

Lower Nicola Indian Band



Annual Report 2015-2016



Staff Wellness Day 2015



Front page: Children enjoy the LNIB School playground, Sidney Joe, Montana Mountain-Chief Jr., Joshua Mountain-Chief.

All pictures in the report were submitted by staff: Ruth Tolerton, Bridget LaBelle, Dave Caswell, Joe Quewezance, Hyrum Peterson and Sondra Tom

Annual Report Compilation and Design: Sondra Tom

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Chief Aaron Sam's Message



Chief Aaron Sam

heñte? k^w (Greetings),

On behalf of the Council of Lower Nicola Indian Band, I am happy to share with you our Annual Report. The purpose of the Annual Report is to provide you with important information about LNIB. The Report highlights various topics, including an overview of who we are, our history, our programs that we deliver, our ancestral lands and Indian reserves, our administration, and our leadership and governance. It is also an opportunity for the Council to be transparent and accountable to community members.

We are also excited to host our second Lower Nicola Indian Band Annual General Assembly. The Annual General Assembly provides community members an avenue to ask questions, and share your aspirations and ideas, and to give direction to the Council for the upcoming year. For us to be successful as a community and to move forward in a way that we all can be proud of, its vital that our community be fully engaged.

LNIB has had a very successful year, and can be proud of many accomplishments. We are a vibrant community solidly grounded on the beliefs, traditions, and aspirations of our members. We are proud of who we are and what we have achieved, and we want to share our story with you.

I hope that you will find the reading informative and enjoyable.

Tékm nkáskeytkn (All my relations)

Chief Aaron Sam

Executive Director's Message



Helder Ponte, Executive Director

I am pleased to present this Annual Report to LNIB Members and Chief and Council at the LNIB 2016 Annual General Assembly. The report covers the period between April 1st, 2015 and March 31st, 2016.

The main purpose of the Annual Report is to report on the work carried out by our team, which includes Chief and Council, directors, managers, staff, community members, and others who interact with us. Performance, accountability and transparency are of paramount importance to us. At the same time, the Annual General Assembly is not only business; it is also an opportunity to enjoy the company of our families, neighbours and partners, and to celebrate together who we are.

The Executive Director's Report on page eleven (11) is only a summary of activities that I was involved in during the last fiscal year, and not the full scope of operations of LNIB. Each Sector Director (Human Services, Lands & Economic Development, Infrastructure, Finance and Administration) provides a report, as well as the School Principal of LNIB School, and the Chief Operating Officer of LNIB Development Corporation.

At the 2016 Annual General Assembly we will present the following main components:

- 2016 LNIB Activity Report for all programs and Services
- Audited Financial Statements and Auditor's Report of LNIB operations for the fiscal year ended March 31st, 2016
- Annual Report, Unaudited Financial Statements, and unaudited Report of LNIB Development Corporation for the fiscal year ended March 31st, 2016
- Proposed Framework for the LNIB Comprehensive Community Development Plan
- Schedule to the LNIB Financial Administration Law – Conflict of Interest.

I hope that you enjoy reading them and that you will find it informative, comprehensive and useful.

Most likely, you will have questions, suggestions and concerns, so please feel free to contact any of us at your convenience, so we can meet in person and discuss them. We value your input and engagement, which are fundamental in guiding our work.

As I had the opportunity to state before, the door of my office is always open, and I welcome your visit, letter, phone call, email message, or informal conversation, anytime, anywhere.

Our goals shift over time, so our work is never finished. We also know that there is still much to accomplish; however, we pledge that we will only rest when the aspirations and needs of all LNIB are met. In achieving our goals we will also continue to expand and make improvements in the delivery of the wide range of programs and services that we deliver to our members in a fiscally responsible way. We will focus on and take advantage of the opportunities that arise and overcome the great challenges that lay ahead.

Our achievements are not the making of one single person; they are the result of the solid work and commitment of an exceptional team of outstanding staff, who give their best every day. Accordingly, I want to take the opportunity to recognize and thank the commitment and energy of Chief Aaron Sam and every member of Council, our Directors' team, and every staff member who makes LNIB the best organization to work for.

More than ever, we are ... **Proud to be LNIB!**

Helder Ponte

August 2016



Chief and Council



Aaron Sam

Portfolio: Aboriginal Title and Rights, and External Affairs



Arthur Dick

Portfolio: Health and Social Development



Clarence Basil Jr.

Portfolio: Natural Resources, Aboriginal Title and Rights



Harold Joe

Portfolio: Public Works, Capital & Housing



Molly Toodlican

Portfolio: Education, Language & Culture



Nicholas Peterson

Portfolio: Economic Development, Employment, Language and Culture



Clyde Sam

Portfolio: Finance, Taxation, Economic Development, Employment, Language and Culture



Robert Sterling Jr.

Portfolio: Lands, Wills & Estates

Full Time Councillor Report



Arthur Dick, Full Time Councillor

Hen'el Kw Inkshadkin (Greetings my relatives)

Councillor Arthur Dick 2013-2016 tenure:

Annual Report: August 2016

Prior to my appointment to Health and Social Development Portfolio, I held the LNIB Title and Rights Portfolio.

I currently hold the Health and Social Development Portfolio since November, 2015. I was also appointed to the Board of Directors of Scwexmex Child and Family Services Society (SCFSS) replacing Councillor Clarence Basil. Portfolios delegate Council a specific area or Band Department. As a portfolio holder I am responsible to acquire a sound knowledge and understanding of that jurisdiction or department, meet with staff to discuss key issues concerning that jurisdiction or department. Portfolio holders shall at no time direct staff.

I was appointed the LNIB Full Time Council Representative November of 2013 after I was interviewed as an applicant and declared the successful candidate by Chief and Council based on: a) Prior experience on Chief and Council; b) Experience working in a Band Office or a First Nations organization; c) Knowledge of LNIB Policies; d) Knowledge of First Nations business practices, Title and Rights, and First Nations Governance; e) Communication skills, both oral and written. And, by way of a valid motion, named the successful applicant and appointment to the position which began as soon as agreed upon.

I was also appointed the LNIB Negotiations Committee member to deal with Trans Mountain Pipeline/Kinder Morgan, Highland Valley Copper (HVC) Mine owned by Teck Resources/Ministry of Aboriginal Relations and Reconciliation(MARR)/HVC & LNIB Relationship Agreement, KGHM/AJAX proposed mine, BC Hydro, Spectra Energy/Natural Gas line; Ministry of Forests and Ministry of Transport etc.

The LNIB Negotiations Committee reported to the Chief and Council and implemented Terms of Reference set out by Chief and Council and with their approval, hired consultants; including Environmentalists, Traditional Use Study contractors, Economists, Legal representatives coordinated by LNIB Negotiations Committee Member and

Administrator, Leesa Mike.

The LNIB Negotiations Committee finalized the MARR Agreement with the Provincial Government. The agreement defines revenue sharing of Provincial taxes derived from mineral extractions at HVC, and HVC & LNIB Relationship Agreement which includes a procurement and revenue sharing arrangement over the duration of the life of the mine. It is now in the process of been signed off, on behalf of LNIB.

As for the Trans Mountain Pipeline/Kinder Morgan, it is in its final stages subject to National Energy Board addressing LNIB's environmental concerns collectively with twenty plus First Nations, not including the adjacent communities and cities that are impacted by this proposed twin piping of the oil pipes going through our Traditional Territory and Indian Reserves.

Lower Nicola Indian Band is in the process of preparing for the Land Code vote to occur as soon as August 11 and 12, 2016. What is the Land Code you ask: it is LNIB taking on the responsibility of managing LNIB Reserve lands within its jurisdiction. An Individual agreement will be signed off to transfer management of LNIB Reserve land providing that the LNIB membership vote in favor on the referendum vote.

humet ni

Arthur Dick

August 2016



Executive Director's Report



Helder Ponte, Executive Director

LNIB 2016 Annual General Assembly

Executive Director's Report

Helder Ponte, July 10th, 2016

Dear LNIB Member,

This second annual report is a brief summary of the activities and initiatives carried out by LNIB during the fiscal year ended March 31st, 2016. The scope of the report is limited to activities in which I was directly involved. For a complete view of all activities of LNIB, I encourage you to read the reports of the Sector Directors included in this annual report. The goal of the report is to give you a very brief overview of our organization, and to inform you of what we have achieved. To make it easier to read and absorb, the report is organized into major clusters, which include the most relevant activities and initiatives carried out during the year.

I would like to take this opportunity to thank the members, Chief and Council of LNIB, staff, neighbours, and people who we work with, who all made my life much easier. Your guidance and leadership were critical for our success. The year was very busy for all of us at LNIB. I believe that we made some progress on most fronts, also knowing that we did not progress at the pace that we wanted in some programs. We continued to expand the scope and quality of services to the membership of LNIB, by starting new programs in areas such as education, employment, language, culture, recreation, elder services, public works, and comprehensive community planning; however we will watch the financial impact of our decisions.

LNIB administration and services are divided into seven Sectors (LNIB School, Human Services, Infrastructure, Lands and Economic Development, Finance, Administration, and LNIB Development Corporation). Each sector is led by a director, who supervises managers and staff in the delivery of programs and services. All directors, with the exception of LNIB Development Corporation, are led by the Executive Director, who reports and receives guidance directly from Chief and Council. To have access to the full range of LNIB programs and services, I encourage you to visit the documents page in our website entitled "Grid of Programs and Services", where we list in detail each of the 76 programs and services that we deliver, including the list of staff members, who's involved, and the main source of funding for each program.

The Human Services Sector is comprised of programs designed for investment in people. It includes education, health and wellness, social development, career building, job skills, labour market, employment, training and career building, community development, recreation and leisure, culture, language, justice, home support, addictions, and children's, youth, elders and family focused programs. The Human Services Sector is led by Bridget LaBelle, Director.

The Lands and Economic Development Sector assists with investment and management of economic resources, including entrepreneurship development, business development, access to capital, economic infrastructure, land management and administration (Indian reserves and fee simple land), membership and estates, industry relations, negotiations of Impact Management Benefit Agreements (IMBAs), development referrals, and Aboriginal Rights and Title. The Lands and Economic Development sector is led by Leesa Mike, Director.

The Infrastructure Sector looks after public works, building facilities (Shulus Hall, Administration office, Community Services (formerly known as the Health Centre) building, Shulus Arena, and Fire Hall), municipal services (domestic water systems, waste management, recycling, sewer systems), Band-owned housing (planning, construction, revenue administration, tenant relations, and operations and maintenance), fire department, vehicle fleet, capital project planning and management, and emergency response preparedness. The Infrastructure Sector is led by Hyrum Peterson, Director.

The Finance Sector handles accounting, payroll and benefits, revenue and contract management, treasury and asset management, risk management and insurance, internal control, budget development and control, taxation and own-source revenue, debt management, and financial audit. The Finance Sector is led by Barry Torgerson, Director.

The Administration Sector is a "residual" sector, in the sense that it captures any program or activity that is not specifically included in the other sectors. However, it also has its own core activities. The core business of the administration sector is comprised of Chief and Council support, governance, law, and policy development, human resources, information technology, communications, membership engagement, business and corporate affairs, records management, and intergovernmental affairs. The Administration Sector is led by myself, Executive Director.

LNIB School operates as an autonomous program, independent of Human Services Sector (although with very close ties to Human Services). LNIB School has 74 students, 6 certified teachers and 15 support staff members. Angie Sterling, LNIB School Principal is a certified teacher but we counted her in the support staff since she does not teach, however she does substitute a class when required. We are in the process of establishing a LNIB School Board to whom the Principal will report and be accountable to. For all other purposes, LNIB School is part of the operations of LNIB. The School is managed by Angie Sterling, School principal.

LNIB Development Corporation is an autonomous entity, governed by an independent Board of Directors, appointed by LNIB Chief and Council. LNIB Development Corporation operates under the auspices of the Letter of Owner’s Expectations and LNIB Investment Code. The Development Corporation is managed by its Chief Operating Officer (COO), Sean Maloney, who, in turn, supervises the management and operations of the active companies and joint ventures in which LNIB Development Corporation is involved. Administration and accounting services of LNIB Development Corporation are provided by LNIB.

With the objective of realizing all synergies possible from the work of the Sectors, we hold, every Thursday, a meeting of all Sector Directors and the Executive Director to discuss matters of concern, plan activities, and implement decisions of common interest.

Our motto “Proud to Be LNIB” was embraced by all of us, and helped tremendously in building the dream team that we proudly belong to.

1. New Programs and Services

The effort of expanding and improving the grid of programs and services picked-up speed during this reporting year. The main developments include the following:

- a. Establishment of LNIB Career Development Centre, which provides career planning, skills development, job readiness, training to LNIB members, and labour market services to employers in the Nicola Valley. We encourage you to contact Robin Peterson, Career Development Coach, to setup an interview. Robin can assist you in job readiness and placement.
- b. We made substantial improvements in the Communications function of LNIB, including; the revamping of the website, an improved monthly newsletter, updating the LNIB Community Profile, establishing better contact with the membership about upcoming community events and meetings, notices, postings, contests, and in the near future LNIB intra-net, Ruth Tolerton leads this function at LNIB.
- c. Chief and Council approved the establishment of the LNIB Language Nest, which is a full immersion language program for children 0 to 5 years old. The goal of the Nte?kepmxcin Nest Program is not to “teach” toddlers, but rather to create an environment where Nte?kepmxcin can be acquired naturally, as infants acquire their first language. The program is not a conventional day-care – it is a language immersion program that will offer intense exposure to one language only - Nte?kepmxcin - and will focus on learning the language through meaningful content. The program is set to start in the fall, and Aiona Anderson is the Coordinator of this important initiative, which is still in its development stage. We encourage all LNIB families with very young children to enroll their toddlers in the Language Nest, as it is

the best way to preserve and expand the use of Nłeʔkepmxcin.

d. Chief and Council also approved the establishment of the LNIB Culture Revival program, which is still in development. The goal of the program is to establish a comprehensive LNIB cultural revival for LNIB in all aspects of culture. This program will engage everyone, (all ages) in the community, and cover all aspects of ancestral cultural practices, all seasons of the year and established the LNIB Culture Revival program. Sharon Antoine was recently hired as coordinator of this important initiative.

We suggest the establishment of a working group comprised of Elders, Council member holder of the cultural portfolio, and a cultural coordinator to assist and monitor the rolling out of the cultural program. Program development will likely include some of the following components:

- Development of vision and mission statements
- Identification of teachers and learners
- Cultural research – what will be studied
- Curriculum development
- Publication of research work in draft form first
- Production of samples and prototypes
- Authenticity compliance and respect for local variances
- Production of materials

Cultural activities will be organized into clusters, and timing will be subject to season and ancestral practices. We suggest two events per month, structured in such a manner that all groups in the community can enjoy them (toddlers, children, youth, adults, and elders). A LNIB Cultural program calendar will be produced, which will guide the rolling out of the program throughout the seasons of the year. Learning will take place in a variety of venues: including small group, one-on-one, family setting, classroom, books and printed materials, hands-on learning, community setting, and Online.

Resources required will include:

- People – Program Coordinator, Elders and Teachers, and Learners
- Cultural Curriculum
- LNIB Cultural Activities Calendar
- Cultural Events
- Facilities and vehicle
- Traditional Materials

e. The Human Services Sector has revamped the suite of programs for elders, offering better services and now, more of them.

f. We provided summer student employment to 10 (secondary and post-secondary)

students. We organized the effort by placing students in all sectors of LNIB.

g. We now have better lines of communication and integration with other stakeholders in the region (Spectra Energy, BC Hydro, Highland Valley Copper Mine, and Kinder Morgan) for Emergency Preparedness. We also revived the LNIB Workplace Occupational Health and Safety Committee to focus on safe work practices and accident avoidance strategies.

h. As part of our long-term development strategy, we completed the draft proposal for the LNIB Comprehensive Community Planning framework. The proposed framework will be presented at the Annual General Assembly. Leanne Joe, Strategic Initiatives Coordinator started the work and Gretchen Fox completed the base document. We encourage you to be involved in this important community development initiative.

i. More recently, already in the 2016-17 fiscal year, we resumed the operations of Shulus Community Garden,

2. Administration

I prepared a separate report for the Administration Sector of LNIB, which can be found towards the end of this Annual Report. In general terms, during this period we continued to provide support to Chief and Council in the form of organizing meetings, providing research on specific topics, and following-up on action items and Band Council Resolutions.

a. With the full engagement of Sector Directors and Managers, we made some minor refinements in the planning and reporting framework and budget practices in use at LNIB for three years now. Every sector and program follows the same planning approach, so it is much easier to plan, implement, and monitor all activities.

b. Currently, LNIB has four active committees: Negotiation Committee (Chief Aaron Sam, Leesa Mike, Councillors Art Dick and Nicholas Peterson), Education Policy Review Committee (Councillor Molly Toodlican, Madeline Lanaro, Ryan Mann, Darlene Vallee, and Sondra Tom), Finance Committee (Councillor Clyde Sam, Julia Dick, Helder Ponte, and Barry Torgerson), and the Section 3.8 (Conflict of Interest) Committee, who have been active in carrying out their mandate.

c. We strive for having a good working relationship with other institutions, such as NVIT, City of Merritt, Interior Health, local/regional branches of provincial and federal governments, neighbours and businesses in the region. Accordingly, we maintain regular contacts and carry out work in a constructive and mutually beneficial and respectable way with all stakeholders.

d. All sectors of LNIB had planning sessions to work on their respective work plan and budget. The planning sessions were attended by all staff members of each sector.

e. Fiscal responsibility is paramount to us; so we continued to expand the revenue base of LNIB, improved and expanded programs and services, without incurring any

financial deficits in the process. The amount of funds set aside in restricted funds (which cannot be used to cover operations) grew by approximately \$2.2 million during the fiscal year ended March 31st, 2016.

3. Governance

In terms of policy development and governance, a significant amount of work and attention were given to the development of the Trespass By-Law, Conflict of Interest By-Laws, Personnel Policies, Letter of Owner's Expectations and Investment Code. The Trespass By-law was enacted and is now in force.

- a. We are now in the final stage of having Chief and Council approve and enact the comprehensive LNIB Conflict of Interest law. This will be done through an amendment of the schedule to the LNIB Financial Administration Law, where the provisions guiding conflict of interest are included. I must acknowledge here the excellent work of the members of the Section 3.8 Committee (Shannon Kilroy, LeEtta Tom, Sharon Dick, Rena Joe, Shawn Swakum, Vince McDonald Jr, Verna Moses, and Geraldine Bangham). With the approval of the amendment of the Financial Administration Law, I believe that we will have a better law governing conflict of interest.
- b. The updating of the Personnel Policies recently approved by Chief and Council also took a substantial amount of time and attention from the management team of LNIB. I must recognize the excellent support work of Deneen Grismer in editing the text and keeping up with the many versions of the document.
- c. We also started the process of enacting a Nuisance and Unsightly Premises By-Law, to address the growing problem of old vehicles, farm implements, appliances, and other debris scattered in most of our neighbourhoods.
- d. We are still working on the Letter of Owner's Expectation, a document to be signed by Chief and Council and the Board of Directors of LNIB Development Corporation, and the Investment Code which requires the involvement of the representative bodies of both LNIB and LNIB Development Corporation.

4. Land Management

We hired Anna Hudson, as the Lands Manager for LNIB, to replace John Keating, who resigned his position last summer. Anna brought dynamism to the Lands department, and we have made important progress in the areas of land administration and settlement of long-standing unresolved estates.

- a. However, it was in the area of the development of the Land Code that most progress was achieved. The task was large and complicated, but we believe that with the development (and adoption) of its Land Code LNIB will be in a better position to serve its members and better engage in new economic development opportunities. We encourage you in supporting this effort, as the Land Code is one of the fundamentals of self-government and self-reliance for LNIB. Once approved,

the LNIB Land Code will allow LNIB to attend to the old and growing challenge of reconciling traditional ownership with Indian Act and Land Management Act models. As we stand today, the current legal status of substantial number of parcels is such that the owners cannot use them for residential (such as a family home), commercial (a business), industrial or agricultural, or any other use, which affects not only families, but also LNIB entrepreneurs that want to operate their businesses on LNIB. I hope that the Land Code will enable us to develop an appropriate framework to address these issues with the meaningful engagement of all parties with interests in a particular parcel of LNIB Indian reserve lands.

b. We have not made great progress in resolving the issue of salt contamination at the Godey Pit site, in Joeyaska IR#2. We met with the Province of BC to address the remediation work that is required, but we are still far away from finding a solution that meets the needs of LNIB.

c. We have a significant backlog of unsettled estates that in some cases go back several generations. In two cases, INAC conducted a Section 50 of the Indian Act sale of land parcel, to complete the settlement of the estates. In both cases, LNIB agreed not to compete with the heirs in the family in the bid for the purchase of the parcels.

