

Consolidated Financial Statements of

COLDWATER INDIAN BAND

Year ended March 31, 2015

COLDWATER INDIAN BAND

Consolidated Financial Statements

Year ended March 31, 2015

Financial Statements

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MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of the Coldwater Indian Band (the "Band") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Band's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

Chief and Council meet with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Band. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Band's consolidated financial statements.



Lee Ahearn
Chief



Sami Ahearn
Band Administrator



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AUDITORS' REPORT

To the Members of Coldwater Indian Band

We have audited the consolidated statement of financial position of Coldwater Indian Band (the "Band") as at March 31, 2015 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising 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 our 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, we consider internal control relevant to the Band'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 Band'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 qualified opinion.



Basis for Qualified Opinion

As noted in note 1(g) to the consolidated financial statements, the social housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long-term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure would affect the net book value of the tangible capital assets and the related equity in capital assets and amortization expense in the statement of operations. It is impracticable to provide this information in the auditors' report.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2015 and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "KPMG LLP" in a stylized, cursive font, with a horizontal line underneath the text.

Chartered Accountants

Kamloops, Canada
July 8, 2015

COLDWATER INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash and cash equivalents (note 2)	\$ 4,623,078	\$ 3,494,684
Restricted cash (note 3)	3,154,228	2,634,244
Accounts receivable (note 4)	293,571	263,692
Strata receivable (note 5)	24,328	25,380
Rents receivable (note 6)	57,055	47,096
Band member loans receivable (note 7)	60,999	66,273
Investments (note 8)	718,777	876,807
	8,932,036	7,408,176
Financial liabilities:		
Accounts payable and accrued liabilities (note 9)	1,060,707	1,206,944
Funded reserves (note 10)	403,140	342,889
Due to reserves	78,175	145,363
Deferred revenue (note 11)	83,975	133,139
Long-term debt (note 12)	967,479	1,047,326
	2,593,476	2,875,661
Net financial assets	6,338,560	4,532,515
Non-financial assets:		
Tangible capital assets (note 13)	4,706,069	5,112,648
Inventories	9,443	3,024
Prepaid expenses and deposits	12,793	13,311
	4,728,305	5,128,983
Contingencies (note 19)		
Accumulated surplus (note 14)	\$ 11,066,865	\$ 9,661,498

The accompanying notes are an integral part of these consolidated financial statements.

COLDWATER INDIAN BAND

Consolidated Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Budget	2015	2014
Revenue:			
Aboriginal Affairs and Northern Development Canada	\$ 3,567,256	\$ 3,291,972	\$ 3,458,433
Revenue other	480,330	845,341	1,140,962
Canada Mortgage and Housing Corporation	50,069	46,094	63,882
Province of B.C.	267,067	273,932	282,252
Rental	209,610	200,410	223,217
Interest and investment	37,296	30,852	154,612
Property tax revenue	156,795	160,456	132,646
Impact benefit agreements	1,887,036	1,637,036	-
Health Canada	97,551	97,551	92,400
First Nations Education Steering Committee	95,581	56,387	52,993
Interior Salish Employment and Training Society	-	27,157	19,546
Total revenue	6,848,591	6,667,188	5,620,943
Expenses:			
Community welfare	1,380,101	1,256,429	1,196,847
Administration	1,183,118	1,115,984	1,505,778
Operations and maintenance	167,467	343,627	385,014
Education	1,524,959	1,459,687	1,736,259
Natural resources and economic development	551,100	484,136	511,019
Capital projects	56,080	31,933	1,994
Social housing	358,320	174,001	220,777
Impact benefit agreements	1,605,485	396,024	29,557
Total expenses	6,826,630	5,261,821	5,587,245
Segmented information (note 16)			
Annual surplus	\$ 21,961	\$ 1,405,367	\$ 33,698

The accompanying notes are an integral part of these consolidated financial statements.

