTERS LTD.

	2009	2008
ASSETS		
Cash	\$ 7,250	\$ 79
Property, Plant and Equipment	439,353	443,903
	\$ 446,603	\$ 443,982
LIABILITIES		
Accounts Payable	\$ 300	\$ -
Due to Lower Kootenay Indian Band	439,982	437,648
	440,282	437,648
SHARE CAPITAL AND CONTRIBUTED SURPLUS	226,437	226,437
DEFICIT	(220,116)	(220,103)
	6,321	6,334
	\$ 446,603	\$ 443,982
REVENUE	\$ 8,000	\$ 8,870
EXPENSES	8,013	38,036
NET LOSS FOR THE YEAR	\$ (13)	\$ (29,166)

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2009

LOWER KOOTENAY FOREST PRODUCTS LTD.

	2009	2008
ASSETS		
Current		
Cash	\$ -	\$ 392
LIABILITIES		
Current		
Accounts Payable	\$ -	\$ 399
Due to Related Parties	12,204	11,893
	12,204	12,292
SHARE CAPITAL	1	1
RETAINED EARNINGS (DEFICIT)	(12,205)	(11,901)
	\$ -	\$ 392
REVENUE	\$ -	\$ 45
EXPENSES	303	12,798
NET INCOME (LOSS)	\$ (303)	\$ (12,753)
LOWER KOOTENAY INDIAN BAND		
50% INTEREST OF INCOME (LOSS)	\$ (152)	\$ (6,377)

LOWER KOOTENAY INDIAN BAND

SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2009

LOWER KOOTENAY DEVELOPMENT LIMITED PARTNERSHIP

	2009	2008
ASSETS		
Current		
Cash	\$ 161,331	\$ 158,623
Accounts Receivable	793	1,465
Investments	227,427	136,360
Due from related parties	28,780	-
	\$ 418,331	\$ 296,448
LIABILITIES		
Current		
Accounts payable	\$ -	\$ 6,002
PARTNERS' EQUITY		
Partners' accounts		
Lower Kootenay Development Corporation	39	27
Lower Kootenay Band	418,292	296,421
	418,331	296,448
	\$ 418,331	\$ 302,450
REVENUE	\$ 124,846	\$ 95,798
EXPENSES	2,964	21,996
NET INCOME FOR THE YEAR	\$ 121,882	\$ 73,802

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS

LOWER KOOTENAY INDIAN BAND

SCHEDULE OF FINANCIAL POSITION FOR BUSINESS ENTERPRISES

AS AT MARCH 31, 2009

LOWER KOOTENAY DEVELOPMENT CORPORATION

	2009	2008
ASSETS		
Current		
Cash	\$ 31,249	\$ 24,288
Accounts Receivable	752	663
	\$ 32,001	\$ 24,951
LIABILITIES		
Current		
Accounts payable	\$ 9,492	\$ 6,002
Due to Shareholder	23,736	24,115
Due to Related parties	28,753	-
	61,981	30,117
SHARE CAPITAL AND DEFICIT		
Share Capital	1	1
Deficit	(29,981)	(5,167)
	(29,980)	(5,166)
	\$ 32,001	\$ 24,951
REVENUE	\$ 36,759	\$ 50,111
EXPENSES	61,574	55,246
NET LOSS FOR THE YEAR	\$ (24,815)	\$ (5,135)

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, 2009 and for the year then ended and reported thereon under date of March 16, 2010.

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 January 2008:

- 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.
March 16, 2010

Gadicke & Minichiello
CHARTERED ACCOUNTANTS

GADICKE & MINICHELLO

CHARTERED ACCOUNTANTS