5. Facilities and Services

The Infrastructure Sector of LNIB was kept very busy in attending to a wide range of projects and tasks, including the design, planning, and construction of the LNIB School Expansion, design and planning of Rocky Pines Community Centre, completion of the East Loop of the Shulus Springs domestic water system, and the construction of three duplex housing units. As in the past, the maintenance of all our domestic water systems, took a lot of time and attention.

a. Jamie Swakum joined the LNIB Infrastructure team, which helped us at not only keeping up with the daily challenges of our capital assets, but in engaging in new projects and better administration of the Sector. On a sad yet happy note, Jamie was accepted at HVC as a Haul Truck Driver. We wish Jamie good luck in her new position, she will be greatly missed.

b. LNIB continues to be an active member of the Nicola Native Lodge Society. Most of the work done in the past year was in assessing the opportunity of the 5 Nicola Bands acquiring a long-term care facility in Merritt. The Board of Directors of the society is still working on the feasibility of such a solution.

c. With a larger number of employees we are quickly running out of office space, so we are studying the feasibility of an overall LNIB Hall / Administration Complex, and of immediate office space for the Career Development Center, Education program, Culture Revival, Business and economic development, and land administration, referrals office, which are currently operating out of overcrowded offices.

d. With the help of the Fisheries Department of Nicola Tribal Association (NTA) we were able to do some work in addressing the Nicola River erosion, which over the last

few years has subtracted a large area from a number of parcels of land located along the river shore. More work is required in the future to address this challenge.

e. LNIB took advantage of a program offered by the Wildfire Prevention Initiative of the Union of BC Municipalities, by improving the fire safety perimeter around certain sections of Mameet IR#1. The work was completed by Shulus Forest Enterprises, a company fully owned by LNIB. The project was completed in 13 weeks, and the contract performed by Shulus Forest Enterprises amounted to approximately \$250,000.

f. We made some progress on the issue of animal control, although much more needs to be done. We discussed the viability of building our own kennel, but decided not to proceed with this solution due to its high capital and operating cost. The best solution is still responsible ownership of cats and dogs, so we continue to work with LNIB residents who own dogs and cats.

g. Still on the topic of animal control, LNIB hosted an information session about feral (wild) horses in the Highland Valley area, in conjunction with the BC Ministry of Agriculture, HVC Teck, and the Highland Valley Horse Feral Society.

h. Chief and Council approved in principle the 5 Year LNIB Capital Management Plan. The Capital Management Plan highlights the key capital projects that we will start soon, and how they are going to be funded (i.e. by INAC, LNIB's own source revenue, debt, or other sources). The Capital Management plan is reviewed and updated every year, and each project can only start with specific approval of Chief and Council.

i. LNIB acquired one school bus and two 15-seat vans (one for the School and one for Community Services). We also expanded the School bus garage to accommodate more buses.

j. For a variety of reasons, some beyond our control, that not everyone understands, the progress of new housing construction has been slow. We are currently building three duplexes (6 homes – 3 four-bedroom, and 2 three-bedroom), which will bring some relief to lack of affordable housing for our members. The Government of Canada has recently announced a new affordable housing strategy which offers a number of programs for on-reserve housing. Rent in arrears continues to be a problem for a number of tenants.

6. Business and Economic Development

Following the establishment of the ownership structure of LNIB-owned businesses, the creation of LNIB Development Corporation, and the recruitment of its Board of Directors, we focused our attention in recruiting qualified management, corrected a number of practices in our operating businesses, and hired qualified management to operate the businesses outside LNIB administration and operations. The following is a summary of the key initiatives and tasks:

a. The Board of Directors hired Sean Maloney as Business Development Manager.

Sean brings to LNIB Development Corporation extensive knowledge and experience in the area of business development.

b. The process for the Pipeseul Land grant transfer was completed. We are now working on the next steps to bring this industrial/commercial park to fruition.

c. In cooperation with Spayum Developments Ltd., we brought to the Nicola Valley the Aboriginal BEST Program. This program is a two-week intensive business management and skills development program for entrepreneurs. 18 students attended the course, six of them from LNIB.

d. In October of 2015, LNIB hosted in Kamloops, the FN Oil Pipeline Development Summit, with the intent of bringing together in the same room First Nation governments and entrepreneurs, Pipeline industry representatives, contractors, and government agencies engaged in the review of the proposed expansion of the Trans Mountain Pipeline, proposed by Kinder Morgan Canada. The Pipeline Summit was well attended with slightly over two hundred participants.

e. We are still recruiting a candidate for the position of Economic Development Officer to work in our Lands and Economic Development Sector. The focus for this position is to work with LNIB entrepreneurs in sharpening their skills in the start-up of new businesses (value proposition, planning, marketing, operations, value chain, human resources, financing, and legal structure) and improving their existing businesses.

f. As part of assessing potential business opportunities, we carried out a process of community consultation on the Gateway 286. We listened to the concerns expressed by the community and acted accordingly.

g. Business development is a priority for LNIB entrepreneurs, LNIB itself, and LNIB Development Corporation. Accordingly LNIB Development Corporation worked extensively with the full range of stakeholders in identifying and pursuing business opportunities, not only for LNIB Development Corporation, but also for LNIB entrepreneurs. From this effort LNIB Development Corporation entered into two joint ventures (one with LNB Construction, of Merritt, for a 3-year crushing contract with Highland Valley Copper, and the other with Civeo Corporation, a leading company engaged in food services for work camps, for a catering contract at NVIT. In addition, LNIB Development Corporation is actively engaged in pursuing business opportunities with LNIB member-owned businesses.

h. In order to stop further operating losses, which are covered by cash injections provided by LNIB, the Board of Directors of LNIB Development Corporation made the difficult decision of selling a portion of the cattle stock of Shulus Cattle Co, as part of the rationalization of this business arm of LNIB Development Corporation.

7. Relationship Building

Fruitful relationships with everyone we work with are essential to our success. Accordingly, we continue to foster relationship building with the other four Nicola Bands,

within the Nl̓eʔkepmx Nation, neighbouring municipalities (City of Merritt and Thompson Nicola Regional District), businesses who supply goods and services to us, and regional institutions (such as Scw'exmx Child and Family Services, Conayt Friendship Centre, Scw'exmx Health Services, Nicola Valley Institute of Technology (NVIT), Interior Health, and Community Futures Development Corporation of the Nicola Valley).

We are also working on improving the relationship that we have in the recent past with Douglas Lake Cattle Company, as we had two incidents of LNIB member-owned horses that were found in Douglas Lake Cattle Co.'s property and were sent to the stockyard in Kamloops to be auctioned off. With the help of Councillors Art Dick and Harold Joe, we prepared a document presented to Chief and Council containing a strategy on how we can improve the relationship with Douglas Lake Cattle Co and protect the interests of LNIB in Hamilton Indian Reserve #7. The document suggests a number of initiatives beginning with range improvement initiatives, grazing range management, range access to third parties, administration, Aboriginal Rights and Title, and good neighbour relationship and working protocol. With the implementation of this strategy, we look forward to having a better working relationship with Douglas Lake Cattle Co.

I take this opportunity to recognize and thank Mayor Neil Menard, of the City of Merritt, for his initiative in approaching LNIB to work together in a number of mutually beneficial developments and initiatives.

8. Aboriginal Rights and Title

Over the last year LNIB engaged in a number of Aboriginal rights and title issues, including the dumping of bio-solids in our traditional lands, redevelopment of the Huldra mine (former Craigmont mine) by Nicola Mining. We are also in the process of positioning ourselves to take the full range of benefits that the Tsilhqot'in Supreme Court decision afforded us.

After a sensitive process of negotiations LNIB entered into an Interim Forest Agreement with the Province of British Columbia for revenue sharing of forest resources in our traditional territory.

During this period, we continued to negotiate a Relationship Agreement with Highland Valley Copper, and impact management benefit agreements with Kinder Morgan (for the expansion of the Trans Mountain Pipeline), and with KGHM Ajax Mining for the proposed Ajax mine near Kamloops.

Under the guidance of Chief and Council, we coordinated the development of a statement for the Merritt Timber Supply Review that will be sent to the Ministry of Forests, Lands and Natural Resource Operations regarding LNIB's (and of the Five Nicola Bands) assertion of Aboriginal title in the context of Tsilhqot'in Supreme Court Decision.

We established a working group that included Dr. Roshan Danesh, Chief Aaron Sam, Councillor Clarence Basil Jr., Don Moses, Todd Chamberlain (Manager of Shulus Forest Enterprises Inc.), and myself, which discussed and reviewed the position of LNIB in terms of the Timber Supply Review currently being conducted for the Merritt area of the Cascades Forest District.

9. Fiscal Management

LNIB offers a full range of programs and services to its members, and we provide full accountability to Chief and Council and membership for all costs incurred in delivering all programs. However, in order to optimize the number of pages of the financial statements in the annual report, the audited financial statements included in this annual report are only a summary of the complete set of statements.

We have the full set of financial statements published in our website at *www.lnib.net*, for your convenience. In addition to LNIB's financial statements, we also have two complete sets of financial statements for housing, and a full set for the companies owned by LNIB (including Shulus Forest Enterprises Inc., Shulus Cattle Co., and LNIB Development Corporation), which are available for view at our office. If you want to view any of these financial statements, please call us at your convenience to set the date and time that works best for you. The financial statements were prepared by our Finance sector, and audited by Reid Hurst Nagy Inc. Chartered Professional Accountants, of Kelowna, BC. The audit was completed a little more than two weeks ahead of INAC's deadline of July 31, 2016.

10. In Memoriam

The cycle of life brought to our community of LNIB quite a few babies born this past year, who are the pride and enchantment of their families, and, at the same time, the death of relatives and friends who left us but will remain in our collective memory for the rest of our lives; among them, I remember here our dear friends Shirina Christianson, Don Moses, and Len Marchand.

11. Conclusion

In spite of the accomplishments of this year, much remains to be done. I believe that we have the resolution, the mindset, and team to do it. I wish that we could progress faster in certain areas; however, I am certain that we will reach what we set to accomplish.

You probably know by now that I was awarded the prestigious 2016 Band Administration Award granted by the Aboriginal Financial Officers Association of BC. Naturally, I felt surprised and happy with the award, and at the same time thankful for the opportunity to dedicate my professional life to the cause of First Nations in Canada. I take the opportunity to thank all of you in helping me in doing better work, so I can continue to

make a positive difference in this world.

I take this opportunity to acknowledge the support that Chief Aaron Sam and the Councillors of LNIB gave me on all issues that we had to address. I also want to acknowledge our Sector Directors and LNIB staff members who make up this wonder team. I also want to recognize and thank Sondra Tom for all the work in putting this complicated document (2016 Annual Report) together. At last, but not the least, I want to thank you for all the support you gave in helping us doing a better job.

Thank you all,

Helder Ponte
Executive Director



Human Services Sector



Bridget LaBelle, Director of Human Services

The Lower Nicola Indian Band Human Services Sector is comprised of the Social Development Department, Health Department and Education Department. The Human Services Sector is responsible for the Development and delivery of a variety of programs and services aimed at promoting the health and wellness of the community. Some of these services include: Social Assistance, Community Health and Wellness, Home care, Mental Health and Addictions Counseling, Youth and Family Activities and Homemaking Services. The Education Department will strive to provide quality programs and services that foster life-long learning

opportunities and improve on the social well-being of the Lower Nicola Indian Band membership to participate more fully in the political, social and economic development in an ever changing society.

Community Services Administration

Community Services Administration provides services to the community. Funding comes from Indigenous and Northern Affairs Canada (INAC) and First Nations Health Authority (FNHA). All of our Health and social program staff are located in the Community Services office #230 Hwy 8. All our programs and services are open to LNIB members and community residents.

Two of our newest positions for the year are Career Development Coach, and Elder and Community Support worker. We are expanding services for unemployed/ underemployed, and our Elders.

Funding, time and space continue to be challenges that most programs need to overcome.

Social Development

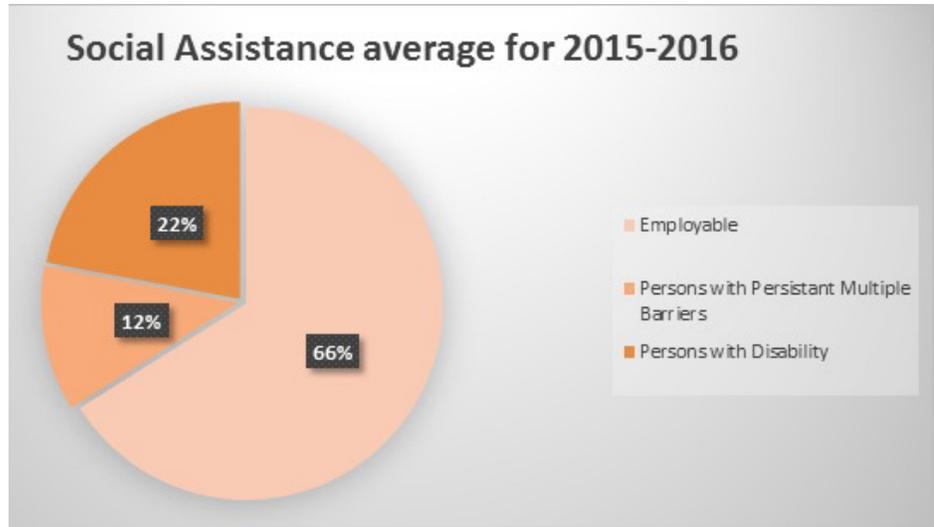
Social Development provides services to LNIB Members and Community Members which are comprised of LNIB families, individuals and community groups. The funding comes from INAC.

Eight (8) social assistance recipients enrolled in the Q2 program (adult education) which

will increase their employability.

A highlight to the program was creating a Career Development Centre for our unemployed/underemployed members. This will assist in working with our employable clients to ensure they are

ready to enter the work force. Social Assistance Employable engagement process will be implemented in the upcoming year. A new finance program introduced was not as compatible with the Social Assistance needs for reporting which challenged the program.



Social Assistance Statistics for 2015-16

Families

Focus is on LNIB Families and providing support in the community. The family activities program is funded by both INAC and FNHA.

The program serves over 100 people. Three staff completed and were certified in the dental varnishing training.



Easter Celebration

Focus on Families

- Drop-in
- Crafts

Focus on Community

- Easter
- Mothers Day
- Fathers Day
- Christmas
- Welcoming Babies
- Halloween
- Community Fun Day

Did You Know...



For 2015-16 School year 214 students were on the LNIB Nominal Roll.

- 56 at LNIB School
- 2 at Colletville
- 44 at Merritt Secondary School
- 50 at Nicola Canford
- 6 at Kengard Alternate School
- 2 at South Central Interior Distance Education

The majority of students from grades K-12 completed their grades. LNIB had 9 high school student graduate in June 2015 and 5 continued into Post Secondary education in their chosen field of study.

Education

The education office is located at 2160 Settlers Road. It is at the corner of Settlers Road and Highway 8 across from the Shulus Fire hall. The Education Department provides services, support and funding for Lower Nicola Indian Band (LNIB) students from K-12, those pursuing Post-Secondary, Vocational studies, and Trades. Funds are derived from LNIB's own source revenue and federally funded through INAC. The Education Department works closely with School District #58 and LNIB holds one seat on the School District #58 Aboriginal Advisory Council Board. In 2016 LNIB renewed the 5 year Local Education Agreement (LEA), which is separate and apart from the other four Bands in the Valley. This agreement outlines the Band's relationship with the School District to deliver high quality education to our students. An Aboriginal Enhancement Agreement was signed in 2012 by all 5 Bands incorporating the Nlaka'pamux traditions and culture within School District #58 to all Aboriginal students.

Did You Know...



The Post Secondary program provided financial assistance:

- 37 students (fully funded)
- 2 Master Degree partially funded
- 37 Short term funding (>4 months)

28 post secondary students successfully completed their year of study during 2014-15 academic year and of the 28 students 14 are applying for the 2015-16 academic year. 42 Post secondary students completed their program of courses. This figure includes short-term students as well.

The Education Department now has 3 employees Lynne Charlton, Gail LaRochelle and Terri-Lynne Beckett and they are extremely proud of the success for the 2015-16 academic year.

Most of the short term funds were allocated to tickets for the Oil & Gas Industry, Forestry, First Responders, and Trades programs.

Please note that the statistics for this section is based on the 2014-15 academic year, as numbers for the 2015-16 hasn't happened yet.

To capture highlights for the 2015-16 to date, we have 6 students in the Plumbing and Pipe-fitting Trades Program at NVIT. This equates to their 1st year apprenticeship for those that want to

continue in the Plumbing and Pipe-fitting trades program.

Further we had two graduates from the Women in Trades Program at TRU which equates to the 1st year apprenticeship and they will continue with electrician and pipe-fitting.

One member graduated from the Alberta Certified Journeyman Welding Program and we had two members graduate with their Red Seal in Plumbing & Pipe-fitting and Millwright



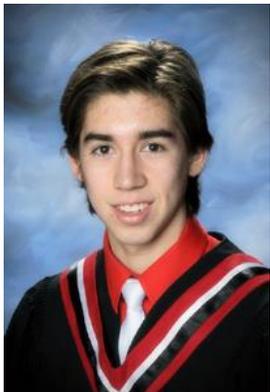
Kaitlyn Basil



Curtis Dick



Isaac Jackson



Grayson McMaster



Elsie Joe



Marshal Kraus



Teresa Edward



Timothy Shuter



Kayla Sterling

LNIB Highschool Graduates 2015

Trades.

And we had two Band members successfully complete the Heavy Equipment Operator training through Interior Heavy Equipment School for Heavy Equipment Operator Training based in Kelowna.



Jaden Peterson-Heavy Duty Operator Graduate

For 2014-15, LNIB Education went into a partnership agreement with NVIT to deliver an Adult Basic Education Program with Nooaitch, Shackan, Coldwater and Upper Nicola Bands. We named the program “QwemQwemt-QwamQwmt” (Q²) Program, “Everything is Right”, under the Aboriginal Community Based Delivery Program.

Q² is funded through the Canada-British Columbia Labour Market Agreement and the Ministry of Advanced Education. 21 students were enrolled, 15 were LNIB members with the balance divided between Nooaitch and Shackan Bands. LNIB had four students graduate with their Adult Dogwood Diploma and eleven who completed their level of study.

Did You Know...



The Nfe?kepmx Language Nest will be initiated this year?

- total immersion of Nfe?kepmxcin
- will consist of children 0-5 years
- accompanied by one parent/guardian
- home setting

There is also Language offered at the LNIB School and language classes available throughout the year.

In 2015-16, we entered into another partnership with NVIT and the 4 other Bands, and were successful in gaining another 3 years to deliver the Q² program. This year the program is funded through the Canada BC Job Fund. On average we had approximately 15 students of which nine are LNIB members. The number of students fluctuate from course to course as some students need only one or two courses to graduate. We have six of those students who are fast-tracking in order to graduate with their Adult

Dogwood Diploma in May 2016.

Culture



Star Quilt Making Class

We hosted two drum making classes, during each session there were 20 drums made. We gathered through the seasons and did some canning for the soup kitchen. A Skill share



Drum Making Class

group was started every Friday. Story/legend sharing sessions, shawl making classes, star blanket making classes, traditional medicine classes, soap stone carving classes are some sessions offered this year and pine needle baskets and many more traditional crafts throughout the year

A new and exciting initiative “Cultural Revival “for next year (2016-17) will be launched. The main goal of the LNIB Culture Revival Program is to reacquaint and re-engage LNIB members, especially youth and young families, with authentic traditional cultural practices, beliefs and institutions (all seasons of the year), and revival of Nte?kepmx language.

Drumming classes have begun for all our Human Services Sector staff so, we can at some point share what we are learning at our community events.

Recreation

Summer camp was a busy time for our staff and youth. Our youth had the opportunity to explore different activities. Activities included hiking, golfing, swimming, indoor/outdoor games, canoe pull, and camping. We split into two separate age groups, which allowed us to find activities an entire group could do together. There were 45 participants in the summer camp.

Did You Know...



Recreation average participation for 2015:
Family swim sign in all day and see as many as 50 participants a day with average 35 youth and adults.
Taekwondo has 10 youth on a regular basis. We hope to have youth achieve acquire uniforms and different belts as they progress.
Gym night was inconsistent until age groups were established and age appropriate activities introduced.
5-8 year olds increased from 7-10 to 18-22.
9 and up average 16-20.
Wednesday is busy
Adult gym night 10 participants
Yoga with 7-9 participants

In July 2015, 14 LNIB youth attended the Nicola Valley Canoe Pull hosted by the RCMP and HVC. Our youth camped with 70 other local youth at Monck Park. I am proud to say our youth represented LNIB with class and respect.

During the last week of August 2015 our summer recreation program gathered both age groups for our annual camp out. 35-40 kids attended the camp out at Monck Park.

Quarterly, the recreation plans special events. These events include Kamloops Blazer games, Indoor Rock Climbing, Energy plex, and Track and Field camps etc.