COLDWATER INDIAN BAND

Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus	\$ 21,961	\$ 1,405,367	\$ 33,698
Acquisition of tangible capital assets	(18,500)	(11,713)	(9,532)
<u>Amortization of tangible capital assets</u>	<u>81,630</u>	<u>418,293</u>	<u>517,913</u>
	63,130	406,580	508,381
Use of prepaid expenses	-	518	38,979
<u>Use of inventory of supplies</u>	<u>-</u>	<u>(6,420)</u>	<u>5,158</u>
	-	(5,902)	44,137
Change in net financial assets	85,091	1,806,045	586,216
Net financial assets, beginning of year	4,532,515	4,532,515	3,946,299
Net financial assets, end of year	\$ 4,617,606	\$ 6,338,560	\$ 4,532,515

The accompanying notes are an integral part of these consolidated financial statements.

COLDWATER INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 1,405,367	\$ 33,698
Items not involving cash:		
Amortization	418,293	517,913
	1,823,660	551,611
Change in non-cash operating assets and liabilities:		
Accounts receivable	(29,879)	657,331
Strata receivable	1,052	7,755
Rents receivable	(9,959)	(1,094)
Accounts payable and accrued liabilities	(146,237)	116,876
Due to reserves	(67,188)	78,717
Funded reserves	60,251	(197,028)
Deferred revenue	(49,164)	106,736
Inventories	(6,419)	5,158
Prepaid expenses and deposits	518	38,978
	1,576,635	1,365,040
Capital activities:		
Acquisition of tangible capital assets	(11,714)	(9,532)
	(11,714)	(9,532)
Investing activities:		
Band member loans receivable	5,274	26
Decrease (increase) in investments	158,030	(89,927)
	163,304	(89,901)
Financing activities:		
Repayment of long-term debt	(79,847)	(112,303)
	(79,847)	(112,303)
Increase in cash	1,648,378	1,153,304
Cash, beginning of year	6,128,928	4,975,624
Cash, end of year	\$ 7,777,306	\$ 6,128,928
Represented by:		
Cash	\$ 4,623,078	\$ 3,494,684
Restricted cash	3,154,228	2,634,244
	\$ 7,777,306	\$ 6,128,928
Supplemental information:		
Interest paid	\$ 18,518	\$ 20,864
Interest received	87,597	64,685

The accompanying notes are an integral part of these consolidated financial statements.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements

Year ended March 31, 2015

Coldwater Indian Band (the "Band") provides local government, education, housing and social development services to its members. The Band was organized under the Indian Act of Canada.

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities and results of operations of the Band and all related entities and organizations subject to control by the Band Council. The consolidated financial statements of the Band are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, which encompasses the following principles:

(a) Fund accounting:

The Band records accounting transactions using the fund accounting method. A fund is determined for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements. Details of the operations of each fund are set out in the supplementary schedules. The Band maintains the following funds:

The Operating Fund which reports the general activities of the Band Administration.

The Capital Projects Fund which reports the capital assets of the Band, together with their related financing.

The Ottawa Trust Fund which reports the trust funds owned by the Band and held by third parties.

(b) Basis of consolidation:

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis (note 8). Inter-organizational balances and transactions are eliminated upon consolidation. The reporting entity is comprised of all funds of the Band, segregated into Operating, Capital Projects, and Ottawa Trust funds. Organizations consolidated in the Band's financial statements include:

- (i) Coldwater Housing Management, consisting of the non-incorporated entities Coldwater Housing Management Post-1997 and Coldwater Housing Management Pre-1997
- (ii) Coldwater Projects, a non-incorporated entity
- (iii) Coldwater Developments Inc., an incorporated entity

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(b) Basis of consolidation (continued):

Investments in activities that the Band does not control individually or jointly are recorded at cost. Investments in Government Business Enterprises are recorded using the modified equity method.

(c) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and contracts. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the summary statement of financial position.

Interest is recognized as earned.

