

**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Financial Statements**  
**Year Ended March 31, 2016**

**CAYOOSE CREEK INDIAN BAND**  
**Index to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

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### **Management's Responsibility for Financial Reporting**

The consolidated financial statements of CAYOOSE CREEK INDIAN BAND have been prepared in accordance with Canadian public sector accounting standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of CAYOOSE CREEK INDIAN BAND's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Chief and Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Chief and Council meets periodically with management and the auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Chief and Council approves the financial statements. They also consider the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited on behalf of the members by Anton, Bryson & Schindler Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

  
\_\_\_\_\_  
Chief  
\_\_\_\_\_  
Councillor

Lillooet, BC  
July 26, 2016

## INDEPENDENT AUDITOR'S REPORT

To the Members of CAYOOSE CREEK INDIAN BAND

We have audited the accompanying consolidated financial statements of CAYOOSE CREEK INDIAN BAND, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statements of revenues and expenditures, changes in net financial assets and 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.

### Auditor's 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 entity'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 entity'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.

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Independent Auditor's Report to the Members of CAYOOSE CREEK INDIAN BAND *(continued)*

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CAYOOSE CREEK INDIAN BAND as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*ABS LLP*

White Rock, British Columbia  
July 26, 2016

CHARTERED PROFESSIONAL ACCOUNTANTS LLP

**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Statement of Financial Position**  
**March 31, 2016**

	2016	2015
<b>FINANCIAL ASSETS</b>		
Cash	\$ 278,623	\$ 219,062
Restricted cash (Note 2)	126,443	120,952
Accounts receivable (Note 3)	315,515	353,061
Loans receivable	83,598	85,045
	<u>804,179</u>	<u>778,120</u>
<b>LIABILITIES</b>		
Accounts payable	19,039	13,978
Long term debt (Note 5)	34,332	72,627
	<u>53,371</u>	<u>86,605</u>
<b>NET FINANCIAL ASSETS</b>	<u>750,808</u>	<u>691,515</u>
<b>NON FINANCIAL ASSETS</b>		
Prepaid expenses	-	6,015
Tangible capital assets (Note 4)	994,360	1,136,687
	<u>994,360</u>	<u>1,142,702</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 1,745,168</u>	<u>\$ 1,834,217</u>

ON BEHALF OF THE COUNCIL

 Chief

 Councillor

**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Statement of Revenue and Expenditures**  
**Year Ended March 31, 2016**

	Budget 2016	2016	2015
<b>REVENUE</b>			
AANDC			
RRF Appropriations	\$ 498,426	\$ 578,626	\$ 510,296
First Nations Health Authority	-	9,073	12,852
Housing	200,445	213,089	200,445
Other government funding	-	75,356	79,117
Other	316,169	167,595	277,524
Surplus repayment	374,801	796,370	545,992
	-	(14,219)	(7,422)
	<u>1,389,841</u>	<u>1,825,890</u>	<u>1,618,804</u>
<b>EXPENSES</b>			
Administration			
Advertising and promotion	68,345	33,403	98,537
Allocation to Replacement Reserve	475	625	475
Amortization	-	9,073	12,852
Bad debts	-	142,327	150,287
Contractual services	-	25,429	-
Office and miscellaneous	274,714	334,038	362,590
Health	78,270	48,864	63,041
Insurance	200,445	213,117	200,123
Interest and bank charges	30,086	38,279	36,695
Materials and supplies	1,107	4,643	5,487
Professional fees	20,050	32,146	29,801
Property taxes	31,059	50,074	126,427
Protective Services / Fire fighting	10,000	-	10,000
Rental of facilities and equipment	-	16,055	10,562
Repairs and maintenance	-	4,958	9,539
Salaries and benefits	18,217	23,427	31,585
Social assistance	375,707	514,957	602,904
Telephone	135,237	136,833	131,171
Training	9,984	13,345	9,984
Transfer to fund development corporation	93,382	157,990	114,802
Travel	-	63,342	-
Utilities	37,448	41,111	60,821
	-	10,902	7,493
	<u>1,384,526</u>	<u>1,914,938</u>	<u>2,075,176</u>
<b>EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUE</b>			
	\$ 5,315	\$ (89,048)	\$ (456,372)

**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Statement of Changes in Net Financial Assets**  
**Year Ended March 31, 2016**

	Budget 2016	2016	2015
<b>ANNUAL SURPLUS</b>	\$ 5,315	\$ (89,048)	\$ (456,372)
Amortization	-	142,327	150,287
Prepaid expenses	-	6,013	1,182
	-	148,340	151,469
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	5,315	59,293	(304,904)
Net financial assets, beginning of year	691,515	691,515	996,419
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	\$ 696,830	\$ 750,808	\$ 691,515