December 1st recreation took 40 youth to Kamloops for a Kamloops Blazer game. Tickets

were donated by the Kamloops Blazers. This was the 3rd time we have taken a group of youth to Kamloops for a game.

February 20th LNIB Recreation hosted the Provincial Track and Field Camp. We had 14 LNIB youth attend and 8 out of town participants. LNIB Recreation plans to work with Aboriginal Sport BC hosting other camps and clinics.

Spring break 2016 was very exciting for 40 LNIB youth. Activities planned included swimming, energy plex in Kelowna, bowling, outdoor games and indoor rock climbing.

We are always facing transportation challenges. As the program grows, we become limited to providing transportation. We continuously ask parents/relatives if they can car pool to activities when possible.

We have increased our communication to the community to ensure all information gets to all community members. Working with LNIB Communication Staff has made communicating much easier. We have 220 LNIB and Community members on our LNIB Recreation Facebook page. We also post in our monthly newsletter.



LNIB Recreation Hiking 2015

Our youth are on the right track. They are growing together, learning together and teaching each other. I truly believe our recreation program is building our future leadership. I am proud to say we have intelligent, respectful and well-mannered youth.

Career Development

Career Development offers opportunities such as creating resumes, life skills, individual career plans and job skills. The targeted clients will be LNIB youth and the unemployed.

The program this year started with a survey geared towards finding out the training and education needs of our membership. There were over 75 people who utilized this program.

The job skills taught through this program were resume building, and interview skills training.

The highlights for this program were the creation of a face book page, a display case for job postings, and training, located at the Community Services Center entrance. Challenge was prioritizing because it was so new and there was so much to do, so we created a work plan and moved forward from there.



Training offered this past year:

- Q² adult education
- First aid
- WHIMIS
- Web site training
- Heavy duty equipment operator

There was over 100 participants who accessed the various training offered.

Finding appropriate training and classroom sites was a challenge

Employer Services

Employer Services offers job bank, job postings, interviews and training, and targets Nicola Valley Employers.

There has been a number of networking relationships created at this point and they know that we are here to assist.

This is our first year providing this service to our membership we look forward to the opportunities that this will create in the future.

Starting the centre and networking, building relationships, connecting with the membership and promoting what services we have available were the highlights for this year.

LNIB Human Resources Development Strategy

The LNIB Human Resources Development strategy will focus on development of a long term LNIB Human Resource Plan. The target group will be LNIB Members. This project is just in the developing stages we will continue to update you in the near future as to what our goals for this strategy will be.

We have now incorporated training/professional development plans for all LNIB staff.

Employment

Employment offers a job bank, skills database, job development, and job search. The clients will be mainly LNIB members and community members.

A database is now being created as we continue to gather information from LNIB members and community members.

Community Wellness

Community Wellness focuses on the whole community which includes all LNIB Members, other band members, and community members residing on our reserves.

Programs that focused on community wellness: good food bag, healthy living, bounce fit, workshops, walking club, harvesting, canning, community freezers, and soup kitchen.



Human Services Staff Bounce Fit Class

Special events focused on the whole community and had the most participants.

Highlights this year were Naturopath classes to educate people in both natural herbs and traditional medicines.

Child and Family

Child and Family is a joint venture with Scw'exmx Child and Family Services Society (SCFSS) and BC Ministry of Children and Families to keep children and families safe. The target is LNIB children and families.

Active cases involving band members through SCFSS were 5 children in care at this time on reserve. Provincially we have 2 children in Continuing care (CCO) and 2 children in temporary care order (TCO).

SCFSS now receives funding for prevention programs. Feel the Beat has been a successful on-going program for children in care.

Youth

Youth programs and services are provided to LNIB and community youth. Over 100 youth participated in these programs weekly throughout the year. Two to three programs are delivered weekly for the youth. All programs are on-going throughout the year. LNIB Council now funds a Recreation program for the community and we have Youth drop in sessions as well.

Elders

Elders programs focus on LNIB Elders and their families. Monthly luncheons, adult day program, safety home and fire inspections, massages, healers were provided, teas, medical monitoring, one-on-one verbal/home support were the activities offered this year. Elders receiving services are 30 with home care, 19 with home making, 30 in foot care, 5-8 per day with adult day program and 10 with verbal/social support weekly.

We have expanded our services for Elders who need one-on-one support by creating a new position, Elders and Community Support Worker.

We acknowledged our Elders who were turning 90+ last year at our 1st LNIB Annual General Assembly. We recognized May Moses, Elsie McKenzie and Delia Shuter (who was unable to attend)



Elder May Moses Recognized LNIB AGA 2015



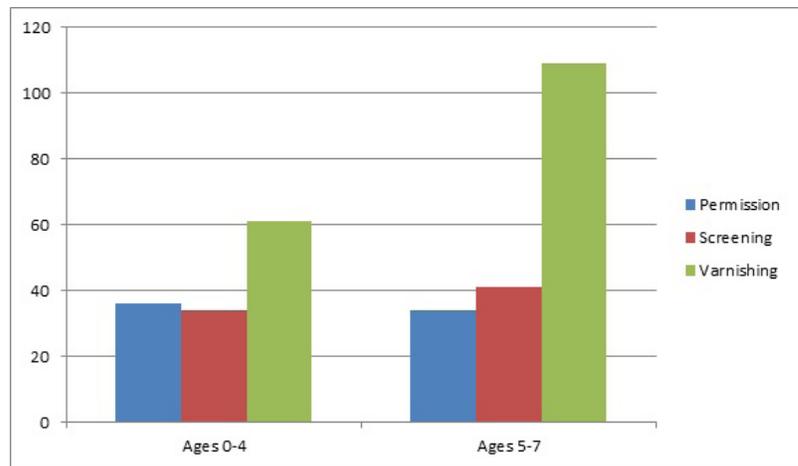
Elder Elsie McKenzie (April 3, 1917- December 20, 2015) Recognized at the LNIB AGA 2015

Community Health

Community Health focus is on all LNIB communities and is mandated by FNHA.

147 flu shots were issued for the 2016 season. 32 tuberculosis screening surveillances were done throughout the year. 17 pre/post-natal visits to expectant mothers were done. Five newborn assessments were completed.

Children’s Oral Health statistics for 2015-16 are displayed in the chart to the right. Community Health program delivery was 2-3 times per week. Many community members participated in Parents & Babes, Strong Start, car safety, diabetes education, sexually transmitted infection education and prevention, drop-ins, baby clinics, and dental health.



Children’s Oral Health Statistics 2016

Chronic Disease Management, and Pain Management training and workshops were delivered for the community and had eight participants. A Nurse practitioner was hired as a joint venture with all 5 bands and Conayt Friendship Society. Next year the goal is to have another Nurse practitioner who will focus on our elders. The Mobile Mammography site visited and tested 20 participants annually. We have Seabird Island Diabetes mobile clinic visit the community bi-annually.



***In Loving Memory of
Shirina Christianson***

She will be in our hearts, thoughts and memories always. She worked in our community for six years as the

Community Health Nurse

Addictions & Mental Health

Addictions and Mental Health offer services through the Community Services office and there are two other counselors available off-site. These programs are funded through the FNHA.

Over 100 participants accessed these Addictions and Mental Health services this past year.

Healthy living is weekly and very successful. In partnership with the other Nations through funding provided by FNHA we were able to hire:

2-mental health clinicians

1-Youth & Child mental health clinician

LNIB Hosted a Wellbriety Post treatment support course and had 15 participants, Crisis Intervention skills training and 16 participated. New projects for next year: Men's workshops & Youth conference.

Workshops offered over the past year during Healthy living sessions include:

- | | | |
|--|---|--|
| -Narcissism | can learn to say no | -The Law of Attraction |
| -Anger Management | -Anxiety | -Stress Management (2 weeks) |
| -Balance (stability of one's -Mind and feelings | 10 guilt free strategies to saying No | -Healthy Relationships (2 weeks) |
| -12 Worst Habits For Your -Mental Health | -Believing in yourself | -5 ways to maintain boundaries with difficult People |
| -Addictions in the family (2week) | -Self-care Strategies | -Conscious Breathing |
| -One sided story or power | -Top 10 tips for keeping your sanity during the holiday | -7 ways to avoid getting stuck |
| Lateral Violence effects on communities | -Dealing with Grief and Loss | -Mindfulness for Addictions |
| -Medicine Wheel teachings | -Bullying | -Depression Symptoms and warning signs |
| -Toxic relationships and how to break free | -5 Benefits to helping others | -Spirituality |
| -The Difference Between Passive, Aggressive, and Assertive Communication | -Mental Emotional Physical Spiritual (4 weeks) | |
| -How people pleasers | -How to Love yourself | |
| | -Relapse Prevention | |
| | -Body Image and self esteem | |

Home Care Services

Home Care Services offers assistance to LNIB Members and is funded through FNHA. The Home care clients average was 30+ for the last year , currently we have 30 active home care clients who receive regular home visits or weekly follow ups.

Our foot care program has 30 regular clients seen monthly. All have been assessed by

the nurse and are monitored. Also, all these clients have met our policy requirements which include Elderly, disabled, & Doctor referred. We also, hold monthly foot care drop in which averages around 5 or more. This service is open to all LNIB members as well as those working in the community. This is one of our highlights to be able to offer this service to anyone who wants the service and who may not meet the policy requirements (see above).

The other highlight is our Adult Day Program which has seen an average increase from 4 to 10 people. Also, we are looking for new ways to improve the program by offering exercise, baking, crafts, games and more. Currently, we are arranging for our staff to visit another facility to gain more insight and knowledge to incorporate in our program. Future highlights are to have a fall prevention program with policy in place by summer 2016

Justice Services

Justice Services offers assistance to LNIB members needing guidance through the legal system. At this point we assist clients that require help.

We will be expanding this program in the near future.

Human Services Sector Staff



L-R: Wenona Mike, Christie Hill, Robin Peterson, Carole Basil, Audrey Hogan, Laverne Voght, Chelsea Spahan, Sheri Daw, Krystal Langanger, Bridget LaBelle, Gail LaRochelle, Irene Howe, Lynne Charlton, Jamie Fowler, Rhonda Dunn, Joe Quewesance, Christine Upfold, William Sandy, Rylan Kerber, Marilynne Munro and Terri-Lynne Beckett

LNIB School



Angie Sterling, LNIB School Principal

LNIB School K—7

The Lower Nicola Indian Band School offers education to members of the band and community from headstart age up to grade seven. The curriculum is accredited and compatible to the School District.

All First Nations and Non-First Nations children are welcome!

We had 85 Students enrolled in the Elementary Program from grades, Kindergarten to Grade 7.

The greatest achievement for our School in the past year was finalizing the planning of a 4 Classroom Addition to our School. The 4 Classrooms will include a Computer Lab, Grade 2 Classroom, Grade 3 Classroom and a Culture/Language Classroom.

Some of the highlights for our School over the past year were the Fund-raisers such as Breakfast Fund raiser for the Heart and Stroke Foundation, and Christmas presents for all of our students, including the Head Start Program. Other Fund-raisers for the Intermediate Class, year-end field trip included a car wash and bottle drive. Other highlights include our Monthly dinners, Terry Fox Run, and Cultural Field-trips.

The Challenges for the past year were, not being able to run an after school program due to the late evening bus runs for our drivers, because it makes for a very long day. The good news is that many of the children attending our School do attend the recreation program evening functions and then get driven home by the recreation department following the activities.



Grade 7 Field trip to Victoria, BC 2015

I am open to suggestions that encourage participation from the students and our parents. Thank you.

Headstart

Headstart offers education services to three and four year olds and focuses on LNIB families. Main funding is FNHA.

The Staff are well trained and have a natural caring way that welcomes the children and their families.

We were happy to once again have full classes and parents that were always supportive in helping advance their child's school experience. We recognize that children at this age learn better through play. We have maintained good communication with families and they too are starting to see the importance of play based learning. We are happy to report, that through these methods children in our class are recognizing letters, numbers, colors as well as writing their names and other important skills for the upcoming year.

K3	K4
10 Students enrolled	26 Students enrolled
8-10 students average attendance for the year	16 students average attendance for the year

One of the highlights for us as a resource to the community was the number of children enrolled in our program. We had full classes as well as maintaining a waiting list for children interested in the program. Most children enrolled attended on a regular basis and we had a lower rate of absenteeism this year. We were still able to provide a program that met the 6 components of Head Start and we believe that our K4's are well prepared to enter Kindergarten. Our program provides a smooth transition for the K4's attending our class into Kindergarten at LNIB School. Nine children will attend Kindergarten class this year from Headstart.



K4 Students will be attending Kindergarten in the fall

We have great staff at Little Stars Head Start. We started journaling the children’s work from September and will present them with their books on Graduation as a memento of their time in Head Start. LNIB promotes training for their staff and is very encouraging in ensuring they are given a chance to attend training sessions each year. I believe this is a benefit to the program and children while ensuring we keep improving our skills and remain current with our training.

The biggest challenge for our Head Start program is trying to involve families and elders from the community in our program. We are very lucky to have Culture and Language time given to both classes on a daily basis, but there may be opportunities to provide additional time. Little Stars also runs a parent play group once a week, but unfortunately it was not well attended this year. We have tried a few different ideas to increase attendance, but still have not been as successful as I would have liked. We may look at running our parent group every 2nd Friday in the coming year and focus on outreach and home visits.

We had a number of special days during the year as well as cultural opportunities. Being connected with the school allows our Head Start children to partake in these events and they are often able to connect with older siblings. This provides more of a “family” feel for the children as they move into Kindergarten. We were able to take part in the Remembrance Day assembly, Anti-bullying day, Breakfast fund raiser, Earth Day and Halloween Dress up. We prepared a Christmas song for both classes and invited parents to come out and listen. We also do a small graduation ceremony in the classroom at the end of the year. It is usually well attended as we recognize our K4’s being ready to start Kindergarten.

LNIB School Staff



L-R: Michelle, Sioux Swakum, James Shuter, Doris Sterling, Angie Sterling, Daryl-Lynn, Jessie Devlin, Chelsea Skolflek, Shelley LeBlanc, Geraldine Bob, Barb Basil, Joyce Cisco, Donelda Haller, Terry Bose, Cecilia Street, and Jeff Bloom,

Infrastructure Sector



Hyrum Peterson, Director of Infrastructure

The Infrastructure Sector is comprised of the following departments: Public Works and Capital, Housing, LNIB Fire and LNIB Arena. The LNIB Community Infrastructure Sector administers the development and maintenance of public works, utilities, and community assets, and delivery of municipal services to LNIB residents.

The scope of the sector includes buildings and facilities, municipal services, administration of capital management plan, and housing. The Infrastructure sector delivers many programs and following is a report on the past fiscal year.

By Law Enforcement

In regards to Animal Control there have been 19 cases reported and filed throughout the year of 2015. Out of those 19 cases 16 of them have been investigated and by law enforcement has been implemented. The remaining 3 could not be dealt with due to time constraints from other duties.

To date there have been 14 band members that have registered pets with this department since 2013.

Did You Know...



LNIB has a partnership with the First Nations Policing Unit with the Royal Canadian Mounted Police.

Through the past fiscal year:

- Responded to 107 calls to our community
- Attended 45 various community and Band School events and programs

Community Buildings



Proposed Rocky Pines Community Center 2017

Community buildings are used for program delivery or community gatherings. LNIB Community buildings and their location are as follows:

- Lower Nicola Band School 201
Horn Road
- Health Center
230 HWY 8 E
- Band Office
181 Nawishaskin Lane
- 183 Nawishaskin Lane
- Public Works and Capital
185 Nawishaskin Lane
- Shulus Community Arena
2164 Neale Road
- Shulus Arbour
- Cook Shack
2154 Neale Road
- Shulus Band Hall
85 HWY 8
- Scw'exmx Child and Family
Services Society
- 85 HWY 8 (Renter)
- Honey Pot Daycare
211 Nawishaskin Lane (Renter)
- Fire Department
226 HWY 8 E
- Rocky Pines Splash Pad
- Natural Resources, Lands and
Economic Development
- Little Stars Headstart Mom's
and Tot's Trailer
2719 Cougar Crescent
- Four Domestic water system
Pump houses and one well
house

Community Infrastructure Services

Community Infrastructure Services provide services to all LNIB Communities and LNIB owned buildings. Services include but are not limited to water,

Did You Know...



LNIB School Expansion:

Completed soil testing

- Addition will be 4, 400 sq.ft
- Unitech Construction Management Ltd. is the construction manager

Rocky Pines Community Center:

- Located at the south end of Rocky Pines
- Completed soil testing
- Building will be 3,624 sq. ft.
- Included small area for gatherings
- Included office space

This year we updated security systems to include panic buttons that ensures safety for staff members.

sewer, waste management, snow removal, roads and Streets.

Water Systems

We have worked with three different consultants on the Rocky Pines Raw Water Quality Testing. We tested the raw water before chlorination and we meet the Canadian Drinking Water Guidelines. At this time we are still looking into further filtrations for iron.

We updated the Rocky Pines Domestic Water System Supervisory Control and Data Acquisition (SCADA), because the communication from the Pump house and the Well building to the computer in our office was failing. All software and the computer were installed in 2006 and needed upgrading.

The completion of the New East Loop Shulus/Springs Domestic Water System crossing Highway 8 was the last part of the upgrade started in 2015.

We have three (3) proposals for feasibility studies on the Zoht and Joeyaska Domestic Water System to upgrade them in the future.

On Individual Water Systems, LNIB in partnership with FNHA has started a pilot project in February 2016. The nature of the project is to increase water sampling to collect data which will assist in tracking concerns about the storage and application of bio-solids and potential impacts to drinking water quality. The goal is to identify potential bacterial and/or chemical concerns and patterns with the water system.

Wastewater System

We completed servicing all five (5) Wastewater Pumps and also serviced the backup pump for the Lift Station. We are also looking into upgrades for the Programmable Logic Controllers (PLC) for the Dosing Station. The

Did You Know...



Ron Sterling was awarded the contract in September 2015, for Solid Waste Service (House hold waste).

The Occupational Health & Safety Committee has been reestablished this past year.

Water & Wastewater Plan

- Task description in an excel spreadsheet
- Need for maintenance Software program to grow with our needs

Software to keep track of all assets, repairs, and maintenance items

- Software should include housing, and community buildings

Emergency Preparedness Plan (EPP)

- 4 day training was completed in December 2015

We completed a table top exercise

- LNIB updated its Emergency Plan
- LNIB submitted a proposal to proceed with the next steps with the EPP



Water Main Swabbing in 2015



New Fire Hydrant in 2015 East Loop Project

PLC communicates with the pumps and the alarms for the system. Basically the PLC tells the pumps when to run, stop, and when to sound off an alarm.

Vehicles & Equipment

A Public Works and Capital Truck has been purchased and fitted with storage for tools and supplies. This was a much needed addition to our department's assets.

LNIB has a number of vehicles which need to comply with the Nation Safety Code standards. In August of 2015 the Band participated in a compliance review for those vehicles. As a result some Band employees have a better understanding the operations of the Nation Safety Code procedures for motor vehicles used in the course of business for the transportation of persons or freight that exceeds 5,000 kg

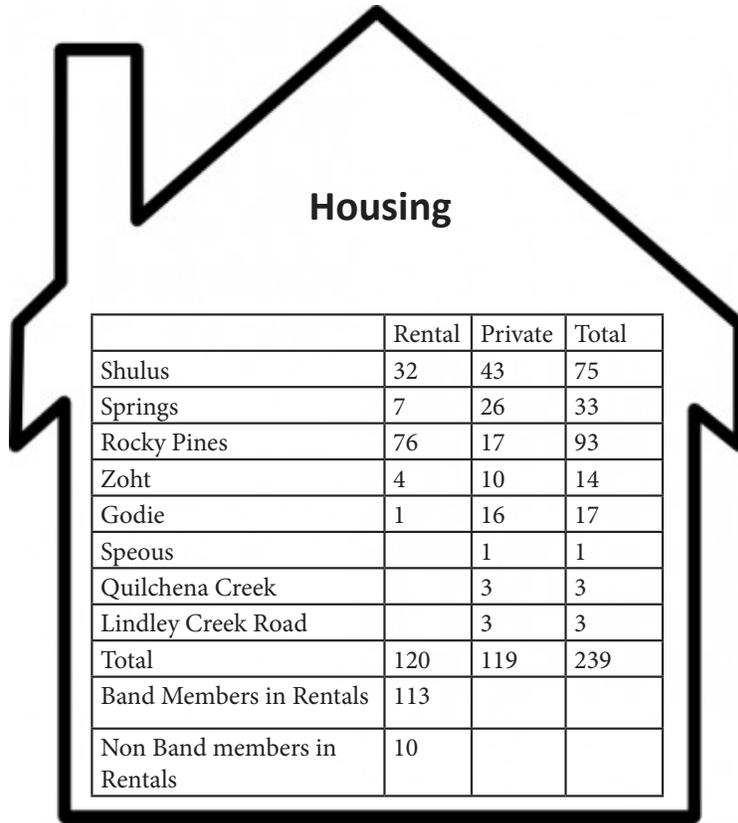


New Backhoe 2015

Programs & Services

In October of 2015, the Band participated in an audit for Mamit Lake Dam. The outcome determined there are no safety concerns regarding the regulation requirements. The Band has been actively involved with a committee in regards to the management of Guichon Creek. Some of the items being addressed are the drought levels within the area, proposed release schedule, and input regarding lake levels. Yearly the Band submits an annual dam status report and conducts dam inspections on a regular basis.