Rental revenue is recognized when a tenant commences occupancy and rent is due. The Band retains all benefits and risks of ownership of its property and, therefore, accounts for leases with its tenants as operating leases.

Taxation revenue is recognized in the period in which the taxes are levied.

Other revenue, including the sale of goods and provision of services are recognized in the period the goods or services are provided.

(d) Restricted cash:

Restricted cash represents amounts reserved either internally or by statute for specific future purposes.

(e) Investments:

The Band accounts for its investments in 543454 B.C. Ltd., Stuwix Resources Joint Venture and Stuwix Resources Ltd. using the modified equity method. Under this method the cost of the investment is adjusted by earnings or losses of the entities from the date of acquisition. Any losses in excess of equity invested are not recorded as this would create a negative investment balance. In such circumstances, no income inclusion would be recorded until these unrecognized losses have been eliminated.

Other investments are recorded on a cost basis.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(f) Deferred revenue:

Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year the services are performed or related expenditures incurred.

(g) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Expenses for repairs and maintenance that do not materially add to the useful life or service potential of the asset are not capitalized, but expensed as incurred. The cost, less residual value, of the tangible capital assets, excluding land, are amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Computer equipment	Straight-line	33%
Building	Straight-line	5%
Equipment	Declining balance	30%
Automotive	Straight-line	30%
<u>Land improvements</u>	Straight-line	5%

Amortization is not provided on building, furniture, and equipment purchased from loans recognized by Canada Mortgage and Housing Corporation ("CMHC") over the estimated useful lives of these assets but rather at a rate equal to the annual principal reduction of the mortgages to comply with the operating agreement with CMHC. A reserve for future capital replacement is appropriated annually from operations and capital assets purchased from the replacement reserve are charged against the replacement reserve account, rather than being capitalized on the balance sheet and amortized over their estimated useful lives.

Additions during the year have been amortized at one-half the above annual rates. Assets under construction are not amortized until the asset is available for productive use. When a tangible capital asset no longer contributes to the Band's ability to provide services, its carrying amount is written down to its residual value.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

1. Basis of presentation and significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant estimates include assumptions used in estimating provisions for accounts payable and accrued liabilities, and the recoverable amount of accounts receivable and investments.

Actual results could differ from these estimates.

(i) Financial instruments:

Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency, or credit risks arising from financial instruments. The fair values of financial instruments approximate their carrying values, unless otherwise noted.

(j) Pension plan:

The Band contributes to a private defined contribution pension plan. Contributions are expensed as incurred.

2. Cash:

	2015	2014
Operating Fund	\$ 4,378,627	\$ 3,166,696
Coldwater Housing Management	41,949	238,495
Coldwater Projects	131,918	31,329
Coldwater Development Inc.	70,584	58,164
	<hr/>	<hr/>
	\$ 4,623,078	\$ 3,494,684

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

3. Restricted cash:

	2015	2014
Externally restricted:		
Housing restricted cash	\$ 406,307	\$ 346,076
Ottawa Trust funds	558,274	522,021
Internally restricted:		
Taxation Special Surplus	390,465	388,027
Taxation Reserve Fund	188,242	167,704
Transition Capital Reserve Fund	57,616	57,616
FRO Capital Reserve Fund	734,276	714,734
Impact Benefits fund	819,048	438,066
	<hr/>	<hr/>
	\$ 3,154,228	\$ 2,634,244

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. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenses of capital funds requires the consent of Aboriginal Affairs and Northern Development Canada ("AANDC") and generally must be for projects of a capital nature. Withdrawals of revenue of capital funds are recorded as revenue in the applicable fund where the monies are expended.

The Housing restricted cash is derived under the terms of the agreement with CMHC, the account is to be credited annually. These funds along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may be approved by CMHC from time to time.

The FRO Capital Reserve funds arise under the First Nations agreement for harvesting and sale of timber under FRO forest tenures. The balance is the proceeds from the sale of timber harvested under Smallwood and non-Smallwood licenses. The Band's percentage share of proceeds from Smallwood licenses is set out as 35.3%, and from non-Smallwood licenses as 47.5%.