**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Statement of Cash Flows**  
**Year Ended March 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	\$ (89,048)	\$ (456,372)
Item not affecting cash:		
Amortization of property, plant and equipment	142,327	150,287
	<u>53,279</u>	<u>(306,085)</u>
Changes in non-cash working capital:		
Loans receivable	1,447	9,913
Accounts receivable	37,546	69,434
Accounts payable	4,968	9,574
Prepaid expenses	6,015	1,182
Interest payable	(64)	(83)
Wages payable	154	-
	<u>50,066</u>	<u>90,020</u>
Cash flow from (used by) operating activities	<u>103,345</u>	<u>(216,065)</u>
<b>FINANCING ACTIVITIES</b>		
Advances from related parties	-	490,648
Repayment of long term debt	(38,293)	(46,541)
Cash flow from (used by) financing activities	<u>(38,293)</u>	<u>444,107</u>
<b>INCREASE IN CASH FLOW</b>	<u>65,052</u>	<u>228,042</u>
Cash - beginning of year	<u>340,014</u>	<u>111,972</u>
<b>CASH - END OF YEAR</b>	<u>\$ 405,066</u>	<u>\$ 340,014</u>
<b>CASH FLOWS SUPPLEMENTARY INFORMATION</b>		
Interest paid	<u>\$ 4,707</u>	<u>\$ 5,569</u>
<b>CASH CONSISTS OF:</b>		
Cash	\$ 278,623	\$ 219,062
Restricted cash	<u>126,443</u>	<u>120,952</u>
	<u>\$ 405,066</u>	<u>\$ 340,014</u>

**CAYOOSE CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for governments, as prescribed by the Canadian public sector accounting standards ("PSAB") of the Canadian Institute of Chartered Accountants, which encompasses the following principles:

Fund accounting

The CAYOOSE CREEK INDIAN BAND (the "Nation") records accounting transactions using the fund accounting method generally in use for governments. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. Each fund has its own statement of operations which presents the results of operations for the fund. The financial position of the Nation is shown on the consolidated statement of financial position which includes the assets, liabilities and accumulated surplus of all funds presented in the financial statements.

The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Operating Fund - accounts for the operating programs.

Capital Fund - accounts for the capital programs.

Social Housing Fund - accounts for the operations of the social housing program.

Trust Fund - accounts for the changes in trust funds held by the federal government.

Replacement Reserve Fund - accounts for the funds held for repair and replacement of social housing units.

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

Tangible Capital Assets:

Tangible capital assets are recorded at cost or deemed cost less accumulated amortization. Amortization is recognized as an expense in the statement of operations and is calculated using the straight-line method over periods of time ranging from 15 to 50 years except for social housing. Tangible assets acquired under the social housing program are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for Canada Mortgage and Housing Corporation reporting requirements.

Revenue recognition

The Nation follows the deferral method of accounting for contributions. Accordingly, amounts received under funding arrangements which relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position.

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**CAYOOSE CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

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

**2. RESTRICTED CASH**

	<b>2016</b>	<b>2015</b>
Social Housing - RRF	\$ 35,272	\$ 30,220
Social Housing - subsidy surplus	2,612	2,636
Ottawa trust funds	88,559	88,096
	<b>\$ 126,443</b>	<b>\$ 120,952</b>

The Ottawa trust accounts 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 and are subject to audit by the office of the Auditor General of Canada.

**3. ACCOUNTS RECEIVABLE**

	<b>2016</b>	<b>2015</b>
Social Housing		
Rents receivable	\$ 98,980	\$ 126,583
Interest receivable	1,276	1,276
	<b>100,256</b>	<b>127,859</b>
Operating Fund		
Accounts receivable	215,259	225,202
	<b>\$ 315,515</b>	<b>\$ 353,061</b>

**CAYOOSE CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Buildings	\$ 562,116	\$ 516,052	\$ 46,064	\$ 74,169
Buildings - Social Housing	1,575,144	933,186	641,958	680,253
Infrastructure	1,498,100	1,200,086	298,014	373,190
Equipment	168,206	159,882	8,324	9,074
	<u>\$ 3,803,566</u>	<u>\$ 2,809,206</u>	<u>\$ 994,360</u>	<u>\$ 1,136,686</u>