Challenges for the department are that we are short staffed. This leaves numerous low priority tasks left undone at the end of the work week. Also sub-standard equipment is a challenge and we need to replace red truck with a 4X4, we also need a proper snow plow and sanding truck. Sub-standard water systems in the smaller communities create numerous issues that add to daily tasks and more after hour calls. Public Works responds to a variety of calls. In the past year approximately 75-100 calls responded to outside of regular office hours. Thirty to forty calls are water related and 10-20 of the calls are in between the hours of 8:00PM -11:00PM or later. Approximately 30-50 call outs are facility related. Approximately 20-30 call outs are related to our alarm systems. In an average week our department completes 30-50 different tasks that vary week to week and seasonally.



Infrastructure Sector Staff



Infrastructure Sector Staff L-R: Jason Sterling, Anikka Antoine, Joe Shuter, Ayana Brown, Shannon Kilroy, Joe Quewezance, Jonas Lafferty, Colleen Wycotte, Vonna Moses, Kathleen Joe, Jamie Swakum, Rosalie Edwards, Hyrum Peterson, and Phyllis Edwards

Lands and Economic Development Sector



Leesa Mike, Director of Lands and Economic Development

Aboriginal Rights & Title

Aboriginal Rights and Title is the driver of every land and resource based economic development issue within our territory. The historic Tsilhqot'in decision that was delivered on June 26, 2014 continues to shape the dialogue with the Crown (BC government) regarding LNIB's unseeded territorial lands. We firmly and regularly remind the BC government of the following:

“The Supreme Court of Canada continues to re-affirm that the BC government has been applying a false and impoverished view of aboriginal title and that our title includes the exclusive right of our people to manage the land and resources as well as the right to benefit economically from the land and resources. Therefore please keep in mind that when the BC government proceeds with decisions that infringe on our constitutionally protected Title and Rights without our consent, those subsequent outcomes may be canceled or reversed with damages owed.”

Chief and Council's focus on Title and Rights is strongly represented in their support of the Negotiations Committee, the referrals program and on-going research on Traditional Land Use studies and Specific Claims.

The Department has made considerable effort to develop the technical capacity we require to ensure obligations related to negotiations, referrals and other initiatives are met. While staff are proud of our achievements related to technical capacity, we are reminded by our membership of the deep complexities related to our culture that represent our communities identity and the importance of being mindful of traditions and cultures as we try and advance our Title and Rights interest.

Over the past year, our Rights and Title team has worked on the following projects to advance LNIB's Rights and Title Interests:

- We have updated referrals **Decision Making Policy** to be consistent while advancing outcomes from the Tsilhqot'in decision and UN Declaration on the Rights of Indigenous Peoples;
- **We have updated consultation and engagement terms** included in our **Interim**

Forestry Agreement with the BC government;

- Ongoing **Specific Claims Research** related to LNIB Traditional Territory;
- **Traditional Land Use** studies are an important aspect to demonstrating the Use and Occupancy of our territory lands and resources. Traditional Land Use studies were completed in reference to the HVC project area as well as for the proposed KGHM AJAX mine near Kamloops; and
- We have developed a **Land Use Planning Framework** for the territory that our team will be bringing to members for input this year.



Aboriginal Rights and Title Workshop 2015

Key achievements from our work to advance the collective rights and title of LNIB members include:

- Staff organized a Title and Rights workshop in March 2016. The workshop was well attended and heard from Dr. Roshan Danesh, who spoke to the current state of Indigenous Title and Rights issues as well as how other First Nations have advanced their claims following Tsilquotin;
- LNIB's own Angie Bain also presented on some of the specific claims research that she has completed on behalf of LNIB through the UBCIC; and
- A motion was introduced by Councilor Art Dick to form a Title and Rights Committee in support of advancing LNIB's Title and Rights issues.

Here are some of the highlights from the year:

- In December of 2014, Nicola Bands staff worked collectively on correspondence opposing the land application of bio solids in our territory and also made clear their objection to the lack of consultation in the process;
- The unification of community members opposed to the province's actions resulted in blockades and other protests; and
- The Chiefs of the Nicola Bands worked together to declare a moratorium on the

application of bio solids within the Nicola Valley, which continues to be respected.

Economic Development

The Economic Development Department is part of the Lands and Economic Development Sector. Our mission is to:

- Develop an overall economic strategy for the community;
- Act as a catalyst for business opportunities and partnerships for the Band and its members;
- Advocate for Band and member business development interests with potential partners; and
- Share information with members about economic opportunities.

A major strategy of the Department has been to negotiate **Impact Benefit and/or Mutual Benefits Agreements** with proponents. The purpose of these agreements is to create certainty for all parties and provide financial compensation, employment and other benefits to the Band and members from projects proposed and/or active throughout the territory

To ensure we have the capacity to properly manage and implement the opportunities from the negotiated agreements, a major milestone for the Department this year was the structuring of LNIB's Economic Development Corporation. The Corporation now has a fully functioning Board and is preparing ready to for the Department to transition procurement and other revenue generating opportunities, which it will manage on behalf of the Band. A planning session for transitioning business opportunities from the Department to the Development Corporation was held in August, 2015.

As a result of our strategy, the Department completed negotiations of five (5) major agreements with the BC government and proponents.

- 1) **Highland Valley Copper (HVC) Mine:** This negotiated agreement is intended to ensure security for the LNIB by defining benefits that will be provided by a proponent. Once passed, this agreement commits HVC to real, informed and productive involvement of LNIB members at the mine. This includes education initiatives, training, barrier-reduction and the promotion of a discrimination-free workplace;
- 2) **Revenue Sharing Agreement negotiations with the Province** regarding the HVC mine: This agreement is intended to secure a portion of Government revenue for the LNIB. The BC government has agreed to financially compensate LNIB through a percentage of Incremental Tax Revenue that it receives from HVC. This revenue will be subject to the amount of copper mined by HVC, the amount of tax collected and

the market price of copper. LNIB will continue to collect this revenue for as long as the agreement remains in existence;

3) **Mutual Benefits Agreement negotiations with Kinder Morgan:** which includes a comprehensive employment framework that is intended to maximize LNIB employment throughout all aspects of development including construction, operation and maintenance of the project;

4) We are working toward completing our negotiations of a Forestry Agreement with the BC Government; and

5) **Ongoing impacts and benefits agreement negotiations with KGHM Ajax (KAM).** Through the agreement, KAM would commit to informing LNIB of available employment opportunities, prioritizes LNIB members for such positions, increases employment opportunities for LNIB members and encourages the employment of LNIB summer students.

There are two key challenges the Department is actively working to manage as we seek to finalize the agreements and deliver economic benefits to the community. These include:

- Clarification of the mandate, roles and responsibilities of the Economic Development Department and the Development Corporation; and
- Awaiting a decision from Council regarding the negotiated agreements.

Through the agreements, LNIB will have:

- From the HVC agreement, a confirmed economic development fund that will enable the Band to implement economic development support programs for members;
- Significant employment and training opportunities for Band members targeted in the agreements including;
- More direct communication with the proponents about employment opportunities for Band members and summer student positions; and
- From the HVC agreement, annual and long-term work-plans with the goal of continual advancement of LNIB employment interests. There will also be guaranteed interviews for qualified LNIB members as well as cross-cultural training for HVC employees who are responsible for hiring.

Contracting & Procurement

A major motive for LNIB to negotiate agreements is to develop our local economy through confirmed contracting and procurement opportunities negotiated as part of

agreements with proponents.

As a result of the negotiations with HVC, LNIB has access to significant opportunities including:

- **contracting and procurement opportunities** for the Band and members, including opportunities supply goods and services to projects and make reasonable efforts to contract qualified LNIB businesses;
- **favorable conditions for LNIB business owners** to bid on project contracts; and
- **greater inclusion of LNIB businesses in projects** including access to diverse contract opportunities and a prequalified process for LNIB businesses to bid on contracts.

As a result of the negotiations with Kinder Morgan, LNIB has confirmed a contracting framework with Kinder Morgan Canada. The intent of framework will be to maximize contract opportunities for LNIB businesses during the construction of the project.

The completion of negotiations does not mark the end of the process. Ratification and implementation are the next important steps, and both involve challenges. If approved, these opportunities will be transitioned to the Development Corporation who will oversee their implementation in the community.

Entrepreneurship Development

As an important element of sustainable economic development, entrepreneurship is continually encouraged by LNIB. Entrepreneurs will be assisted by LNIB to grow their skill set, business or business idea.

Through the negotiated agreements, LNIB will have increasing capacity to:

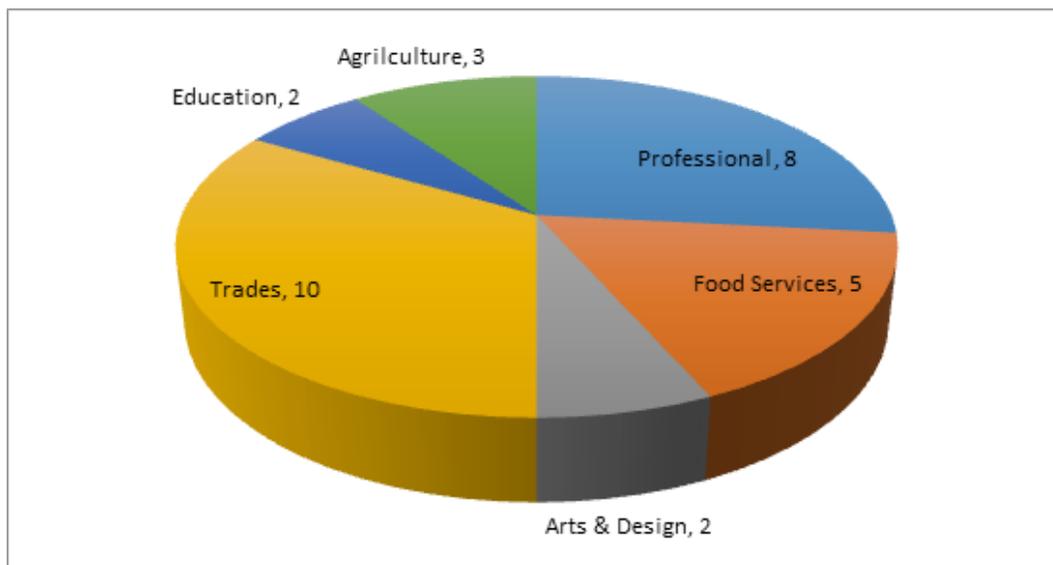
- Deliver workshops and classes that support LNIB entrepreneurs; and
- Identify women and youth and match their skills and abilities with opportunities.

In addition to the opportunities identified in the negotiated agreements, we teamed up with the new Development Corporation to create a database of LNIB entrepreneurs. The purpose of the LNIB database is to provide reliable and comprehensive information to potential investors and partners about LNIB businesses. The database contains information about First Nations Communities, Companies, Agreements, and their relationship to Major Projects in BC. The system is a living database that is continually updated with the intention of being a reliable resource for the public.

A major challenge for the Department is a lack of staff and administrative space. This has hampered the Economic Development Department its ability to assist new and upcoming entrepreneurs. The Chief and Council recognize the significance of this problem and have diverted resources to establish the LNIB Development Corporation and to identifying a suitable workspace for our team in the coming year.

There are currently twenty-eight (28) member-owned and two (2) band-owned businesses in the database offering services in key sectors such as trades, agriculture, crafting and catering. The growing database tells us there has been tremendous growth among entrepreneurs. We are proud to say LNIB members provide diverse, readily available to maximize the opportunities we will have delivered through the agreements once they are approved.

The chart below identifies the diversity of member and band-owned businesses:



Diversity of Member and Band-owned Businesses

The negotiated agreements with the BC government and proponents will enable us to make significant long-term investment into our collective future.

A focus of the negotiations with proponents and the BC government is to generate revenues that can be invested for future community needs. The types of investment opportunities identified in the agreement range from tax revenue sharing with government to lump sum payments from proponents. Over the long-term, the agreements are intended to support a rise in the employment rate of LNIB members and contribute to the overall wealth of the community.

The specific investment opportunities included in the negotiated agreements are:

- As part of the Revenue Sharing Agreement with the BC government, LNIB will receive a portion of tax revenue for the life of the HVC mine;
- For the life of the HVC mine, LNIB receive funds from HVC on a yearly basis to invest for the community;
- The negotiation Mutual Benefits Agreement with Kinder Morgan Canada provides for a lump sum payment to be invested at the discretion of LNIB;

The development of the LNIB business database is also an important step in the development of our investment strategy. As the database grows, we will build our understanding about what types of investments we can be making to better support LNIB's entrepreneurs.

A short-term and long-term challenge will be the implementation of Revenue Sharing and Impact Benefit Agreements, which require approval by Council and, as the case may be, members at large.

Referrals

The Department is also responsible for managing the day-to-day consultation that takes place around smaller projects that the BC government generally considers to be low impact to LNIB. The referrals process is an important aspect to protecting LNIB's Title and Rights. Much of the consultation or referrals take place in the form of letters. The department maintains a database as a repository for this information.

Over the 2014-2015 calendar year the Referrals Department managed over seven hundred (700) referrals from eighty-seven (87) different proponents. The BC government represents the vast majority of referrals received by the Band. The top referral sectors the Band manages are:

- Forestry (the majority);
- Oil and gas;
- Mining; and
- Hydro/power.

A major achievement this year centered on the development of the technical tools capacity to assess and support decision-making on individual referrals. Over the year, our software provider enhanced our database to include integrated web-based mapping support. The increased technical capacity allows staff to more accurately determine project locations and quickly assess the project in relation to Archaeology and Cultural

Heritage, Wildlife, Fish/Water values and Cumulative Impacts. We have also developed a process to track the changes (disturbance) to these values over time.

Changes in personnel or staff related to any aspect of managing correspondence through a variety of means presents an ongoing risk or challenge to managing the referrals process.

A re-organization of staff related towards the separation of the administration and business units resulted in a more unified approach to referrals whereby all staff working in referrals worked collectively under the Lands and Economic Development Sector.

Environmental Stewardship

Environmental Stewardship concentrates on protecting the land and resources that have supported our community since time immemorial. As environmental stewards of the land we need to make every effort to ensure that the land and water resources that provide our hunting, fishing, gathering, medicine, identity and spiritual values are there today and for future generations. The Bands Environmental Stewardship efforts take on many forms, from internal projects to environmental reviews on small to major projects.

A major area of Environmental Stewardship centers on environmental engagement with HVC. The company is obligated to provide all regulatory applications, project proposals and updates to LNIB for review and approval prior to sending to the BC government. Over the March fiscal year, HVC provided seventy-three (73) different regulatory applications, projects and project components for review by LNIB. Some of the larger files that LNIB engaged in with HVC include:

- Mines Act Permit Amendment for the Bethlehem Expansion Project;
- Archaeological Impact Assessment;
- End Land Use Planning;
- Dust Impacts on Soopolallie;
- Ungulate Health Study; and
- Woods Creek Diversion.

Other key activities of the Referrals Department include:

- The Kinder Morgan Review, an environmental submission to the National Energy Board review of the Kinder Morgan Expansion Project;
- The KGHM AJAX Mine Proposal, an environmental submission to the BC

Environmental Assessment Office;

- The Western Screech Owl Inventory, field surveys to investigate the presence of Western Screech Owl on LNIB reserve lands;



LNIB School students Bird house Making Project

- The 2015 represented unprecedented drought in the Nicola Watershed leading to a water ban on the Coldwater River. LNIB staff was in near daily contact with neighboring First Nations during the drought, which occurred in early August. Particular concern was expressed for water resources for fish trying to migrate back into the territory to spawn. Unfortunately, this drought incident appears to be more of a trend than a singular event;
- The Nicola Fish Water Management Tool, which LNIB supported as a collaborative project with the Fraser Basin Council, Department of Fisheries and Ocean, BC and neighboring communities. This resulted in the development of a web-based decision support tool for the management of the Nicola Dam. The web-based tool uses real-time flow information down the Nicola to support release rates from the Nicola Dam. In the future it is anticipated that the tool will include stream temperature; and
- Other environmental management and monitoring projects include the BC Hydro Merritt Area Transmission Project, the BC Hydro Merritt Green Energy Project as well as some Wind Energy projects.

Two key challenges for environmental stewardship this year were:

- 1) The bio solids standoff represented potential negative environmental impacts as well as a lack of consultation. However, LNIB along with our neighboring communities was able to successfully impose a moratorium on bio solids; and

2) The summer drought conditions had far reaching impacts and are seen to be a trend. Large portion of staff resources are dedicated to short-term responses and long-term strategies intended to mitigate this potentially harmful trend.

Over this past year, field trips to the mine, including the participation of students from the band school as well as steady engagement on a number of projects has resulted in a greater interest and understanding of HVC mine operations as community members' recommendations are implemented in various HVC projects and programs.



LNIB School students visit HVC

Communications Regarding Negotiated Agreements

The Department has engaged with our members extensively regarding the Kinder Morgan and HVC projects.

Communication with membership is critical to the success of any project involving the Band. Getting the level of engagement right, and supporting it with the appropriate platform, venue, and information can be challenging, especially considering the volume of activity the band is facing or leading.

The engagement with HVC will be extremely important to ensure Band members are satisfied with the current management of the site as well as plans for its closure. In order to bring meaningful dialogue to issues related to the mine, it is important for membership to have a good understanding of how the mine operates which is a difficult task is given the complexity and extent to which the mine has impacted the environment.

Since 2013, LNIB leadership and staff have been regularly providing updates and asking for opinions about the proposed expansion of Kinder Morgan's Trans Mountain Pipeline. To date, there have been a total of twenty-seven thousand (27,000) unique member engagements through Facebook, the LNIB website, email surveys, open houses, community meetings and phone messaging.

Since February 2015, LNIB leadership and staff have been seeking input from LNIB members on a potential agreement between LNIB and HVC. As of March 7th, 2016, there has been one open house meeting, three community meetings, one meeting with LNIB business owners as well as nearly one thousand (1000) emails received by LNIB members.

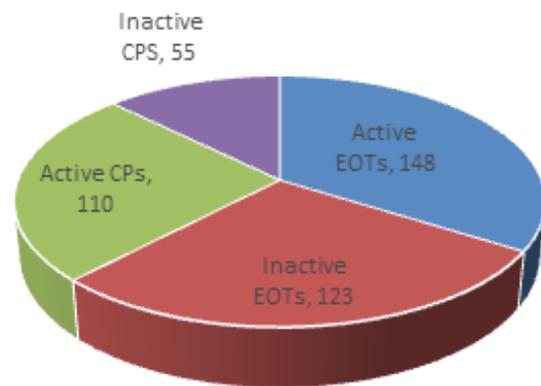
Lands Management

LNIB Indian Reserve Lands manage Indian Reserve Land transactions and registries for ten (10) reserves over seventeen thousand (17,000) acres. The main clients for this service are LNIB members.

To date, the Indian Lands Registry System LNIB has a Total of one hundred and sixty-five (165) Certificate of Possessions (CPS) and two hundred and seventy-one (271) Evidences of Title (EOTs). The chart on the right identifies the active and inactive files the Lands Department is currently managing:

The Lands Department has introduced two new databases, known as Truvian and the Indian Lands Registry System. Staff in the Lands Department have begun to receive training on these systems and are gradually incorporating them into their day-to-day work. The introduction of a new lands databases is expected to increase the efficiency of the tasks of the Lands Department.

Evidence of Title for LNIB Reserve Lands



Active and Inactive Files in Lands Management

The traditional land claims that have been unresolved for many years pose a challenge to the Band as Indigenous Affairs and Northern Affairs Canada (INAC) does not recognize these traditional holdings and the process to have allotments and certificate of possessions issued under the Indian system can take upwards of 6 months to process the paper work. Addressing lands issues within the current system is made even more challenging in cases where copies of important historical documents are not available to staff.

The Lands Department has retained experienced staff whose experience and familiarity with the Band and its members is an asset to LNIB, and will continue to work with our members to address lands related issues.

Members will be asked to vote on LNIB's Land Code, which has been developed by the community with assistance from the Lands Department Team (and discussed further below). If members vote to accept the Land Code and Individual Agreement, which

officially transfers control of reserve lands and resources back to LNIB, the Land Code will enable the creation of a dispute resolution process for addressing traditional land claims.