The Impact Benefits funds arise from a participation agreement and economic and community development agreement with Teck Highland Valley Copper Partnership to assist in the education, training and capacity of the Band, and intended to provide community development benefits. The Band's percentage share of the settlement distributions from the Teck Highland Valley Copper Partnership is determined at 4.52%.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

4. Accounts receivable:

Accounts receivable by program area is summarized as follows:

	2015	2014
Operating fund:		
Accounts receivable	\$ 257,279	\$ 124,703
AANDC	- 26,900	
	257,279	151,603
Coldwater Projects	25,897	97,923
Coldwater Housing Management	3,795	5,366
Coldwater Developments Inc.	6,600	8,800
	\$ 293,571	\$ 263,692

5. Strata receivable:

Strata receivable is made up of individual balances from band members are unsecured, have various repayment terms with no interest charged.

	2015	2014
Total strata receivable	\$ 44,328	\$ 45,380
Less: Allowance for doubtful receivables	(20,000)	(20,000)
	\$ 24,328	\$ 25,380

6. Rents receivable:

Rents receivable from band members are the accumulated arrears rent and vary in amounts based on the unit being rented. The amounts are non-interest bearing and unsecured.

	2015	2014
Total rents receivable	\$ 208,976	\$ 199,017
Less: Allowance for doubtful receivables	(151,921)	(151,921)
	\$ 57,055	\$ 47,096

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

7. Band member loans receivable:

Band member loans are unsecured, have various repayment terms with interest rates ranging from 6% to 12% (2014 - 6% to 12%) per annum .

	2015	2014
Total band member loans receivable	\$ 245,373	\$ 250,647
Less: Allowance for doubtful receivables	(184,374)	(184,374)
	<hr/> \$ 60,999	<hr/> \$ 66,273

8. Investments:

	2015	2014
Investments in government business enterprises:		
543454 B.C. Ltd.	\$ 115,390	\$ 109,466
Stuwix Resources Joint Venture	386,829	544,141
Stuwix Resources Ltd.	-	6,642
	<hr/> 502,219	<hr/> 660,249
Other investments:		
All Nations Trust Company	12,550	12,550
NVISA	204,008	204,008
	<hr/> 216,558	<hr/> 216,558
	<hr/> <hr/> \$ 718,777	<hr/> <hr/> \$ 876,807

The Band also has a non-controlling interest in the Nicola Valley Indian Development Corporation ("NVIDC").

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

8. Investments (continued):

The Band has a controlling interest in 543454 B.C. Ltd., which in turn owns 25% of 9110 Investments Ltd. and Esh-kn-am Investments Joint Venture (the "Entities"). A summary of the audited financial statements of the Entities for the year ended March 31, 2015 are as follows:

Statement of Financial Position	9110 Investments Ltd.	Esh-kn-am Investments Joint Venture	Total
Assets:			
Current	\$ 5,201	\$ 386,574	\$ 391,775
Long-term investments	1	251,984	251,985
Property and equipment	52,726	111,717	164,443
Other assets	-	3	3
	57,928	750,278	808,206
Liabilities:			
Current	128,620	176,484	305,104
Share capital	1	-	1
Equity (deficit)	(70,693)	573,794	503,101
	\$ 57,928	\$ 750,278	\$ 808,206
Statement of operations			
Revenue	\$ -	\$ 775,410	\$ 775,410
Expenses	12,198	739,514	751,712
Net income (loss)	(12,198)	35,896	23,698
Equity (deficit), beginning of year	(58,495)	537,898	479,403
Equity (deficit), end of year	\$ (70,693)	\$ 573,794	\$ 503,101

The Band incurred expenses of \$4,173 (2014 - \$4,691) for professional and consulting services that were paid to Esh-kn-am Investments Joint Venture during the year. The Band received rent of \$5,940 (2014 - \$5,940) from Esh-kn-am Investments Joint Venture.