**5. LONG TERM DEBT**

	2016	2015
All Nations Trust loan bearing interest at 1.76% per annum, repayable in monthly blended payments of \$1,820. The loan matures on October 1, 2016 and is secured by a first mortgage on housing units and a ministerial guarantee.	\$ 12,678	\$ 34,082
All Nations Trust loan bearing interest at 2.26% per annum, repayable in monthly blended payments of \$1,465. The loan matures on June 1, 2017 and is secured by a first mortgage on housing units and a ministerial guarantee.	21,656	38,545
	<u>\$ 34,334</u>	<u>\$ 72,627</u>

Principal repayment terms are approximately:

2017	\$ 30,261
2018	4,071

**6. FINANCIAL INSTRUMENTS**

The Nation 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 Nation'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 Nation is exposed to credit risk from funders and members. In order to reduce its credit risk, the Nation has created an allowance for doubtful accounts based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Nation has a significant number of funders and members which minimizes concentration of credit risk.

**Interest rate risk**

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

**CAYOOSE CREEK INDIAN BAND**  
**Notes to Consolidated Financial Statements**  
**Year Ended March 31, 2016**

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7. Correction of an error

During the year it was determined that the prior financial statements contained a significant error. For several years, advances to Cayoose Creek Development Corporation (and affiliates) were treated as loans when they should have been treated as expenses. This adjustment resulted in the following changes: 2015 - reduction in loans receivable of \$3,228,507 - reduction in opening surplus of \$3,228,507.

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**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Segmented Information**  
**Year Ended March 31, 2016**

	0045 - Social Housing	0046 - Replacement reserve fund	0035 - Equity in Capital Assets	0049 - Ottawa Trusts	Operations	2016 Current Year
<b>REVENUE</b>						
AANDC	\$ -	\$ -	\$ -	\$ -	\$ 498,626	\$ 498,626
Other government funding	-	-	-	-	167,595	167,595
Other	-	-	-	-	875,879	875,879
Rental income	75,356	29	-	462	-	75,356
RRF Appropriations	-	9,073	-	-	-	9,073
First Nations Health Authority	-	-	-	-	213,089	213,089
	75,356	9,102	-	462	1,755,189	1,840,109
<b>EXPENDITURES</b>						
Administration	4,609	-	-	-	28,794	33,403
Advertising and promotion	-	-	-	-	625	625
Allocation to Replacement Reserve	9,073	-	104,032	-	-	9,073
Amortization	38,295	-	-	-	-	142,327
Bad debts	25,429	-	-	-	-	25,429
Contractual services	-	-	-	-	334,038	334,038
Executive and Legislative	-	-	-	-	48,864	48,864
Health	-	-	-	-	213,117	213,117
Insurance	5,902	-	-	-	32,377	38,279
Interest and bank charges	1,404	-	-	-	3,239	4,643
Materials and supplies	-	-	-	-	32,146	32,146
Professional fees	-	-	-	-	50,074	50,074
Protective Services / Fire fighting	-	-	-	-	16,055	16,055
Rental of facilities and equipment	-	-	-	-	4,958	4,958
Repairs and maintenance	-	-	-	-	12,111	23,427
Salaries and benefits	4,922	6,394	-	-	514,957	514,957
Social assistance	-	-	-	-	136,833	136,833
Telephone	-	-	-	-	13,345	13,345
Training	-	-	-	-	157,990	157,990
Transfer to fund development corporation	-	-	-	-	63,342	63,342
Travel	143	-	-	-	40,968	41,111
Utilities	5,591	-	-	-	5,311	10,902
	95,368	6,394	104,032	-	1,709,144	1,914,938

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**CAYOOSE CREEK INDIAN BAND**  
**Consolidated Segmented Information (continued)**  
**Year Ended March 31, 2016**

	0045 - Social Housing	0046 - Replacement reserve fund	0035 - Equity in Capital Assets	0049 - Ottawa Trusts	Operations	2016 Current Year
<b>EXPENDITURES (continued)</b>						
Surplus recovery	-	-	-	-	14,219	14,219
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	(20,012)	2,708	(104,032)	462	31,826	(89,048)
<b>SURPLUS, BEGINNING OF YEAR</b>	(101,056)	307,664	1,064,061	88,096	3,703,959	5,062,724
As previously stated	-	-	-	-	(3,228,507)	(3,228,507)
Prior period adjustments (Note 7)	(101,056)	307,664	1,064,061	88,096	475,452	1,834,217
<b>TRANSFERS</b>						
Transfers to fund principal repayments	38,295	-	(38,295)	-	-	-
Transfers to fund amortization of capital assets	(38,295)	-	38,295	-	-	-
	-	-	-	-	-	-
<b>SURPLUS, END OF YEAR</b>	\$ (121,068)	\$ 310,372	\$ 960,029	\$ 88,558	\$ 507,278	\$ 1,745,168