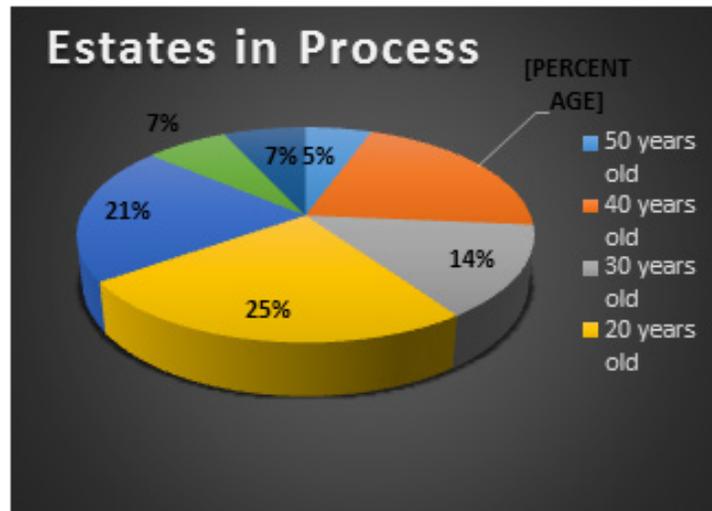
Wills and Estates

The adoption of a new Land Code is expected to increase the resolution rate for estate files. The addition of new databases along with continued staff training will further contribute to more effective management and dispute resolution.

The Department continues to actively seek resolution regarding seventy-two (72) active estates files. The chart on the right identifies the percentage of files that are 20, 30, 40 and 50 years old.

Over the past year:

- No Estates have been settled; and
- Between January 2015 and May 2016, eleven (11) new estate files were created.



Land Files length of processing with LNIB

There are currently three (3) estate files over twenty (20) years old that will be presented to the Chief and Council to determine their historic survey entitlement. It is anticipated that this will result in a decision.

Community members are also starting to work more closely with the BC Estates Department, INAC and the LNIB Lands Department to have their family's estate settled.

There are two key challenges to settling wills and estates issues:

- 1) Unresolved estate files over ten (10) years old and are often unsurveyed land holdings, which increased the amount of time INAC takes to process the information, in turn prolonging these time before resolution; and
- 2) Locating the executors on unresolved files is an ongoing challenge, as the current databases are incomplete.

Progress continues to be made on the many estate files in question. We are optimistic about an increased pace of file resolution. Utilizing the Truvian database system is expected to significantly increase the pace and ease of file resolution. Accuracy and breadth of databases plays a huge role in resolution time. The resolution and decision making process is also continuously evolving.

Land Code Development

A major focus of the work of our team over the past year has been to engage members in the development of LNIB's Land Code, and the negotiation of an Individual Agreement with INAC.

What is the LNIB Land Code? LNIB is developing a Land Code that will remove thirty-two (32) land related sections of the Indian Act, as LNIB will then have full control over management and decision-making about our reserve lands and resources on reserve.

What is an Individual Agreement (IA)? The IA identifies the LNIB reserve lands that will be under regulation by the LNIB; it will contain the specific details of the transfer of reserve land from Canada to the LNIB, details of the financial provisions and ensure environment assessments are in good standing.

We would also like to introduce the current Land Code team:

- Anna Hudson, Lands Manager;
- Geraldine Bangham, Lands Officer; and
- Support staff: Brandi O'Flynn, and Jack Sterling-Moses.

Member Engagement

Membership has been invited to engage in the development and the LNIB Land Code. Engagement began in May 2015 and has taken the form of community meetings, surveys, dialogue on LNIB's Facebook Page, open houses at the Lands office, mailings, emails and much more.

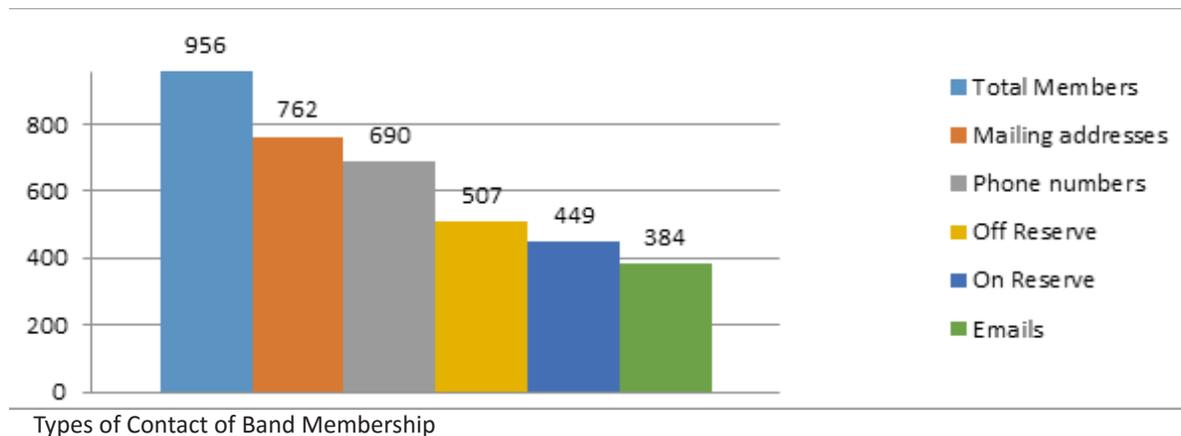
The LNIB Land Code team held Working Group meetings in Kamloops and Vancouver. Family meetings, Band General Presentations, original Land Code group meetings, presentations at Elders lunches and CP Holder meetings also took place.

As of May 2016, there will be nine hundred and fifty-six (956) eligible voters; here is a breakdown of how we are currently able to contact them.

- **Email updates:** 3155 sent;
- **Automated phone calls** invite members to information sessions, meetings, and gatherings: 1, 813;
- **Land Code Facebook outreach since June 2015:** 15,703 combined clicks, reads, shares and “Likes”;
- **Visits to the new website:** 1,002 visits to the Land Code related pages; and
- **LNIB.net sessions:** 10,024 - This is the number of unique visitors to the LNIB website since its creation.

The following chart describes the number of phone numbers, email addresses and mailing address we have for our members, which is critical to our efforts to engage about the Land Code.

As of May 2016, the LNIB Land Code is in final stages of completion. A final will occur in August 2016, with advance polls beginning the weeks prior to the final vote.



Through extensive engagement with our members, the team has:

- Further built out LNIB’s contact list, which ensures that all eligible voters will have the opportunity vote on the Land Code and Individual Agreement;
- Developed the Land Code with first-hand feedback from members; and
- With direct assistance from LNIB families, completed all the necessary steps to finalizing the Individual Agreement.

Our team has conducted two (2) surveys with members since engagement about the Land Code began. Responses from the Land Code survey 1 conducted in the summer of 2015 indicate:

- 76% of the 202 respondents think that LNIB should be able to pass laws and

manage our reserve lands (which is what a Land Code can do); and

- Environmental Protection and the management of Reserve Lands & Resources were the two most important issues for survey participants (see the chart below).

Responses from the Land Code survey 2 conducted in the winter of 2015/2016 indicate:

- 79% of the 123 respondents think that LNIB should be able to pass laws and manage our reserve lands;
- 84% of the 123 respondents plan to participate in the Land Code and Individual Agreement vote; and
- 63% of the 123 respondents plan to vote in favor of the Land Code and Individual Agreement.

Membership

Ensuring that members are properly registered with the Band and have access to programs and services that are only available to registered members is an ongoing focus for the membership Department.

The population of LNIB continues to grow:

- As of March 21st, 2016 LNIB has a total of 1,241 band members; and
- Between April 1, 2015 and March 21, 2016 the number of band members increased from 1,223 to 1,241.

The demographic breakdown of our membership is as follows:

- 23% of all Band members are under 18; and
- 41% of our membership live off reserve, 36% live on reserve.

The LNIB currently has three (3) dedicated staff members that are certified to work with the Indian Registry Department. They are Geraldine Bangham, Vonna Moses, and Phyllis Edwards.

Through the various work of the Lands and Economic Development Sector to engage with members across our projects, we have developed a centralized, secure, and fully up-to-date membership contact list for individuals 18 years or older. This list is crucial for ensuring broad-based participation in LNIB Band Elections and making important decisions such as Land Code and about agreements with proponents.

The process of registering all LNIB members with the Indian Registry Department is

lengthy, resource consuming and inefficient. Because of this, many band members and their families have not yet received Indian Status Cards. Those who have submitted applications face a wait of approximately 6 months.

Another challenge for the membership department centers on funding for the position. INAC only funds the position of the membership clerk for up to one day a week. Combined, the complexity of administering the membership program for a large Band such as LNIB, the amount of money received from the Indian Registry Department remains insufficient to keep up with the registration needs of all of our members.

To the best of our ability, the Department provides prompt and efficient services to our community members. The secure online membership list has assisted with streamlining the work of maintaining up-to-date status and contact information across the Band.

Lands and Economic Development Sector Staff



L-R: Dave Caswell, Anna Hudson, Dion Aljam, Miss Suchell, Crystal Wallace, Jack Sterling-Moses, Pauline Henry, Brandi O’Flynnne, Ted Tom jr., Sam Adams and Leesa Mike

Finance Sector



Barry Torgerson, Director of Finance

Barry joined the LNIB team in April 2014 as Director of Finance. Responsible for the finance staff, Barry provides a wide range of accounting, reporting and planning services. He works to ensure transparency by providing accurate and timely reporting to all stakeholders including community members and ratepayers.

Finance provides accounting, payroll and benefits, revenue and contract management, treasury and assets management, audit services, budget and development control, reporting, taxation and accounting services to LNIB owned companies.

Recent changes to funding arrangements and fiscal relations initiatives mean that Chiefs and Councils have more responsibility. With increased responsibility comes the need for increased accountability. In turn, accountability needs to be linked to specific direction and desired results as provided for in a strategic plan. Financial accountability ensures that funds are being directed to the appropriate projects and are used for the purposes intended.

Several initiatives are underway to improve financial management capacity. One key initiative is the development of our Financial Administration Law passed by Council October 31, 2014. Further supporting policies are currently being developed.

Another year of positive performance has LNIB increasing its surplus by \$2,239,949 for the year ended March 31, 2016. Consolidated revenues increased from \$14,606,529 in 2015 to \$15,294,703 in 2016. This was primarily due to the final installment of the BC Hydro Interior to Lower Mainland (ILM) Project agreement of \$850,000 and the BC Interim Forestry Agreement (BCIFA) of \$822,000.



Finance Department Participating in the Open House 2015

During the 2016 fiscal year three loans were retired early at an annual interest savings cost of approximately \$80,000 per year. These loans were originally required for the building of the school and the arena. This also has allowed for LNIB to increase its borrowing capacity for new Capital Projects planned for over the next 5 years. Interest rates are preferable at this time so a combination of band sourced revenues (surpluses) and debt financing will be applied to the Major Capital Projects planned being the School Addition, the Rocky Pines Community Center and a new Band Administration and Community Gathering Center. The first two projects will be constructed starting fiscal 2017 with the Band Administration and Community Gathering Center to be started tentatively in fiscal 2019.



Band office staff supporting Anti-Bullying Day February 24, 2015 L-R: Phyllis Edwards, Jonas Lafferty, William Sandy, Krystal Langanger, Marcy McLeod, Deneen Grismer, Leanne Joe, Trena Tom, Sondra Tom, Barry Torgerson, Helder Ponte, and Geraldine Bangham

Administration Sector



Helder Ponte, Executive Director

I am pleased to submit the activity report for the Administration Sector of LNIB for the year ended March 31st, 2016. For the third time in this Report, welcome to LNIB!

LNIB Administration provides effective, quality client service with emphasis on personal effectiveness, integrity and accountability. As a team, we are committed to a positive environment that values initiative, diversity, and commitment to LNIB vision and values in a professional manner.

In terms of number of staff, we are one of the smaller Sectors in LNIB. The members of our team are Sondra Tom, Executive Assistant, Yental Coutlee and Trena Tom, both Administrative Assistants, Ruth Tolerton, Communications Coordinator, and Leanne Joe, Strategic Initiatives Coordinator currently on sick leave.

Chief and Council Support

The mandate of the Administration Sector is to provide administrative support to Chief & Council and all operations of LNIB. More specifically, the services of the Administration Sector include Chief and Council support (Chief and Council meetings, agendas, minutes, scheduling of meetings, follow-up of resolutions and action items, travel and accommodation administration, intergovernmental affairs, and general correspondence), information technology, communications, membership engagement, policy and by-law development, governance, representation, business and corporate affairs and solicitor relations, records management, community safety and security, and certain aspects of human resources.

Did You Know...



Administration support for Chief and Council includes scheduling, logistics, topics, invitees, agenda and minutes. This past year consisted of the following meetings the past fiscal year.

- 33 duly convened Chief and Council meetings
- 7 Band General meetings
- Digital and printed packages supplied for all meetings

Scheduling Chief and Council meetings for the year in advance can assist Administration and Council better prepare for the meetings.

We also coordinate the workings of all Sectors, LNIB School, and LNIB-owned businesses, and help develop and manage - planning, implementation, and monitoring and evaluation - all programs of LNIB. We often say that the administration is the oil that

keeps the engine running smooth and at full speed. Most of our work is process- or initiative-oriented. Process includes standards, forms, practices, policies and by-laws, and initiatives include a wide range of projects, affecting all aspects of operation of LNIB. We host, every Thursday, a meeting of all Sector Directors and the Principal of LNIB School. We encourage every Sector to have its own weekly staff meeting, so everyone is current on the day to day business. We are the gateway to the world of LNIB; daily tasks include receiving and channeling mail and documents to staff members, answering telephone queries, tracking people, and booking meetings and facilities.

During most of the 2015-16 fiscal year, we focused our attention on expanding and refining our services in the area of communications. LNIB will continue to build a solid planning base with consistency of approaches, forms, standards, and deadlines, and encourage the self-reliance of programs and institutions (organized into Sectors).

Communications

Communications is a key aspect of what we do. LNIB Communicates between LNIB communities, members, regional institutions and Government. At the beginning of 2016, Council approved the creation of a new position, Communications Coordinator. Communications is an integral part of any organization wishing to keep information flowing in a positive manner. Clear communication is needed for effective internal operations. The newsletter is now available on line, and in addition to home delivery, we also send it by email to all members that we have email contact for. We made a major overhaul of the website, and made it more complete and timely and easier to navigate. Our Facebook is a very live medium where most Band members can go to get news about LNIB. The LNIB Community Profile was also updated and is available on line.

Did You Know...



Council wants to keep the communication flow between Council, administration and Band Members positive and timely.

Council values the members collective knowledge and history.

We use many tools to keep members informed:

- Phone calls
- Emails
- Publications
- News stories

Coming in the next year:

- Redesigning brochures to reflect our services.
- Comprehensive Communications Policy.
- Radio spots for Band Members
- Members only section on the website

Governance and Bylaw Development

Governance and By-law Development includes all aspects of Developing LNIB Bylaws and governance framework.

Bylaws ratified by Chief and Council this past year are Trespass Bylaw No. 2015-01. Substantial amount of work done on Conflict of Interest, which will be part of LNIB's

Financial Administration Law (equivalent to a by-law), and preparation of template for terms of reference for Committees.

In the realm of policy development and law-making, we provided support to the Section 3.8 Committee (Conflict of Interest), and worked with Chief & Council in the amendment of the Financial Administration Law to include in its schedule the body of recommendations of the committee.

We also worked with the management team, and Deneen Grismer and Sondra Tom, in the revision and updating of the Personnel Policies of LNIB, which have been recently approved by Chief & Council. We also started the development of a Nuisance and Unightly Premises By-Law.

The goal of Administration was 3-4 Bylaws per year. This process of enacting by-laws needs to be better planned out and implemented. Suggestions are contract out by-law development to experts and follow the time lines set for the development of each by-law.

Human Resources

Our main task in the area of Human Resources was the revision and update of the Personnel Policies of LNIB. We also standardized a number of procedures in recruitment and selection of candidates for employment with LNIB, including posting procedures and letters of offer of employment. We are currently working in harmonizing job descriptions all across the organization. In terms of professional development, we continue to encourage our staff to pursue professional and personal development programs, so they can grow with us or pursue their career objectives elsewhere. In terms of contracting opportunities, we also established standard procedures that every sector needs to follow in engaging the services of third parties, including LNIB members and businesses. We practice a recruitment and procurement policy of "LNIB First", whereby we advertise employment and contracting opportunities within LNIB before we go out into the marketplace.

Did You Know...



Human Resources focuses on job descriptions, postings, recruitment, selection, hiring, training, discipline and termination of employees.

- LNIB averaged 97 employees this past year.
- Administration hired four new employees Yental Coutlee, Trena Tom, Leanne Joe and Ruth Tolerton.
- Revised Personnel Policy was ratified.
- Job postings are moving toward a unified look

LNIB needs to promote the LNIB Career Development Center to increase the number of Band Members responding to our job postings.

Government to Government Relationship Building

In terms of intergovernmental affairs, we treasure our relationship with the other four Nicola Bands, and continue to work on initiatives of common interest. We sponsored a number of community events, and made a concerted effort in working with regional institutions and stakeholders, including NVIT, the City of Merritt, Thompson Nicola Regional District, Interior Health, and the First Nations Health Authority. We have a good relationship with INAC, BC Ministry of Aboriginal Relations and Reconciliation, Canada Mortgage Housing Corporation, First Nations Market Housing Fund, and Statistics Canada.

Government to government relationship building includes correspondence between all governmental bodies and Chief and Council such as the other Nicola Bands, Nte?kepmx Nation, Provincial Government, and Federal Governments.

Ongoing initiatives are Nicola Native Lodge, Spayum Developments, and Stuwix Resources, these are still in progress.

LNIB is the leader in bringing elected leaders of the five Nicola Bands together on a variety of issues:

Forest Stewardship focused on relationship building with the City of Merritt. Lack of clear vision and options on how to proceed on a post-Tshilqotin Case environment posed a challenge.

Information Technology

We have a complex and extensive setup of office equipment, facilities, information technology – hardware, software and networks – that require constant attention. We changed the Internet carrier to allow for higher speed in our busy email network. We increased the capacity of our email system, so we can send and transfer larger files.

Capacity Building

Capacity Building for LNIB employees includes staff professional development, and training

All LNIB employees participated in capacity building during this fiscal year.

LNIB offered various training opportunities for all staff, and individual staff members.

Community Engagement

Administration assists departments with getting community members involved with projects ongoing.

We have members active in six Committees that were implemented: Education Policy Review Committee, Section 3.8 Conflict of Interest Committee, Finance Committee, Gateway, Shulus Cattle, and Spayum.

Engagement on Land Code, consultation of HVC and Kinder Morgan impact management benefit agreements required the community involvement and we have had active participation from membership.

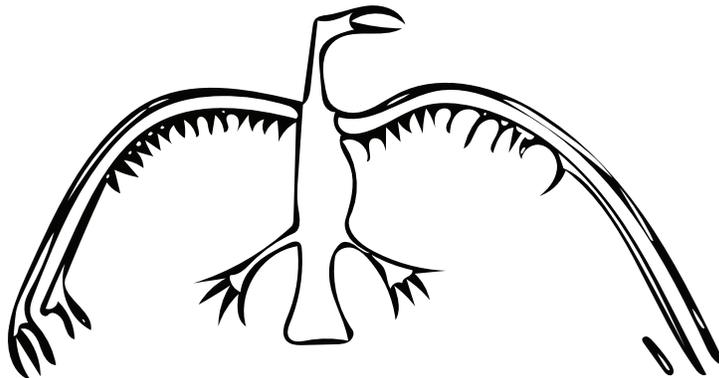
The level of communications with membership increased substantially and improved the quality of medium. Poor attendance to community meetings continues to be a challenge. We need to encourage people to get more involved in the life of our community.