Included in the Band's accounts payable is \$nil (2014 - \$19,691) owing to Esh-kn-am Investments Joint Venture.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

8. Investments (continued):

The Band has a non-controlling interest in Stuwix Resources Joint Venture and a 12.5% non-controlling interest in Stuwix Resources Ltd. A summary of the audited financial statements of Stuwix Resources Joint Venture and Stuwix Resources Ltd. for the year ended March 31, 2015 are as follows:

Statement of Financial Position	Stuwix Resources Joint Venture	Stuwix Resources Ltd.	Total
Assets:			
Current	\$ 8,343,766	\$ 142,440	\$ 8,486,206
Property and equipment	85,198	-	85,198
Future income taxes	-	21,876	21,876
	8,428,964	164,316	8,593,280
Liabilities and equity:			
Current	4,066,884	304,503	4,371,387
Reforestation obligation	1,239,182	8	1,239,190
Venturers' equity (deficit)	3,122,898	(140,195)	2,982,703
	\$ 8,428,964	\$ 164,316	\$ 8,593,280
<hr/> Statement of operations <hr/>			
Revenue	\$ 7,330,561	\$ 43,420	\$ 7,373,981
Expenses	7,789,043	140,746	7,929,789
Net loss	(458,482)	(97,326)	(555,808)
Equity (deficit), beginning of year	4,381,380	(42,869)	4,338,511
Withdrawals	(800,000)	-	(800,000)
Equity (deficit), end of year	\$ 3,122,898	\$ (140,195)	\$ 2,982,703

The Band recorded \$158,238 (2014 - \$143,568) in timber sales from their woodlot license to Stuwix Resources Joint Venture.

Included in the Band's accounts receivable is \$65,274 (2014 - \$19,443) owing from Stuwix Resources Joint Venture.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

9. Accounts payable and accrued liabilities:

	2015	2014
Operating Fund	\$ 987,964	\$ 1,124,046
Coldwater Housing Management	33,476	22,229
Coldwater Projects	8,047	30,123
Coldwater Developments Inc.	31,220	30,546
	<hr/>	<hr/>
	\$ 1,060,707	\$ 1,206,944

10. Funded reserves:

Funded reserves consist of CMHC Replacement Reserve accounts. Under the terms of the agreement with CMHC, the Replacement Reserve accounts are to be credited in the amount of \$33,733 annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC, withdrawals are credited to interest first and then principal.

11. Deferred revenue:

Deferred revenue consists of the following:

	2015	2014
Operating:		
First Nations Education Steering Committee	\$ 61,520	\$ 65,643
First Nations and Inuit Health Branch	-	29,777
Other	22,455	37,719
	<hr/>	<hr/>
	\$ 83,975	\$ 133,139

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

12. Long-term debt:

The following mortgages are secured by a ministerial guarantee from AANDC and CMHC Insurance.

	2015	2014
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,330 including interest at 1.92% per annum, maturing April 2019	\$ 341,446	\$ 362,675
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,190 including interest at 1.65% per annum, maturing June 2017	289,587	310,913
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,387 including interest at 1.65% per annum, maturing June 2017	184,633	198,124
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,719 including interest at 2.35% per annum, maturing September 2018	151,813	168,680
All Nations Trust Co. mortgage, repaid during the year	-	6,934
	<hr/> \$ 967,479	<hr/> \$ 1,047,326

Principal repayments over the next 5 years and thereafter are approximately as follows:

2016	\$ 74,279
2017	75,635
2018	77,078
2019	78,551
2020	80,051
Thereafter	581,885
	<hr/> \$ 967,479

