

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

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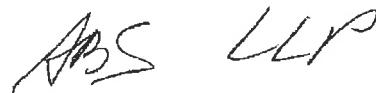
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Independent Auditor's Report to the Members of CAYOOSE CREEK INDIAN BAND *(continued)*

Opinion

In our opinion, the consolidated 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.



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 |
|----------------------------------|---------------------|---------------------|
| FINANCIAL ASSETS | | |
| 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 |
| | 804,179 | 778,120 |
| LIABILITIES | | |
| Accounts payable | 19,039 | 13,978 |
| Long term debt (Note 5) | 34,332 | 72,627 |
| | 53,371 | 86,605 |
| NET FINANCIAL ASSETS | 750,808 | 691,515 |
| NON FINANCIAL ASSETS | | |
| Prepaid expenses | 6,015 | |
| Tangible capital assets (Note 4) | 994,360 | 1,136,687 |
| | 994,360 | 1,142,702 |
| ACCUMULATED SURPLUS | \$ 1,745,168 | \$ 1,834,217 |

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 |
|---|----------------|-------------|--------------|
| REVENUE | | | |
| AANDC | | | |
| RRF Appropriations | \$ 498,426 | \$ 578,626 | \$ 510,296 |
| First Nations Health Authority | 200,445 | 213,089 | 12,852 |
| Housing | | | |
| Other government funding | | 75,356 | 200,445 |
| Other | 316,169 | 167,595 | 79,117 |
| Surplus repayment | 374,801 | 796,370 | 277,524 |
| | <hr/> | <hr/> | <hr/> |
| | 1,389,841 | 1,825,890 | 1,618,804 |
| EXPENSES | | | |
| Administration | | | |
| Advertising and promotion | 68,345 | 33,403 | 98,537 |
| Allocation to Replacement Reserve | 475 | 625 | 475 |
| Amortization | | | |
| Bad debts | | 9,073 | 12,852 |
| Contractual services | | 142,327 | 150,287 |
| 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 |
| | <hr/> | <hr/> | <hr/> |
| | 1,384,526 | 1,914,938 | 2,075,176 |
| EXCESS (DEFICIENCY) OF EXPENSES OVER REVENUE | | | |
| | <hr/> | <hr/> | <hr/> |
| | \$ 5,315 | \$ (89,048) | \$ (456,372) |

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants □

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

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

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants LLP

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

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

See notes to financial statements

Anton, Bryson & Schindler Chartered Professional Accountants LLP

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

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

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

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

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

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 |
| | \$ 3,803,566 | \$ 2,809,206 | \$ 994,360 | \$ 1,136,686 |

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 |
| | \$ 34,334 | \$ 72,627 |

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

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.

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

See notes to financial statements

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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 |
|---|-----------------------|---------------------------------|---------------------------------|----------------------|-------------------|----------------------|
| EXPENDITURES (continued) | | | | | | |
| Surplus recovery | - | - | - | - | 14,219 | 14,219 |
| EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES | | | | | | |
| SURPLUS, BEGINNING OF YEAR | (20,012) | 2,708 | (104,032) | 462 | 31,826 | (89,048) |
| As previously stated | (101,056) | 307,664 | 1,064,061 | 88,096 | 3,703,959 | 5,062,724 |
| Prior period adjustments (Note 7) | - | - | - | - | (3,228,507) | (3,228,507) |
| TRANSFERS | | | | | | |
| Transfers to fund principal repayments | 38,295 | - | (38,295) | - | - | - |
| Transfers to fund amortization of capital assets | (38,295) | - | 38,295 | - | - | - |
| SURPLUS, END OF YEAR | \$ (121,068) | \$ 310,372 | \$ 960,029 | \$ 88,558 | \$ 507,278 | \$ 1,745,168 |