Nte?kepmx Nation Affairs

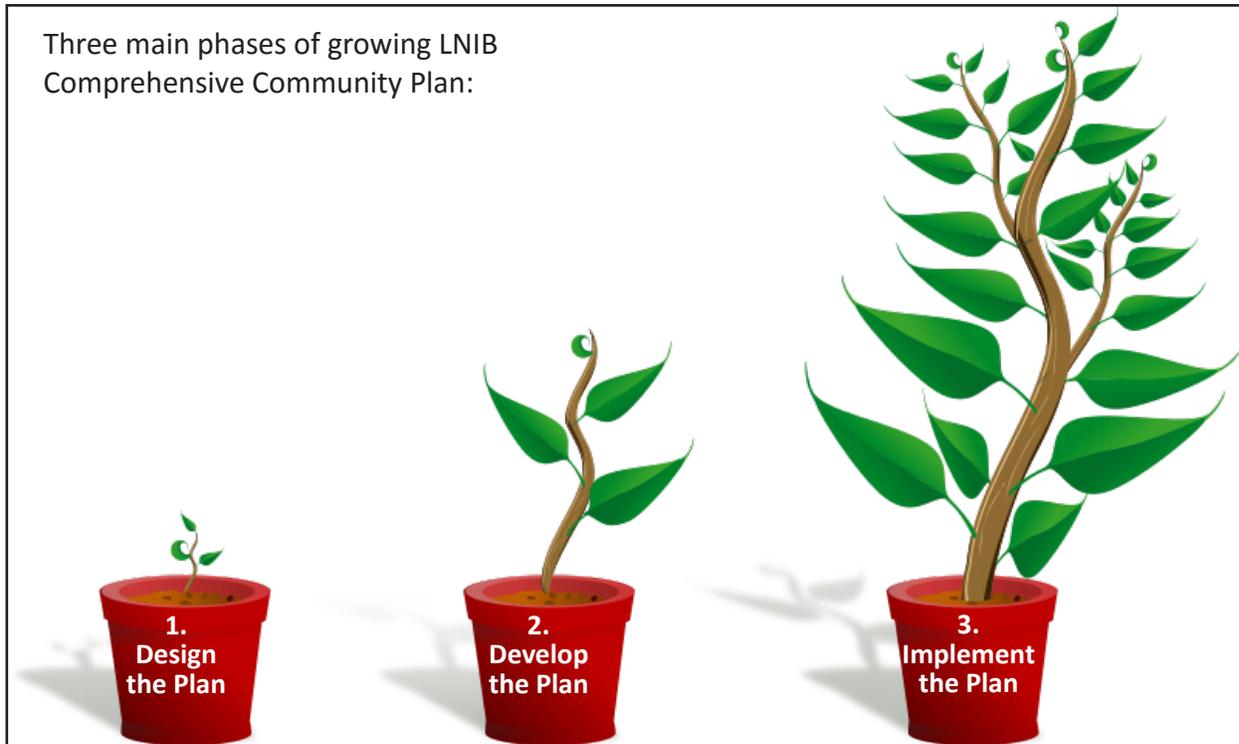
Nte?kepmx nation affairs include representation and diplomatic functions that involve Nte?kepmx community governments and tribal council. Chief Aaron Sam leads the initiative of improving these relationships.

An increased number of issues affecting the five Nicola Bands have been discussed and addressed jointly by the Chiefs and elected leaders of the five Nicola Bands.

The common front on the Bio-Solids issue, collaboratively with the five Nicola Bands was exciting to establish. The history of past business ventures does not help with the cooperation from others and poses a threat, we must continue with the current approach.



Three main phases of growing LNIB
Comprehensive Community Plan:



LNIB Comprehensive Community Plan

LNIB comprehensive community plan includes a process of designing the strategy, methods to secure community participation, and compiling information to formulate a clear concise comprehensive community plan for LNIB.

We expect completion of all phases for the Comprehensive Community Plan by June 30th, 2017.

We experienced excellent results in gathering information and examples of other First Nations' community plans.

We will develop a process and framework that reflects community goals and engagement. The staff member responsible for this initiative is on sick leave which creates a barrier and makes it difficult to stick to time lines and processes established to develop the plan.

Community Safety

In the realm of community safety and security, we renewed the Tripartite First Nations Community Policing Agreement with Canada and British Columbia, and we prize our relationship with the Merritt detachment of the First Nations Community Policing. We are thankful for the support and attention that Crp. Rick Aird, Cst. Rose Grant, Cst. John Ryan, and Cst. Mike Damien give to LNIB.

I have many people to thank in supporting me in my role of Director of the Administration Sector of LNIB, so I will avoid listing them (so I don't forget anyone); however, I must state here my deep appreciation for the excellent work that our team - Sondra Tom, Yental Coutlee, Trena Tom, and Ruth Tolerton - does every day in running an effective organization.

Proud to be LNIB

Helder Ponte, Executive Director

Administration Sector Staff



L-R: Sondra Tom, Cheslie Tom, Trena Tom, Helder Ponte, Ruth Tolerton and Yental Coutlee

LNIB Audited Financial Statements

LOWER NICOLA INDIAN BAND

**CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016**

LOWER NICOLA INDIAN BAND

CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

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INDEPENDENT AUDITOR'S REPORT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING MARCH 31, 2016

The accompanying consolidated financial statements of Lower Nicola Indian Band and all the information in this annual report for the year ended March 31, 2016 are the responsibility of management and have been approved by the Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgement. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Lower Nicola 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 assets are appropriately accounted for and adequately safeguarded.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the financial statements and recommends their approval. The Council 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 consolidated financial statements and the external auditor's report. The Council approves the financial statements for issuance to the Members. The Council also considers, for review and approval by the Members, the engagement of the external auditors.

The consolidated financial statements have been audited by Reid Hurst Nagy Inc., Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards on behalf of the Members. Reid Hurst Nagy Inc. has full access to the books and records of the Nation. Reid Hurst Nagy Inc. has full and free access to the Council for information purposes.



Executive Director

July 19, 2016
Date

ACCOUNTANTS AND BUSINESS ADVISORS

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Independent Auditor's Report

To the Members of
Lower Nicola Indian Band

We have audited the accompanying consolidated financial statements of Lower Nicola Indian Band, which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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 First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lower Nicola Indian Band as at March 31, 2016, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Reid Hurst Nagy Inc." in a cursive style.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

KELOWNA, B.C.
JULY 19, 2016

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	2016	2015 (Note 2)
FINANCIAL ASSETS		
Cash	\$ 7,064,293	\$ 7,055,767
Restricted cash (Note 3)	1,620,145	1,517,380
Accounts receivable (Note 4)	992,150	512,579
Loans receivable (Note 5)	1,530,251	1,364,519
Rents receivables	323,956	474,661
Long-term investments in First Nation controlled entities (Note 6)	1,075,244	909,202
	<u>12,606,039</u>	<u>11,834,108</u>
LIABILITIES		
Accounts payable (Note 8)	1,629,901	1,670,505
Deferred revenue (Note 9)	74,174	72,126
Damage deposits payable and rent paid in advance	22,816	26,649
Long-term debt (Note 10)	3,033,119	4,285,999
	<u>4,760,010</u>	<u>6,055,279</u>
NET FINANCIAL ASSETS	<u>7,846,029</u>	<u>5,778,829</u>
NON-FINANCIAL ASSETS		
Capital assets (Note 11)	20,493,953	20,294,401
Prepaid expenses	50,700	77,500
	<u>20,544,653</u>	<u>20,371,901</u>
ACCUMULATED SURPLUS (Note 12)	<u>\$ 28,390,682</u>	<u>\$ 26,150,730</u>
MEMBERS' EQUITY		
Equity in Operating Fund	\$ 8,204,902	\$ 7,701,131
Equity in Social Housing	2,992,536	2,889,648
Equity in Capital Fund	15,524,822	14,072,388
Equity in Enterprise Fund	1,075,243	909,202
Equity in Ottawa Trust Fund	593,179	578,361
ACCUMULATED SURPLUS	<u>\$ 28,390,682</u>	<u>\$ 26,150,730</u>

APPROVED ON BEHALF OF THE LOWER NICOLA INDIAN BAND

 Executive Director

 Council

The accompanying notes are an integral part of the financial statements

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 (Note 2)
ANNUAL SURPLUS	\$ 1,344,338	\$ 2,239,952	\$ 4,345,235
Acquisition of tangible capital assets	-	(1,720,568)	(2,646,681)
Amortization of tangible capital assets	-	1,492,753	1,397,804
Transfer of capital assets to related entities	-	-	348,154
Disposition of tangible capital assets	-	28,263	-
	-	(199,552)	(900,723)
Acquisition of prepaid asset	-	(50,700)	(77,500)
Use of prepaid asset	-	77,500	159,923
Use of inventory	-	-	17,787
	-	26,800	100,210
INCREASE IN NET FINANCIAL ASSETS	1,344,338	2,067,200	3,544,722
NET FINANCIAL ASSETS, BEGINNING OF YEAR	-	5,778,829	2,234,107
NET FINANCIAL ASSETS, END OF YEAR	\$ -	\$ 7,846,029	\$ 5,778,829

The accompanying notes are an integral part of the financial statements

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2016

	2016 Budget	2016 Actual	2015 Actual
REVENUE			
Indigenous and Northern Affairs Canada	\$ 5,453,547	\$ 5,343,829	\$ 5,214,890
Province of BC	1,345,649	1,810,984	477,661
Taxation	1,398,037	1,406,921	1,395,470
First Nations Health Authority	1,090,668	1,102,601	1,076,413
Royalties	1,276,939	1,100,000	1,200,000
Other	644,500	907,994	305,247
Rental	921,560	890,949	873,036
BC Hydro	850,000	850,000	1,450,883
Capacity and development	610,000	636,403	1,041,825
Administration fee	372,500	534,065	318,009
Canada Mortgage and Housing Corporation	219,771	212,332	266,155
First Nations Education Steering Committee	119,832	154,642	141,268
Interest	30,000	113,123	114,991
Thompson Nicola Regional District	83,500	85,659	83,900
Share of income (loss) from First Nation controlled entities	-	48,582	531,843
Referrals	63,839	57,383	11,708
Forestry	-	29,914	55,705
Interior Salish Employment Training Society	-	9,322	22,525
New Relationship Trust	-	-	25,000
	14,480,342	15,294,703	14,606,529
EXPENSES			
Band programs	3,551,522	4,018,945	2,732,240
Education	3,147,681	3,690,717	2,970,289
Social development	1,496,506	1,453,663	1,461,288
Health	829,805	871,477	766,872
Job creation	1,633,305	2,435,298	1,094,365
Capital	1,926,477	1,482,461	1,606,173
Social housing	550,708	817,322	805,318
Capital fund	-	1,258,318	1,492,637
	13,136,004	16,028,201	12,929,182
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER	1,344,338	(733,498)	1,677,343
OTHER			
Tangible capital asset additions	-	1,720,564	2,646,678
Principal reduction of long-term debt	-	1,252,886	504,164
Proceeds from long-term debt	-	-	(482,950)
	-	2,973,450	2,667,892
ANNUAL SURPLUS	1,344,338	2,239,952	4,345,235
FUND BALANCE, BEGINNING OF YEAR	-	26,150,730	21,805,495
FUND BALANCE, END OF YEAR	\$ 1,344,338	\$ 28,390,682	\$ 26,150,730

The accompanying notes are an integral part of the financial statements

LOWER NICOLA INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2016

	2016	2015 (Note 2)
OPERATING ACTIVITIES		
ANNUAL SURPLUS	\$ 2,239,952	\$ 4,345,235
Items not affecting cash		
Amortization	1,492,753	1,161,264
Share of income (loss) of First Nation controlled entities	(48,582)	(531,843)
Transfer of capital assets to related entities	-	348,154
	3,684,123	5,322,810
Change in non-cash operating net assets	(627,650)	(1,418,692)
	3,056,473	3,904,118
FINANCING ACTIVITIES		
Repayment of Social Housing long-term debt	(262,698)	(253,321)
Repayment of Capital Fund long-term debt	(990,183)	(250,843)
Mortgage proceeds	-	482,950
	(1,252,881)	(21,214)
INVESTING ACTIVITIES		
Purchase of capital assets	(1,720,564)	(2,293,422)
Proceeds from sale of capital assets	28,263	-
	(1,692,301)	(2,293,422)
CHANGES IN CASH DURING THE YEAR	111,291	1,589,482
CASH, BEGINNING OF YEAR	8,573,147	6,983,665
CASH, END OF YEAR	\$ 8,684,438	\$ 8,573,147
REPRESENTED BY:		
Cash	\$ 7,064,293	\$ 7,055,767
Restricted cash	1,620,145	1,517,380
	\$ 8,684,438	\$ 8,573,147

The accompanying notes are an integral part of the financial statements

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of CPA Canada.

(a) Reporting Entity

The Lower Nicola Indian Band reporting entity includes the Lower Nicola Indian Band government and all related entities that are controlled by the First Nation.

(b) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Lower Nicola Indian Band's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Lower Nicola Indian Band.

Organizations consolidated in Lower Nicola Indian Band's financial statements include:

1. Lower Nicola Indian Band Operating Fund
2. Lower Nicola Indian Band Social Housing Fund
3. Lower Nicola Indian Band Capital Fund
4. Lower Nicola Indian Band Trust Fund
5. Lower Nicola Indian Band Enterprise Fund

Organizations accounted for on a modified equity basis include:

6. Lower Nicola Indian Band Development Corporation (100% owned by the Lower Nicola Indian Band)
7. Naik Development Limited Partnership (99.999% owned by the Lower Nicola Indian Band as the limited partner and 0.001% owned by Naik Development Corporation as the general partner)

(c) Fund Accounting

The Lower Nicola Indian Band maintains the following funds and reserves as part of its operations:

- The Operating Fund which reports the general activities of the First Nation administration.
- The Capital Fund which reports the capital assets of the First Nation not included in other funds, together with their related activities.
- The Trust Fund which reports on the trust funds of the First Nation and held by third parties.
- The Social Housing Fund which reports on the social housing assets of the First Nation together with their related activities.
- The Enterprise Fund which reports the First Nation's investment in self-supporting commercial entities.

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(e) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

(f) Cash

Cash and cash equivalents include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(g) Loans Receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

(h) Long-term Debt

Proceeds from long-term debt are recorded as program revenue. Payments of principal and interest are treated as program expenditures. Long-term debt is recorded as a liability on the balance sheet. Reductions of long-term debt are offset with an increase to Equity in Capital Assets.

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Lower Nicola Indian Band's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings*	25 years Straight line
Automotive equipment	5 years Straight line
Computer equipment	5 years Straight line
Equipment	5 years Straight line
Fire Truck	10 years Straight line
Logging equipment	5 years Straight line
Infrastructure	25 years Straight line

*Social Housing assets acquired under C.M.H.C. sponsored housing programs are being depreciated at a rate equal to the principal reduction on the mortgage of the assets.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Lower Nicola Indian Band's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

(j) Replacement Reserve

The Replacement Reserve is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(k) Budget

The budget reported in the financial statements was provided by management and is unaudited.

(l) Surplus Recoveries and Deficit Funding

Under the terms of funding arrangements, remaining surpluses of certain programs may be recovered by the funding agency, and remaining deficits may be funded by the funding agency.

(m) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees."

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

2. ECONOMIC DEPENDENCE

Lower Nicola Indian Band receives a significant portion of its revenue pursuant to an agreement referred to as "The Comprehensive Funding Arrangement". This agreement has been entered into by the Lower Nicola Indian Band and Indigenous and Northern Affairs Canada. It is expected that the agreement will be renewed on an annual basis.

The Band also receives major funding pursuant to an arrangement with the First Nations Health Authority and under which certain surpluses and deficits may be offset, but with the net balance repayable or refundable as the case may be.

3. RESTRICTED CASH

Replacement Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Housing Program must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account with any interest earned to be credited as revenue to the Replacement Reserve Fund.

As at the year end date, the Fund is underfunded by \$64,259 (2015 - \$29,803).

Operating Reserve Fund:

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage & Housing Corporation, the Program is to set aside any surplus revenue to an operating reserve for the purpose of meeting future requirements of income listed occupants over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at the year end date, the Fund is underfunded by \$21,239 (2015 - \$40,758).

Ottawa Trust Funds:

The trust funds arise from monies 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

	2016	2015
Replacement Reserve Fund - restricted cash	\$ 566,963	\$ 527,502
Operating Reserve Fund - restricted cash	460,004	411,517
Ottawa Trust Funds - restricted cash	593,178	578,361
	\$ 1,620,145	\$ 1,517,380

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

4. ACCOUNTS RECEIVABLE

	2016	2015
Accounts receivable - general	\$ 1,128,181	\$ 273,051
Indigenous and Northern Affairs Canada	23,321	80,240
All Nations Trust Company	19,776	19,776
Canada Mortgage and Housing Corporation	17,196	17,794
First Nations Health Authority	-	177,166
Health Canada	-	12,112
	1,188,474	580,139
Allowance for doubtful accounts	(196,324)	(67,560)
	\$ 992,150	\$ 512,579

5. LOANS RECEIVABLE

	2016	2015
Due from Naik Development Limited Partnership	\$ -	\$ 79,873
Due from Lower Nicola Indian Band Development Corporation	250,000	20,284
Due from LNIB Real Estate Developments Ltd.	16,278	7,634
Due from LNIB Construction Ltd.	216,365	207,832
Due from LNIB Energy Ltd.	2,597	1,205
Due from Shulus Forest Enterprises Ltd.	935,518	958,290
Due from LNIB General Contracting Ltd.	16,764	6,451
Due from LNIB Aggregates Ltd.	26,815	-
Due from band member*	67,990	-
Due from Shulus Cattle Company Ltd.	(2,076)	82,950
	\$ 1,530,251	\$ 1,364,519

Loans to related entities have no specific terms of repayment and bear no interest.

*The loan to a band member is repayable in monthly installments of \$482 including interest at 3.40%.

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

6. LONG-TERM INVESTMENTS

	2016	2015
Investment in Non-Controlled Entities		
All Nations Trust Company - shares at cost	\$ 8,710	\$ 8,710
Nicola Valley Indian Services Association - net investment	153,072	153,072
Investment in Stuwix Resources*	501,304	-
	663,086	161,782
Investment in Naik Development Limited Partnership*		
Accumulated equity in earnings	(238)	270,587
	(238)	270,587
Investment in Lower Nicola Indian Band Development Corporation		
Shares	100	100
Contributed Surplus	129,670	129,670
Accumulated equity in earnings	282,626	347,063
	412,396	476,833
	\$ 1,075,244	\$ 909,202

* In the prior year the investment in Stuwix Resources was held through Naik Development Limited Partnership and is thus reflected in the comparative investment in Naik Development Limited Partnership (\$270,587). During the fiscal 2016 year, the investment was transferred from Naik Development Limited Partnership to the Lower Nicola Indian Band. The net investment in Stuwix Resources at March 31, 2015, held by Naik Development Limited Partnership was \$386,831.

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

7. GOVERNMENT BUSINESS ENTERPRISES

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of CPA Canada. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	Lower Nicola Indian Band Development Corporation	Naik Development Limited Partnership	2016 Total	2015 Total
Cash	\$ 66,904	\$ -	\$ 66,904	\$ 129,658
Accounts receivable	7,088	-	7,088	-
Investment in joint venture	-	-	-	386,831
Investment in subsidiaries	617,303	-	617,303	497,218
Total assets	\$ 691,295	\$ -	\$ 691,295	\$ 1,013,707
Accounts payable	\$ 28,699	\$ 238	\$ 28,937	\$ 2,905
Due from related parties	250,000	-	250,000	243,019
Due from subsidiaries	200	-	200	20,384
Total liabilities	278,899	238	279,137	266,308
Share capital	100	-	100	100
Accumulated surplus	412,296	(238)	412,058	747,299
Total equity	412,396	(238)	412,158	747,399
Total liabilities and equity	\$ 691,295	\$ -	\$ 691,295	\$ 1,013,707
	Lower Nicola Indian Band Development Corporation	Naik Development Limited Partnership	2016 Total	2015 Total
Revenue	\$ 10,375	\$ -	\$ 10,375	\$ 503,268
Net income from subsidiaries	119,986	-	119,986	-
	130,361	-	130,361	503,268
Expenses	194,798	586	195,384	89,824
Net income	\$ (64,437)	\$ (586)	\$ (65,023)	\$ 413,444

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

8. ACCOUNTS PAYABLE

	2016	2015
Accounts payable - general	\$ 765,389	\$ 451,276
Indigenous and Northern Affairs Canada	109,719	230,387
GST/HST payable (receivable)	(11,848)	(14,400)
Receiver General - payroll deductions	21,669	21,737
School District #58	470,912	695,761
Wages payable	274,060	285,744
	\$ 1,629,901	\$ 1,670,505

9. DEFERRED REVENUE

	March 31, 2015	Funding received, 2016	March 31, 2016
Highland Valley Copper	\$ 72,126	\$ 2,048	\$ 74,174

10. LONG-TERM DEBT

	2016	2015
Murray Chevrolet Buick GMC lease payable in monthly installments of \$637, including interest at 2.49% per annum; secured against the 2014 Sierra 1500 truck.	\$ -	\$ 31,352
Peace Hills Trust, payments of \$9,500 per month including interest at 5.0% per annum, maturing October 1, 2020, secured by assignment of taxation revenues.	-	444,099
Peace Hills Trust, payments of \$4,400 per month including interest at 5.0% per annum, maturing September 1, 2020, secured by assignment of taxation revenues.	-	203,602
Peace Hills Trust, payments of \$3,750 per month including interest at 5.0% per annum, maturing September 1, 2020, secured by assignment of taxation revenues.	-	172,482
All Nations Trust Company loans, due on demand and repayable in blended monthly installments of \$1,590 including interest at 9.3% per annum; secured by Kobelco Blade Runner; term due December 1, 2019.	59,125	91,916
GMC/Ally Credit loan, payment of \$953 per month including interest at 6.0% per annum, secured by the 2012 Dodge Ram.	-	28,134
GMC/Ally Credit loan, payment of \$528 per month including interest at 6.24% per annum, secured by the 2012 Chevy Traverse.	-	15,972
Royal Bank of Canada demand loan, payments of \$3,967 per month plus interest at 4.75% per annum, secured by the fire truck.	57,649	101,418