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

13. Tangible capital assets:

	2015	Land	Automotive	Buildings	Improvements	Land	Equipment	Computer Equipment	Total
Cost:									
Balance, beginning of year	\$ 359,193	\$ 549,694	\$ 8,376,053	\$ 2,231,142	\$ 1,145,089	\$ 81,562	\$ 12,742,733		
Additions	-	-	-	-	-	11,714	11,714		
Balance, end of year	359,193	549,694	8,376,053	2,231,142	1,145,089	93,276	12,754,447		
Accumulated amortization:									
Balance, beginning of year	\$ -	\$ 541,164	\$ 4,889,942	\$ 1,177,443	\$ 940,839	\$ 80,697	\$ 7,630,085		
Amortization	-	8,530	321,130	33,061	53,074	2,498	418,293		
Balance, end of year	-	549,694	5,211,072	1,210,504	993,913	83,195	8,048,378		
Net book value	\$ 359,193	\$ -	\$ 3,164,981	\$ 1,020,638	\$ 151,176	\$ 10,081	\$ 4,706,069		
	2014	Land	Automotive	Buildings	Improvements	Land	Equipment	Computer Equipment	Total
Cost:									
Balance, beginning of year	\$ 359,193	\$ 549,694	\$ 8,376,053	\$ 2,226,445	\$ 1,140,254	\$ 81,562	\$ 12,733,201		
Additions	-	-	-	4,697	4,835	-	9,532		
Balance, end of year	359,193	549,694	8,376,053	2,231,142	1,145,089	81,562	12,742,733		
Accumulated amortization:									
Balance, beginning of year	\$ -	\$ 499,707	\$ 4,535,678	\$ 1,141,857	\$ 862,040	\$ 72,890	\$ 7,112,172		
Amortization	-	41,457	354,264	35,586	78,799	7,807	517,913		
Balance, end of year	-	541,164	4,889,942	1,177,443	940,839	80,697	7,630,085		
Net book value	\$ 359,193	\$ 8,530	\$ 3,486,111	\$ 1,053,699	\$ 204,250	\$ 865	\$ 5,112,648		

Included in land improvements is \$486,859 (2014 - \$486,859) of assets that are not being amortized.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

14. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2015	2014
Equity in financial assets:		
Equity in band member loans receivable	\$ 60,999	\$ 66,273
Equity in warranty reserve	35,014	35,014
Equity in investments	718,777	876,807
Equity in Ottawa Trust	558,274	522,021
Equity in capital reserve	89,481	89,481
Equity in taxation special surplus	683,076	631,957
Equity in firehall reserve	28,680	28,680
Restricted surplus - FCRSA	1,137,890	1,048,514
Restricted surplus - Impact Benefits	819,048	-
<u>Unrestricted surplus</u>	<u>3,197,036</u>	<u>2,297,429</u>
	7,328,275	5,596,176
Equity in tangible capital assets	3,738,590	4,065,322
	\$ 11,066,865	\$ 9,661,498

15. Economic dependence:

The Band receives a major portion of its revenue, approximately 49% (2014 - 62%), pursuant to various funding agreements with AANDC.

16. Segmented information:

Segmented information has been identified based upon lines of service provided by the Band. Band services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Community welfare:

Community welfare provides services to help band members by providing a variety of programs, community services, and social assistance.

(ii) Administration:

Administration provides the functions of corporate administration, finance, human resources, legislative services, and any other functions not categorized to a specific department.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

16. Segmented information (continued):

(iii) Operations and maintenance:

Operations and maintenance is responsible for providing services relating to the development, maintenance and service of the Band's assets, infrastructure and common property.

(iv) Education:

Education is responsible for administering and facilitating educational programs through the operations of an on-reserve school, post secondary education support, and the operations of various other community education programs. The goal of this segment is to enhance the educational opportunities of band members.

(v) Natural resources and economic development:

Natural resources and economic development is responsible for the development of economic opportunities to band members, along with the exploration of the development of natural resource revenue for the Band.

(vi) Capital projects:

Capital projects administers the planning and implementation of new capital projects and infrastructure on the reserve.

(vii) Social housing:

Social housing administers services to provide social housing to band members.

