SUGAR CANE TREADPRO LIMITED Financial Statements Year Ended March 31, 2016

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Year Ended March 31, 2016

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D. Kane Fraser, CPA, CA*

Partner

Ryan Broughton, CPA, CA*

Partner

*Denotes incorporated professional

REVIEW ENGAGEMENT REPORT

To the Shareholder of Sugar Cane TreadPro Limited

We have reviewed the balance sheet of Sugar Cane TreadPro Limited as at March 31, 2016 and the statements of deficit, loss and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

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

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

Without modifying our opinion, we draw attention to note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared for the purpose of the Williams Lake Indian Band's oversight of Sugar Cane TreadPro Limited and its financial performance. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Williams Lake Indian Band and Sugar Cane TreadPro Limited and should not be used by parties other than the Williams Lake Indian Band and Sugar Cane TreadPro Limited.

Williams Lake, British Columbia July 18, 2016 FBB Chartered Professional Accountants LLP

Balance Sheet

March 31, 2016

(Unaudited)

**		2016	2015
Assets			
Current Accounts receivable (Note 5) Inventory (Note 6) Prepaid expenses	\$	62,106 106,346	\$ 20,884 170,202 6,274
		168,452	197,360
Property, plant and equipment (Note 7)		788,361	837,006
Due from related parties (Note 8)	_	-	12,435
	<u>\$</u>	956,813	\$ 1,046,801
Liabilities			
Current Bank indebtedness (Note 9) Accounts payable and accrued liabilities (Note 10) Deposits received	\$	131,477 84,252 -	\$ 105,322 139,796 36,931
Callable debt due thereafter (Note 11)	_	215,729 -	282,049 686,674
		215,729	968,723
Due to related party (Note 8)		821,296	689,807
Due to shareholder (Note 12)	_	1,031,590	381,432
	_	2,068,615	2,039,962
Shareholder's Deficiency Share capital (Note 14) Deficit	_	3 (1,111,805)	 3 (993,164)
	·	(1,111,802)	(993,161)
	_ s	956,813	\$ 1,046,801

APPROVED BY THE DIRECTORS

Director

Director

SUGAR CANE TREADPRO LIMITED Statement of Deficit Year Ended March 31, 2016

	2016	2015
Deficit - beginning of year	\$ (993,164) \$	(890,411)
Net loss for the year	(118,641)	(102,753)
Deficit - end of year	\$ (1,111,805) \$	(993,164)

SUGAR CANE TREADPRO LIMITED Statement of Loss

For the Year Ended March 31, 2016

	2016	2015
Revenue	\$ 743,903	\$ 905,387
Cost of sales		
Opening inventory	170,202	127,174
Purchases	405,441	540,694
Wages and benefits	214,663	252,913
	790,306	920,781
Closing inventory	(106,346)	(170,202)
	683,960	750,579
Gross profit (8%; 2015 - 17%)	59,943	154,808
Expenses		
Advertising and promotion	6,702	12,024
Amortization	48,645	49,882
Bank charges and interest	44,609	30,057
Equipment rentals	4,438	2,940
Insurance	21,212	13,143
Interest on long term debt	531	5,959
Management salaries	-	58,389
Office and general	11,150	14,974
Professional fees	12,917	3,500
Repairs and maintenance	4,033	4,943
Telephone and utilities	15,362	19,299
Training	•	1,273
Travel	4,186	389
Vehicle	2,541	4,936
Wages and benefits	2,258	36,268
	<u>178,58</u> 4	257,976
Loss from operations	(118,641)	(103,168)
Other income Commissions		415
Net loss for the year	\$ (118,641) \$	(102,753)

SUGAR CANE TREADPRO LIMITED Statement of Cash Flow Year Ended March 31, 2016

	·	2016	-	2015
Operating activities				
Net loss for the year	\$	(118,641)	\$	(102,753)
Item not affecting cash: Amortization of property, plant and equipment		48,645		49,882
		(69,996)		(52,871)
Changes in non-cash working capital:				
Accounts receivable		(41,222)		(9,060)
Inventory		63,856		(43,028)
Accounts payable and accrued liabilities		(55,543)		85,021
Prepaid expenses		6,274		(1,157)
Deposits received		(36,931)		18,009
	_	(63,566)		49,785
Cash flow used by operating activities		(133,562)		(3,086)
Investing activity Purchase of property, plant and equipment	_	-		(12,355)
Financing activities		-		
Advances from (to) related parties		143,923		(16,182)
Advances from (to) shareholder		650,158		(2,437)
Proceeds from callable debt financing		-		149,495
Repayment of callable debt		(686,674)		(67,575)
Cash flow from financing activities		107,407		63,301
Increase (decrease) in cash flow		(26,155)		47,860
Deficiency - beginning of year		(105,322)		(153,182)
Deficiency - end of year		(131,477)	\$	(105,322)
Dook flows and the state of			•	
Cash flow supplementary information				
nterest paid	\$	45,144	\$	36,015

Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

1. Description of operations

Sugar Cane TreadPro Limited (the "company") is incorporated under the *British Columbia Business Corporations Act*. The company's principal business activity is operation of a tire shop on the Sugarcane Reserve for purposes of economic development of the Williams Lake Indian Band. The company is exempt from income taxes under subsection 149 of the *Income Tax Act*.

2. Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises (ASPE).

As a government business enterprise, Canadian public sector accounting standards require the company to adhere to the standards applicable to publicly accountable enterprises in the Chartered Professional Accountants - Canada Handbook. Accordingly the company is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial Reporting Standards.

Management has determined that the internal reporting needs of the company and its shareholder are met through the use of Canadian accounting standards for private enterprises (ASPE) and, therefore, these financial statements have been prepared with that framework. Since ASPE is not designed necessarily to meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.

3. Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand less outstanding cheques and deposits with a maturity of less than three months at the time of purchase. When outstanding cheques are in excess of cash on hand, the excess is reported in bank indebtedness.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis and includes all costs of acquisition.

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a straight-line basis at the following rates and methods:

Buildings	4%
Computer equipment	15%
Furniture and fixtures	10%
Motor vehicles	15%

The company regularly reviews its property, plant and equipment to eliminate obsolete items.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

(continues)

Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

3. Summary of significant accounting policies (continued)

Callable debt

The company's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

Revenue recognition

The company recognizes revenues when they are earned, specifically when all the following conditions are met:

- services are provided or products are delivered to customers;
- there is clear evidence that an arrangement exists:
- · amounts are fixed or can be determined; and
- · the ability to collect is reasonably assured.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Examples of the estimates used are for collectibility of accounts receivable and the valuation of inventory.

4. Financial instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of March 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

There is no change in the risk exposure from the previous period.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

There is no change in the risk exposure from the previous period.

Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

5.	Accounts receivable								
						_	2016		2015
	Trade receivables					\$	62,106	\$	20,884
6.	Inventory								
							2016		2015
	Parts and accessories Tires					\$	61,877 44,469	\$	73,086 97,116
						\$	106,346	\$	170,202
7.	Property, plant and equipment								
							2016		2015
			Cost		cumulated	1	Net book	1	Vet book
				am	ortization		value		value
	Land improvements	\$	296,497	\$	-	\$	296,497	\$	296,497
	Buildings	•	559,678	Ψ	143,057		416,621	Ψ	439,008
	Motor vehicles		46,490		44,745		1,745		8,718
	Computer equipment		31,005		21,430		9,575		12,128
	Furniture and fixtures		161,326		102,789		58,537		74,670
	Asphalt and parking areas		7,000		1,614		5,386		5,985
		\$	1,101,996	\$	313,635	\$	788,361	\$	837,006
8.	Due to/from related parties								
	·						2016		2015
	Long term portion due from related	parti	es						
	Borland Creek Logging Ltd.					\$	-	\$	3,111
	Sugar Cane Development Corpo	oratic	חו				-		3,531

Long term portion due to related party
Sugarcane Petroleum Products Corporation

\$ 821,296 \$ 689,807

Advances from/to related parties are non-interest bearing, are unsecured and have no set repayment

9. Bank indebtedness

Sugar Cane Enterprises Ltd.

Sugar Cane Community Diversity Association

terms. The companies are related by virtue of their common ownership.

	 2016		2015		
Bank in overdraft position	\$ 131,477	_\$	105,322		

2,262

3,531

12,435

\$

SUGAR CANE TREADPRO LIMITED Notes to Financial Statements

Year Ended March 31, 2016

(Unaudited)

10.	Accounts payable and accrued liabilities						
	• • • • • • • • • • • • • • • • • • • •	2016			2015		
	Trade payables Government remittances	\$	79,144 5,108	\$	137,969 1,827		
		\$	84,252	\$	139,796		
11.	Callable debt	_	2016		2015		
	Bank of Montreal	\$	•	\$	537,179		
	Bank of Montreal	_	•		149,495		
		\$	-	\$	686,674		
12.	Due to shareholder		2016		2015		
	Language working down to the Late						
	Long term portion due to shareholder Williams Lake Indian Band	\$	1,031,590	\$	381,432		

The amount due to shareholder is non-interest bearing, has no set repayment terms and is unsecured. The shareholder has postponed repayment in favour of the bank. Accordingly, the amount due to shareholder has been classified as a long term liability.

13. Commitments and contingencies

The company has entered into a lease agreement for office equipment expiring February 2017. The monthly commitment is \$245.

During the course of the year the company may be a defendant in a lawsuit. The company reviews any claims or potential claims made against it on a yearly basis to determine if they would be covered by insurance, and if not, whether a claim that would not be successfully defended would have a material effect on the financial statements.

The company is not aware of any claims or potential claims that if not successfully defended would have a material effect on the financial statements. If a claim was paid as a result of the outcome of litigation it would be treated as an expenditure.

SUGAR CANE TREADPRO LIMITED Notes to Financial Statements Year Ended March 31, 2016

14.	14. Share capital Authorized: 10,000	Common shares with a par value of \$1 each				
			 2016		 2015	
	Issued: 3	Common shares	\$	3	\$	3