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

10. LONG-TERM DEBT, continued

	2016 \$	2015 \$
GMC/Ally Credit loan, payment of \$499 per month including interest at 4.99% per annum, secured by a vehicle.	-	17,426
GMC/Ally Credit loan, payment of \$554 per month including interest at 2.55% per annum, secured by a vehicle.	-	555
All Nations Trust Company loan repayable in blended monthly installments of \$3,645.00 including interest at 1.65% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due April 1, 2017.	46,931	89,517
All Nations Trust Company loan repayable in blended monthly installments of \$2,196.00 including interest at 1.67% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due February 4, 2017.	23,961	49,684
All Nations Trust Company loan repayable in blended monthly installments of \$1,922.00 including interest at 2.11% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due September 1, 2023.	159,868	179,337
All Nations Trust Company loan repayable in blended monthly installments of \$2,133.00 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due October 1, 2025.	233,768	254,961
All Nations Trust Company loan repayable in blended monthly installments of \$1,658.00 including interest at 2.11% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due November 1, 2023.	140,735	157,471
All Nations Trust Company loan repayable in blended monthly installments of \$1,326.00 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due February 1, 2026.	150,151	163,246
All Nations Trust Company loan repayable in blended monthly installments of \$767.00 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due November 1, 2025.	84,775	92,386
All Nations Trust Company loan repayable in blended monthly installments of \$967.00 including interest at 1.62% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due January 1, 2028.	124,894	134,390
All Nations Trust Company loan repayable in blended monthly installments of \$1,846.00 including interest at 1.67% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due April 1, 2028.	242,359	260,308
All Nations Trust Company loan repayable in blended monthly installments of \$2,651 including interest at 1.01% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due February 1, 2026.	300,041	326,209

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

10. LONG-TERM DEBT, continued

	2016 \$	2015 \$
All Nations Trust Company loan repayable in blended monthly installments of \$2,684.00 including interest at 1.71% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due July 1, 2032.	458,920	483,067
All Nations Trust Company loan repayable in blended monthly installments of \$2,121.00 including interest at 1.98% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due May 1, 2039.	454,833	470,763
All Nations Trust Company loan repayable in blended monthly installments of \$2,664.00 including interest at 1.85% per annum; secured by a Ministerial Guarantee from Indigenous and Northern Affairs Canada; term due June 1, 2034.	495,109	517,704
	\$ 3,033,119	\$ 4,285,999

Principal portion of long-term debt due within the next five years:

2017	\$ 343,646
2018	225,960
2019	225,968
2020	229,688
2021 and thereafter	2,007,857
	\$ 3,033,119

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

11. TANGIBLE CAPITAL ASSETS

	Cost					Accumulated amortization		2016 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals	Balance, end of year	
Buildings	\$ 14,312,002	\$ 950,748	\$ -	\$ 15,262,750	\$ 6,903,174	\$ 580,250	\$ 7,483,424	\$ 7,779,326
Automotive equipment	1,319,843	321,036	28,263	1,669,142	837,359	84,583	950,205	718,937
Equipment	1,273,374	221,626	-	1,495,000	856,937	147,619	1,004,556	490,444
Fire Truck	505,321	-	-	505,321	364,129	23,532	387,661	117,660
Infrastructure	9,059,891	170,632	-	9,230,523	2,329,486	365,808	2,695,294	6,535,229
Social Housing	7,464,541	-	-	7,464,541	2,349,486	262,698	2,612,184	4,852,357
	\$ 33,934,972	\$ 1,664,042	\$ 28,263	\$ 35,627,277	\$ 13,640,571	\$ 1,464,490	\$ 15,133,324	\$ 20,493,953

	Cost					Accumulated amortization		2015 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization on disposals	Balance, end of year	
Buildings	\$ 14,143,120	\$ 168,882	\$ -	\$ 14,312,002	\$ 6,334,071	\$ 569,103	\$ 6,903,174	\$ 7,408,828
Automotive equipment	1,394,312	701,133	(775,602)	1,319,843	965,713	100,229	837,359	482,484
Equipment	1,075,901	197,473	-	1,273,374	742,834	114,103	856,937	416,437
Fire Truck	505,321	-	-	505,321	340,596	23,533	364,129	141,192
Logging equipment	291,950	222,000	(513,950)	-	291,950	-	(291,950)	-
Infrastructure	7,815,982	1,243,909	-	9,059,891	1,991,969	337,517	2,329,486	6,730,405
Social Housing	6,930,393	534,148	-	7,464,541	2,096,165	253,321	2,349,486	5,115,055
	\$ 32,156,979	\$ 3,067,545	\$ (1,289,552)	\$ 33,934,972	\$ 12,763,298	\$ 1,397,806	\$ 13,640,571	\$ 20,294,401

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

12. ACCUMULATED SURPLUS

	2016	2015
Unrestricted		
Operating Fund	\$ 8,204,902	\$ 7,701,131
Capital Fund	15,524,822	14,072,388
	23,729,724	21,773,519
Restricted		
Social Housing	2,992,536	2,889,648
Enterprise Fund	1,075,243	909,202
Ottawa Trust Fund	593,179	578,361
	4,660,958	4,377,211
	\$ 28,390,682	\$ 26,150,730

13. SEGMENTED INFORMATION

As previously discussed in note 1 (e) the First Nation conducts its business through reportable segments as follows:

The Band Programs department is responsible for administering projects the Band is involved in annually and on an on-going basis relating to the overall objectives of the First Nation and the development of stable, legitimate and accountable community governments. It also provides overall support of the First Nation including advisory services relating to financial management, band government, economic development, community services and technical services.

Education supports the members in expressing, preserving, developing and promoting its cultural heritage through the establishment and operation of First Nation education centres and programs, it also provides services for students at the elementary/secondary and post secondary level, including; instructional services both on and off reserve as well as support services such as transportation, accommodation, guidance and counselling.

Social Development provides assistance to community members unable to provide for themselves and their dependents. The services provided by this department include, but are not limited to, income assistance, child and family services, assisted living and early childhood development.

The Health department oversees the delivery of health programs and initiatives for the betterment of the lives of the members of the First Nation.

Job Creation supports the development of employment opportunities for members of the First Nation.

Capital Projects manages capital projects within the community undertaken to support the growth and/or maintenance of the First Nation's infrastructure.

Social Housing is responsible for the administration and management of Social Housing units.

Other operations include Capital Fund, Ottawa Trust Fund and Enterprise Fund transactions.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in Note 1.

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

13. SEGMENTED INFORMATION, continued

	2016		Band Programs		2015		Education		2015		Social Development		2015	
	Budget	Actual	2016	Actual	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Actual
Revenues														
Indigenous and Northern Affairs Canada	\$ 705,822	\$ 706,808	\$ 676,139	\$ 676,139	\$ 2,615,783	\$ 2,643,146	\$ 2,618,635	\$ 1,384,260	\$ 1,247,178	\$ 1,384,260	\$ 1,247,178	\$ 1,409,300		
Administration fee	257,000	279,054	245,207	245,207	-	7,718	15,395	-	-	-	-	-		
First Nations Health Authority	-	-	-	-	110,268	110,268	104,517	-	-	-	-	-		
Property tax assessed	1,398,037	1,406,921	1,395,470	1,395,470	-	-	-	-	-	-	-	-		
Royalties	1,276,939	1,100,000	1,200,000	1,200,000	-	-	-	-	-	-	-	-		
Rental	395,000	372,488	368,123	368,123	8,400	9,050	9,317	-	-	-	-	-		
Other revenue	296,500	494,188	256,268	256,268	576,167	754,285	660,591	2,400	600	2,400	600	1,075		
Total revenue	4,329,298	4,359,459	4,141,207	4,141,207	3,310,618	3,524,467	3,408,455	1,386,660	1,247,778	1,386,660	1,247,778	1,410,375		
Expenses														
Contractors	138,000	108,174	24,709	24,709	12,000	46,571	19,454	57,697	1,351	57,697	1,351	9,934		
Loan payments	892,542	893,118	266,030	266,030	-	-	-	-	-	-	-	-		
Professional fees	622,515	591,675	577,533	577,533	10,500	5,236	9,479	-	-	-	-	-		
Tangible capital asset acquisition	30,500	20,931	71,665	71,665	286,554	563,534	317,330	-	-	-	-	-		
Travel	33,000	60,416	27,303	27,303	24,396	34,639	25,183	4,700	8,561	4,700	8,561	1,134		
Utilities and telephone	102,900	137,912	114,186	114,186	69,350	75,413	72,064	123,283	114,380	123,283	114,380	140,769		
Wages and benefits	874,020	932,267	728,218	728,218	902,255	935,881	835,387	291,276	208,618	291,276	208,618	257,002		
Other expenses	858,045	1,274,452	922,596	922,596	1,842,626	2,029,443	1,691,392	1,019,550	1,120,753	1,019,550	1,120,753	1,052,449		
Total expenses	3,551,522	4,018,945	2,732,240	2,732,240	3,147,681	3,690,717	2,970,289	1,496,506	1,453,663	1,496,506	1,453,663	1,461,288		
Annual surplus (deficit)	\$ 777,776	\$ 340,514	\$ 1,408,967	\$ 1,408,967	\$ 162,937	\$ (166,250)	\$ 438,166	\$ (109,846)	\$ (205,885)	\$ (109,846)	\$ (205,885)	\$ (50,913)		

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

13. SEGMENTED INFORMATION, continued

	2016		2015		2016		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues												
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ -	\$ 277,969	\$ 277,969	\$ 74,936	\$ 74,936	\$ 469,713	\$ 468,728	\$ 435,881	\$ 435,881
Administration fee	-	31,114	-	-	61,105	61,105	-	-	115,000	155,074	57,407	57,407
BC Hydro	-	-	-	-	850,000	850,000	1,450,883	1,450,883	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-	-	54,380	54,380
First Nations Health Authority	980,400	992,333	971,896	971,896	-	-	-	-	-	-	-	-
Rental	-	-	-	-	8,500	8,500	-	-	80,000	81,616	84,816	84,816
Other revenue	-	-	-	-	2,022,253	2,524,078	730,920	730,920	-	70	577,328	577,328
Total revenue	980,400	1,023,447	971,896	971,896	3,158,722	3,713,152	2,256,739	2,256,739	664,713	705,488	1,209,812	1,209,812
Expenses												
Contractors	20,000	32,743	7,220	7,220	415,000	230,602	7,350	7,350	127,779	147,374	134,748	134,748
Loan payments	6,600	554	5,541	5,541	6,000	500	2,499	2,499	-	-	-	-
Professional fees	-	-	450	450	430,360	1,002,062	631,621	631,621	800	35,086	43,154	43,154
Tangible capital asset acquisition	28,400	19,745	27,926	27,926	28,000	470,810	11,151	11,151	910,000	73,468	400,116	400,116
Travel	70,211	72,578	74,563	74,563	45,000	72,618	77,571	77,571	10,000	10,959	17,664	17,664
Utilities and telephone	24,380	31,101	29,529	29,529	11,200	7,950	2,839	2,839	106,407	115,221	108,594	108,594
Wages and benefits	434,692	509,462	420,897	420,897	527,885	499,603	328,342	328,342	357,908	391,562	353,277	353,277
Other expenses	245,522	205,294	200,746	200,746	169,860	151,153	32,992	32,992	413,583	708,791	548,620	548,620
Total expenses	829,805	871,477	766,872	766,872	1,633,305	2,435,298	1,094,365	1,094,365	1,926,477	1,482,461	1,606,173	1,606,173
Other items	150,595	151,970	205,024	205,024	1,525,417	1,277,854	1,162,374	1,162,374	(1,261,764)	(776,973)	(396,361)	(396,361)
Annual surplus (deficit)	\$ 150,595	\$ 151,970	\$ 205,024	\$ 205,024	\$ 1,525,417	\$ 1,277,854	\$ 1,162,374	\$ 1,162,374	\$ (1,261,764)	\$ (776,973)	\$ (262,340)	\$ (262,340)

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

13. SEGMENTED INFORMATION, continued

	2016		Social Housing		2015		Capital Fund		Enterprise Fund		2015	
	Budget	Actual	2016	Actual	Actual	Budget	2016	Actual	2016	Budget	Actual	Actual
Revenues												
Administration fee	\$ 500	\$ -	\$ -	\$ -	\$ 211,775	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Canada Mortgage and Housing Corporation	219,771	212,332	212,332	211,775	-	-	-	-	-	-	-	-
Rental	429,660	427,795	427,795	410,780	-	-	-	-	-	-	-	-
Other revenue	-	17,385	17,385	17,570	-	-	-	-	-	-	-	551,514
Total revenue	649,931	657,512	657,512	640,125	640,125	-	-	-	-	-	48,582	551,514
Expenses												
Amortization	-	262,698	262,698	253,321	253,321	-	1,258,318	-	-	-	-	-
Loan payments	267,630	262,698	262,698	253,321	253,321	-	-	-	-	-	-	-
Professional fees	6,500	5,000	5,000	8,215	8,215	-	-	-	-	-	-	-
Utilities and telephone	6,500	6,500	6,500	14,500	14,500	-	-	-	-	-	-	-
Other expenses	270,078	280,426	280,426	275,961	275,961	-	-	-	-	-	348,155	-
Total expenses	550,708	817,322	817,322	805,318	805,318	-	1,258,318	-	1,492,637	-	-	-
Other items	99,223	(159,810)	(159,810)	(165,193)	(165,193)	-	(1,258,318)	-	(1,492,637)	-	48,582	551,514
	-	262,698	262,698	304,516	304,516	-	2,710,752	-	2,229,355	-	-	-
Annual surplus (deficit)	\$ 99,223	\$ 102,888	\$ 102,888	\$ 139,323	\$ 139,323	\$ -	\$ 1,452,434	\$ -	\$ 736,718	\$ -	\$ 48,582	\$ 551,514

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

13. SEGMENTED INFORMATION, continued

	2016		Ottawa Trust Fund		2015		2016		2015	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues										
Indigenous and Northern Affairs Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,453,547	\$ 5,343,829	\$ 5,214,890	\$ 5,214,890
Administration fee	-	-	-	-	-	-	372,500	534,065	318,009	318,009
BC Hydro	-	-	-	-	-	-	850,000	850,000	1,450,883	1,450,883
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	219,771	212,332	266,155	266,155
First Nations Health Authority	-	-	-	-	-	-	1,090,668	1,102,601	1,076,413	1,076,413
Property tax assessed	-	-	-	-	-	-	1,398,037	1,406,921	1,395,470	1,395,470
Royalties	-	-	-	-	-	-	1,276,939	1,100,000	1,200,000	1,200,000
Rental	-	-	-	-	-	-	921,560	890,949	873,036	873,036
Other revenue	-	14,818	-	14,818	16,405	16,405	2,897,320	3,854,006	2,811,671	2,811,671
Total revenue	-	14,818	-	14,818	16,405	16,405	14,480,342	15,294,703	14,606,527	14,606,527
Expenses										
Amortization	-	-	-	-	-	-	-	1,521,016	1,397,803	1,397,803
Contractors	-	-	-	-	-	-	770,476	566,815	203,415	203,415
Loan payments	-	-	-	-	-	-	1,172,772	1,156,870	527,391	527,391
Professional fees	-	-	-	-	-	-	1,070,675	1,639,059	1,270,452	1,270,452
Tangible capital asset acquisition	-	-	-	-	-	-	1,283,454	1,148,488	828,188	828,188
Travel	-	-	-	-	-	-	187,307	259,771	223,418	223,418
Utilities and telephone	-	-	-	-	-	-	444,020	488,477	482,481	482,481
Wages and benefits	-	-	-	-	-	-	3,388,036	3,477,393	2,923,123	2,923,123
Other expenses	-	-	-	-	-	-	4,819,284	5,770,312	5,072,911	5,072,911
Total expenses	-	-	-	-	-	-	13,136,004	16,028,201	12,929,182	12,929,182
Other items	-	-	14,818	14,818	16,405	16,405	1,344,338	(733,498)	1,677,346	1,677,346
Annual surplus (deficit)	\$ -	\$ 14,818	\$ -	\$ 14,818	\$ 16,405	\$ 16,405	\$ 1,344,338	\$ 2,239,952	\$ 4,345,235	\$ 4,345,235

LOWER NICOLA INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS MARCH 31, 2016

14. CONTINGENT LIABILITIES

a) Indigenous and Northern Affairs Canada

Under the terms of the contribution agreements with Indigenous and Northern Affairs Canada and other governmental departments, certain surpluses may be repayable to the government and certain deficits may be reimbursable to the Band.

b) Loan Guarantee

A Government of Canada Ministerial Guarantee has been obtained for loans to certain band members. If these loans default, the Minister may recover the outstanding amounts from the Lower Nicola Indian Band.

The band has guaranteed loans totalling \$80,651.

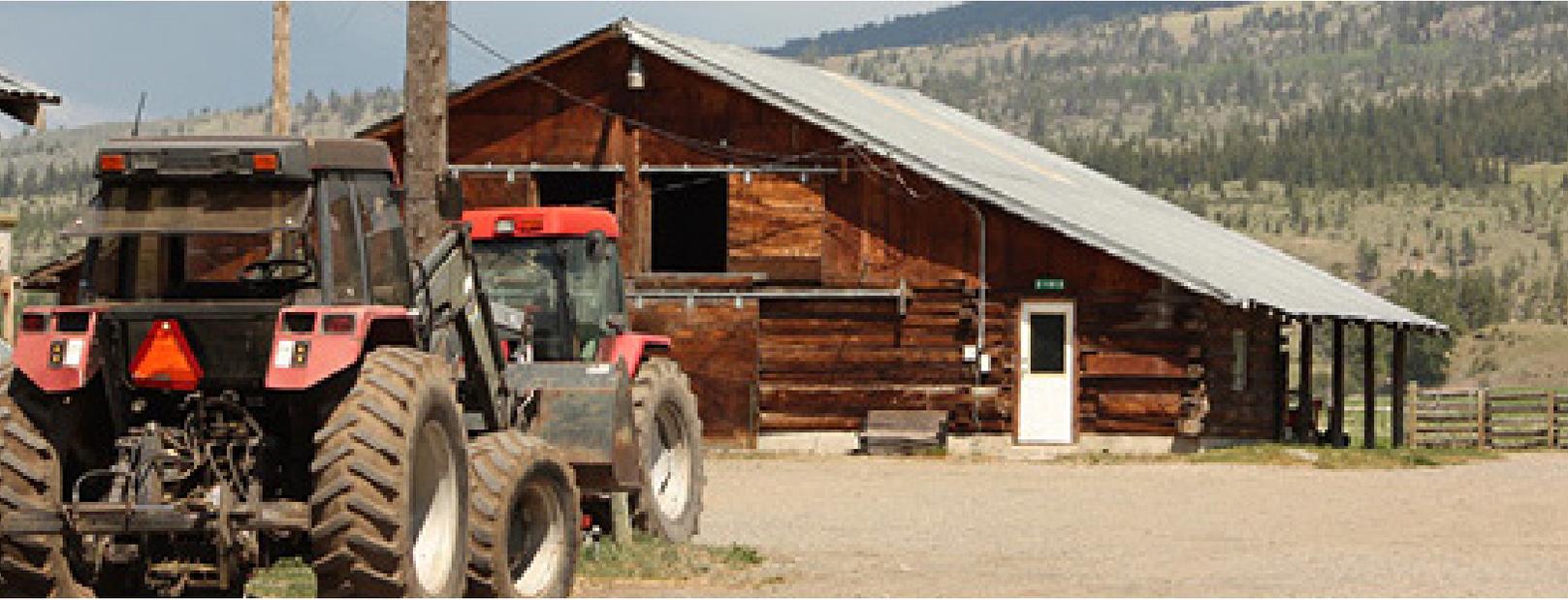
c) Legal Claim

The Lower Nicola Indian Band was named as a defendant in a legal suit brought by a third party. Contingent liabilities, if any, are undeterminable at this time and no provisions have been made in these financial statements for any costs related to the suit.

15. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

Lower Nicola Indian Band



Development Corporation



Chief Operating Officer's Message



Sean Maloney,
LNIB Development
Corporation Chief
Operating Officer

In March 2015 the Chief and Council appointed a Board of Directors to provide strategic leadership and guidance to a new development corporation. Since then it has proven to be an extremely interesting 15 months, much of which is due to significant change and transition. A lot of this change and transition has meant a shift from operating as a government department to that of a typical corporation or traditional business model.

Transition has offered me the opportunity to become Chief Operating Officer(COO) for the LNIB Development Corporation as of May 2016. Although I am proud that I have been given such an opportunity, it certainly has brought on numerous and substantial challenges. Fortunately our Board of Directors offers a level of expertise and enthusiasm to ensure we are looking after the best interests of our shareholder; Lower Nicola Indian Band (LNIB).

While I would like to be able to offer a report that trumpets our successes (all be them modest), it is far more important to present a realistic depiction, and currently there is significant room for improvement. In fairness there is also room for hope and future opportunities.

The next year will demand new levels of dedicated resources and an unyielding concerted effort from all to ensure the Development Corporation is successful. Part of our strategy stresses greater accountability for the management of our companies, with more transparency in our financial plans. Such transparency means having solid budgets in place that hold managers accountable for achieving their forecasted revenue projections. And while we are driven to build capacity within our group of companies, and in the LNIB community at large; such capacity must be planned appropriately. Thus, potential Joint Ventures (JVs) and acquisitions must be assessed critically to ensure we are investing with reputable, high achieving businesses in profitable operations, and in alignment with community interests, skill sets, values and above all; safe.

Wealth & Jobs

As COO my day to day vision is a simple one; to maximize profits for our shareholders and to create training, employment, and economic opportunities for LNIB members in the Nicola Valley so they obtain the knowledge and experience that will enable them to have greater economic independence.

In general terms our corporate mission as Lower Nicola Indian Band Development Corporation (LNIBDC) is to create wealth for LNIB. The Corporation will enhance our shareholders' investment portfolios through quality business investments. LNIBDC supports our shareholders strategic priorities for; employment and training, respect for the environment and culture, social and economic advancement for LNIB.

All of these words and our efforts are dedicated to achieving the guiding concept of economic self-reliance, prosperity and certainty for Lower Nicola Indian Band members by creating sustainable economic development.

Since I started working with the LNIBDC last September I have enjoyed the support of and sage guidance from our Board of Directors who have selflessly given their time and talents without hesitation. Their genuine dedication to the betterment of the LNIBDC and LNIB community is to be applauded and I am personally grateful.

I also want to thank those LNIB members who have taken the time to help me understand their culture. I have so much to learn and your time and effort are genuinely appreciated.

Finally, I have heard many concerns regarding historic contracting and employment opportunities associated with LNIB business entities. I want all of you to know that my door is always open and that the LNIBDC is steadfast and unapologetic in our efforts to be transparent and fair in all of our business ventures.

Respectfully

Seán Maloney

Chief Operating Officer

LNIB Development Corporation

S.maloney@lnibdevcorp.com

LNIB Development Corporation

Our Owners:

LNIBDC is a 100 % LNIB owned Development Company.

The Board is comprised of five members. The Board guides and directs the COO, the investment strategy and portfolio. Board of Directors as of August 2016 are:



Aaron Sam is Chief of the Lower Nicola Indian Band. He has been elected in the BC Aboriginal Justice Council this year. Aaron's extensive education assists me in my representation as LNIB Chief



Ruth Williams is Vice-Chair of the First Nations Market Housing Fund, and long-time CEO responsible for the success of All Nations Trust Company, in Kamloops, BC



Chris Scott is a colleague of Chief Clarence Louie and lead behind the business development strategy of the Osoyoos Indian Band, and current Chief Operating Officer of the Penticton Indian Band Development Corporation.

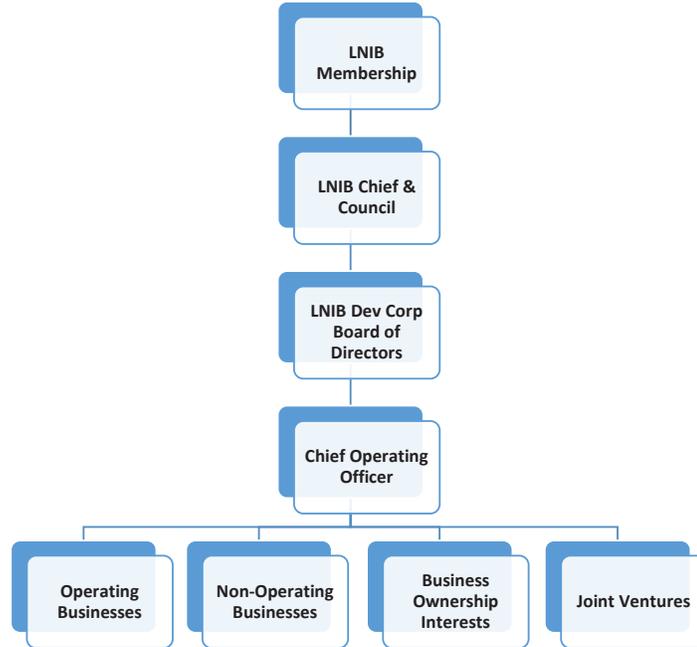


Dennis Coates is a lawyer with extensive experience in First Nations business development, joint venturing, and legal structuring.

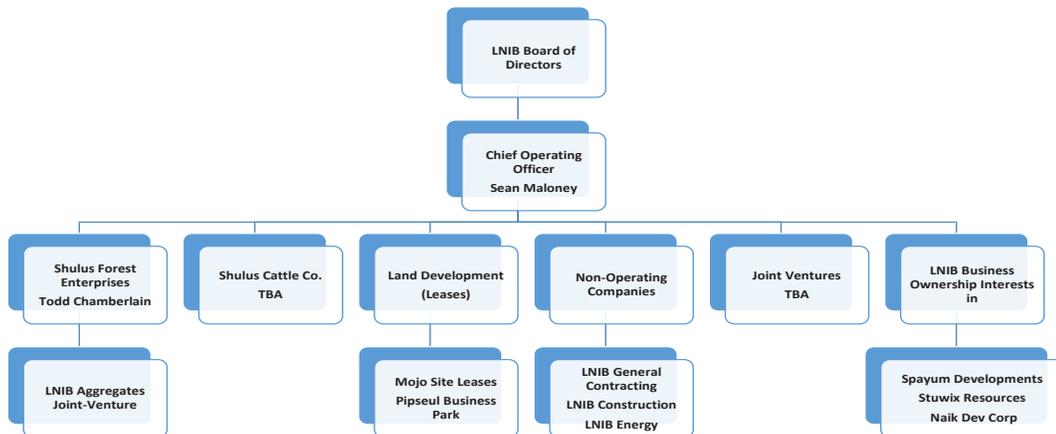


Robert Sterling Jr. is Councillor of the Lower Nicola Indian Band. He is an Archaeologist and manages TUS Archeology

LNIB Business Ownership & Responsibility Structure



Organizational Structure & Business Development



Business Development Corporation implements new businesses and partnerships along with procurement opportunities for LNIB entrepreneurs and LNIB owned businesses. The primary goals of the Development Corporation are to create wealth and employment opportunities for its ownership structure; the Lower Nicola Indian Band and its members.

To date LNIB has had two principle operations aimed at achieving these goals Shulus Cattle Company and Shulus Forest Enterprises

Both of these entities have had varying levels of success and failure and until recently have operated with limited oversight, accountability, profit loss responsibility and have

not enjoyed the benefit of long term sustainable professional management nor an experienced governing board structure.

Going Forward

In order for LNIBDC to continue to affect positive change several fundamental elements must occur immediately. A formal Vision/Mission must be completed, along with the development of policies and procedures. LNIBDC must properly capitalize to secure investments, acquisitions and staffing requirements. A determination of certain assets currently held by LNIB are to be devolved to the Development Corporation for management and development and formally transferred over. LNIB and LNIBDC must collectively understand their respective roles, responsibilities and expectations. LNIBDC must acquire a suitable workspace that allows LNIBDC a collaborative team structure. The working culture at LNIB needs to advance so that it allows for a collaborative day-to-day working environment with the Development Corporation.

Business Targets and Strategy

Joint Ventures - Large Scale Industrial Development (Long and Short Term)

There exists a number of large-scale industrial developments slated for the area. Some of the opportunities are short term but potentially offer significant opportunities for wealth creation. JVs with established industry leaders would likely be required when opportunities are too large and/or LNIBDC does not have the required capacity, expertise and financial ability to hold the contract. However, JV's undertaken to complete long term or renewable contracts should be structured in such a way that allows capacity development and sliding equity participation leading to majority ownership.

Some of these Developments include:

- Kinder Morgan-Forestry Contracts, civil work, construction, security, catering,
- Kingsvale Transmission Project
- Teck HVC - crushing, civil work, recycling, dam maintenance
- BC Hydro - West Kelowna Transmission Project- various
- Spectra – vegetation management, procurement, labour
- Forestry – related Tolko, Aspen, BC Hydro, Spectra, CN Rail
- Environmental Services, Vegetation Management,

Potential & Existing LNIB/LNIBDC Land Holdings Development:

- Recreational Property Development – cottage/RV site etc.
- Digital Signage – Coquihalla Hwy.
- Aggregate/Gravel Pitt development- SCC Land based
- Mojo Industrial Park Development – New office space, incubating commercial and light industrial space

Contemplated Agricultural Development:

- Community Food Lands Plan
- Organic Garlic Farm (seed & culinary)
- Organic Hop Pilot Project
- Market Garden Farm/greenhouse/indigenous/medicinal plants/value added processing
- Alternative cash crop
- Alternative livestock
- Best Use for existing agricultural land asset – lease, development etc.

Business Acquisitions, Equity Participation, New Business Start Ups

- Various Wind Energy Proposals - MKI, Sea Breeze etc.
- Local Aggregate Development
- Merritt Green Energy – Investment Opportunity
- Kingsvale Transmission Project
- Business Acquisitions
- Real estate and Property development

To date in the 2016/17 year, two new businesses were formed:

- Lower Nicola Site Services: A partnership between LNIBDC and LNB Construction (HVC Crushing Contract)
- Coquihalla Catering Ltd: A partnership between LNIBDC and Civeo (NVIT Catering Contract)

Employment Opportunities:

- Lower Nicola Site Services has created 5 new jobs, four of which were filled by LNIB members. The positions are located at Teck HVC operations
- Coquihalla Catering Ltd will offer three positions to start. These are intended to be filled by LNIB members. The positions are located at NVIT, Merritt

Partnerships

The LNIBDC is in discussions with UBC's Department of Sustainable Food Development and with the intention of formatting a Partnership focusing on agribusiness opportunities and extended academic support, research and business planning.

Local Economy Building

LNIBDC will be hosting a series of meet and greet sessions for individuals (employment) and LNIB member owned businesses (contracts) through the year and in collaboration with their JV partners and other companies interested in conducting work in the area.

Shulus Cattle Company

Shulus Cattle Company has 1 full time employee year round, while taking on an additional 3 seasonal, full time employees for the duration of the summer.



Shulus Cattle Company 2016

Over the spring and summer months the duties that the employees carry out at the ranch consist of calving and branding. They set out the irrigation pipes and get the water pumps going. Some days are completely filled with fencing out on the range. The employees will then turn out the cows, and move them around the range land throughout the summer to graze.

During the Fall and Winter months, duties for the employees will consist of winterizing the irrigation pipes and machinery, and storing them away until spring arrives. Fencing around the home ranch is then done during the fall. The cows are brought back in from the range. Daily tasks that are completed are feeding the livestock, and maintaining the water troughs.

Spring 2016 came in with a bang with some major changes that happened at the Ranch. 110 cow/calf pairs, 46 first year replacement heifers, and 6 bulls were sold. There were 95 round bales sold from last year. The first crop off the main field was cut for silage, and sold to the Lower Nicola Cattle Company. We also have three new horses being boarded at the ranch for the summer. There were a few problems with one of our pump houses after some of the lightning storms, we then had the hydro guys come in to fix them, and now things seem to be back to normal.

Shulus Forest Enterprises Limited

Shulus Forest Enterprises Inc. (SFE) has been involved



LNIB Accepting the BC Business Award 2015 for Outstanding Business Achievement received for the Joint venture between Shulus Forest Enterprises Inc. and LNB Backhoe

in various projects this past year and has continued to employ 7 full time staff and approximately 12 seasonal employees. SFE has continued to work with Tolko Industries, Aspen Planers and Stuwix Resources to supply various forestry services including timber development, timber cruising, road maintenance and deactivation, logging supervision and other services as required.



Joshua Dick working in Referrals

SFE has also been contracted by BC Hydro and Allteck to complete the Merritt Green Energy Interconnect Line (MIG) which will connect the Merritt Green Energy plant to the Merritt Substation. Work was started in January of this year and will continue on until its completion sometime in May. We are also still working on the Merritt Area Transmission (MAT) Project with a completion date of June of this year.

Surerus Murphy has been awarded a contract with Spectra Energy to do upgrades to their pipeline from Tunkwa Lake south to Hope and has contracted SFE to assist in all aspects of the project. We will be supplying everything from labor to equipment to enable them to complete the project. They have entered into a short term lease with Lower Nicola Indian Band at the Gravel Pit and have set up an office and lay down yard there.

SFE is also managing the Community Wildfire Protection Program on behalf of Lower Nicola Indian Band, presently we have completed approximately one third of our project. This involves the thinning, pruning and brushing of areas around reserves to reduce the wildfire threat to the community.

We also continue to supply various services to many other clients and will continue to look for more business opportunities that will provide both economic opportunities and job creation for Lower Nicola Indian Band members and member companies.

Other LNIBDC Initiatives and Projects

LNIBDC is considering a Pilot 5 Acre Hops Project and is considering a feasibility and marketing strategy.

Hop farming in B.C. dates back to the 1860s and peaked in the 1940s, when the province's 2,000 acres of cultivation represented the largest hop-growing region in the British Commonwealth. But the industry completely dried up over the second half of the 20th century amid market consolidation led by major brewing conglomerates.

Now amid an explosion of Craft Breweries, Nano Breweries, Brew Pubs etc. the demand for hops currently out paces supply. Media reports and industry experts and insiders all claim that the market holds significant blue sky for those brave enough to enter into what is considered an extremely lucrative and sustainable agriculture business. Hops Canada and the KIB have jointly invested in the development of what is now considered to be the largest Hop Yard in Canada with more than 240 acres established last year.

LNIBDC Branding and Marketing Concepts

Currently LNIBDC operates without the benefit of independent corporate branding. In this absence the go to practice has been to simply liberate the most recent logos, colour scheme, font etc. from the Band and apply to everything from stationary to Power Point presentations

With the creation of the LNIBDC a proper branding effort is desperately needed to differentiate corporate from government. We have a situation where the corporate offices are intermingled amongst government. Beyond the shared office space and phone systems we arbitrarily employ the same competing and confusing logos, all of which further blur the view of roles and responsibilities. Who makes decisions for Shulus Cattle? Who should HVC call to discuss a contact opportunity? Does LNIB Lands and Economic Development Sector manage the Development Corporation?

A strong, unified brand identity is extremely important. Our corporate identity can make our businesses stand out.

Benefits of a Strong Brand Identity

LNIBDC Corporate branding is absent and inconsistent across our group of corporate interests, however, it shouldn't be. A brand identity is very important. Following new corporate brand identity guidelines on all marketing material will improve our company's image in the eyes of our customers, partners and even staff.

Our logo, company colours, mission statement, the tone of our company, the look and feel of our website and how our company presents itself goes a long way to showcasing the best possible image of our business.

A professional consistent identity immediately tells the community that we are a professional and organized business. It conveys a sense of what our organization is about and reinforces our experience and mission statement with every aspect.

LNIBDC and the Nicola Valley community will embrace, promote and offer:

- Environmental Leadership, Stewardship, and Organic Best Practices
- Safe and Ethical Business Practices, Fair Wages, Fair Prices, and Fair Deals
- A reputation for creating wealth, job and training opportunities
- A community that embraces its rich culture and celebrates its proud heritage, culture and arts
- A highly desirable destination that offers the best value in BC to live, invest, work, and play – The Next Best Thing and
- Technology



Shulus Cattle Company Hay Stack

LNIB Development Corporation Unaudited Financial Statements

**LOWER NICOLA INDIAN BAND
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS
March 31, 2016
(Unaudited - See Notice to Reader)**

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

INDEX TO THE FINANCIAL STATEMENTS

March 31, 2016

(Unaudited - See Notice to Reader)

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ACCOUNTANTS AND BUSINESS ADVISORS

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NOTICE TO READER

On the basis of information provided by the company, we have compiled the balance sheet of Lower Nicola Indian Band Development Corporation as at March 31, 2016 and the statements of loss and retained earnings for the year then ended.

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

Accordingly, readers are cautioned that these statements may not be appropriate for their purposes.

REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

RICHMOND, B.C.
JULY 12, 2016

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

STATEMENT OF LOSS

For the year ended March 31, 2016

(Unaudited - See Notice to Reader)

	2016	2015
	\$	\$
REVENUE	10,375	-
EXPENSES		
Contract service	110,971	-
Director's fees	9,125	-
Equipment rental	468	-
Office	6,579	-
Professional fees	34,670	20,285
Secretarial services	12,000	-
Fees, licences and dues	376	-
Travel	20,609	-
	194,798	20,285
LOSS FROM OPERATIONS	(184,423)	(20,285)
Share of income from subsidiary companies	119,986	503,268
NET INCOME (LOSS)	(64,437)	482,983

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

STATEMENT OF RETAINED EARNINGS

For the year ended March 31, 2016

(Unaudited - See Notice to Reader)

	2016	2015
	\$	\$
BALANCE, beginning of the year	347,063	(135,920)
Net income (loss)	(64,437)	482,983
BALANCE, end of the year	282,626	347,063

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

BALANCE SHEET As at March 31, 2016 (Unaudited - See Notice to Reader)

	2016	2015
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	66,904	-
Accounts receivable	7,088	-
GST receivable	5,770	-
	79,762	-
OTHER ASSETS		
Investment in subsidiaries (Note 2)	617,303	497,218
	697,065	497,218
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	34,350	-
GST payable	119	-
Due to subsidiary (Note 3)	100	-
	34,569	-
OTHER LIABILITIES		
Advances from related parties (Note 3)	250,100	20,385
	284,669	20,385
SHAREHOLDER'S EQUITY		
Share capital (Note 5)	100	100
Contributed surplus (Note 6)	129,670	129,670
Retained earnings	282,626	347,063
	412,396	476,833
	697,065	497,218

Approved on behalf of the Board:

_____ Director

The accompanying notes are an integral part of these financial statements

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

(Unaudited - See Notice to Reader)

1: GENERAL

Lower Nicola Indian Band Development Corporation was incorporated under the Business Corporations Act of British Columbia on July 10, 2013. The company was formed as a holding company for the corporations previously controlled by the Lower Nicola Indian Band. Lower Nicola Indian Band Development Corporation is wholly owned by the Lower Nicola Indian Band.

2: INVESTMENT IN SUBSIDIARIES

	2016	2015
	\$	\$
Investment in Shulus Cattle Company Ltd.	903,844	593,941
Investment in Shulus Forestry Enterprises Ltd.	(149,215)	(11,095)
Investment in LNIB Energy Ltd.	(2,497)	(1,106)
Investment in LNIB Real Estate Developments Ltd.	121,523	130,167
Investment in LNIB Construction Ltd.	(212,973)	(208,289)
Investment in Naik Development Corporation Ltd.	-	(49)
Investment in LNIB General Contracting Ltd.	(16,664)	(6,351)
Investment in LNIB Aggregates Ltd.	(26,715)	-
	<u>617,303</u>	<u>497,218</u>

Lower Nicola Indian Band Development Corporation holds 100% of the issued shares in each of the above corporations exerting control over these entities. The investment in these corporations are accounted for using the equity method.

3: ADVANCES FROM RELATED PARTIES

Amounts due to the related parties are non-interest bearing with no specific terms of repayment.

4: DUE TO SUBSIDIARY

Amounts due to the subsidiary are non-interest bearing with no specific terms of repayment.

5: SHARE CAPITAL

	2016	2015
	\$	\$
Authorized		
100 Common shares		
Issued and outstanding		
100 Common shares	<u>100</u>	<u>100</u>

LOWER NICOLA INDIAN BAND DEVELOPMENT CORPORATION

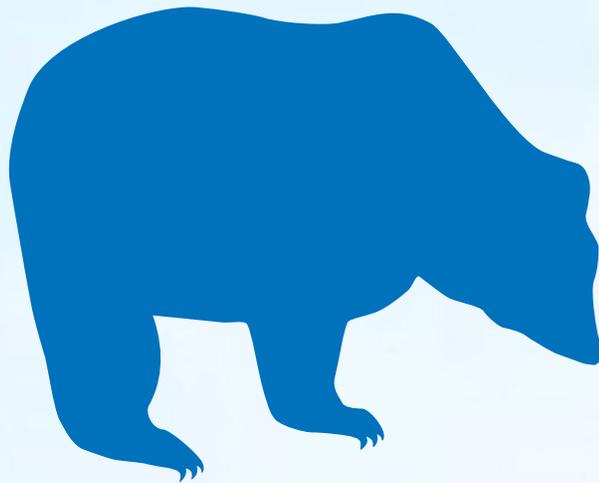
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2016

(Unaudited - See Notice to Reader)

6: CONTRIBUTED SURPLUS

The balance of contributed surplus represents the value of the investments in related entities previously held by Lower Nicola Indian Band which were transferred to Lower Nicola Indian Band Development Corporation upon its incorporation.



Lower Nicola Indian Band
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