(viii) Impact benefit agreements:

Impact benefit agreements administer one-time funding received by the Band as part of participation agreements with businesses operating in their territory.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

16. Segmented information (continued):

	2015	Community welfare	Administration	Operations and maintenance	Education	Natural resources and economic development	Capital projects	Social housing	Impact benefit agreements	Total
Revenues:										
AANDC	\$ 1,135,076	\$ 489,615	\$ 111,287	\$ 1,329,045	\$ 177,449	\$ 49,500	\$ 135,147	\$ 135,147	\$ 3,291,972	
Rental	- 29,175	- 320	- 1,629	- 34,140	-	-	- 727	- 30,658	- 200,411	
Interest and investment	- 32,530	-	- 286	- (33,350)	-	-	-	-	- 30,851	
Health Canada	- 97,551	-	-	-	-	-	-	-	- 97,551	
Province of BC	-	-	-	-	-	-	-	-	- 273,932	
First Nations Education	-	-	-	-	-	-	-	-	-	
Steering Committee	-	-	-	-	-	-	-	-	- 56,387	
Revenue other	3,000	137,090	13,967	55,759	632,925	2,600	-	-	- 845,341	
Interior Salish Employment and Training Society	-	-	-	-	-	-	-	-	- 27,157	
Property tax revenue	-	-	-	-	-	-	-	-	- 160,456	
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	-	
Impact benefit agreements	-	-	-	-	-	-	-	-	-	
Total revenues	1,138,076	1,028,641	125,574	1,447,269	1,025,866	52,100	181,968	1,667,694	6,667,188	
Expenses:										
Salaries, wages and employee benefits	338,202	580,554	47,702	310,415	109,637	-	22,997	-	- 1,409,507	
Operating	918,227	532,842	140,549	972,612	370,882	31,933	71,157	395,819	- 3,434,021	
Amortization	- 2,588	155,376	176,660	3,617	-	79,847	205	205	- 418,293	
Total expenses	1,256,429	1,115,984	343,627	1,459,687	484,136	31,933	174,001	396,024	5,261,821	
Annual surplus (deficit)	\$ (118,353)	\$ (87,343)	\$ (218,053)	\$ (12,418)	\$ 541,730	\$ 20,167	\$ 7,967	\$ 1,271,670	\$ 1,405,367	

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

16. Segmented information (continued):

2014	Community Welfare	Administration	Operations and Maintenance	Education	Natural Resources and Economic Development			Capital Projects	Social Housing	Impact Benefit Agreements	Total
					Revenues:	Operating	Capital				
ANDC	\$ 1,206,917	\$ 445,844	\$ 123,932	\$ 1,572,735	\$ 99,181	\$ 28,200	\$ 9,824	\$ 167,613	\$ 1,236	\$ 20,337	\$ 3,458,433
Rental	-	26,415	909	80	-	-	-	-	-	-	223,217
Interest and investment	-	22,908	-	494	109,637	-	-	-	-	-	154,612
Health Canada	-	92,400	-	-	-	-	-	-	-	-	92,400
Province of BC	-	-	-	-	282,252	-	-	-	-	-	282,252
First Nations Education	-	52,993	-	-	-	-	-	-	-	-	52,993
Steering Committee	38,719	373,253	25,723	62,440	640,827	-	-	-	-	-	1,140,962
Revenue other	-	19,546	-	-	-	-	-	-	-	-	19,546
Interior Salish Employment and Training Society	-	132,646	-	-	-	-	-	-	-	-	132,646
Property tax revenue	-	-	-	-	-	-	-	-	-	-	-
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	-	-	63,882	-	63,882
Total revenues	1,245,636	1,166,005	150,564	1,635,749	1,160,097	9,824	232,731	20,337	-	-	5,620,943
Expenses:											
Salaries, wages and employee benefits	303,007	658,074	52,632	331,282	155,952	-	-	20,660	44	44	1,521,651
Operating	893,840	841,027	114,420	1,227,773	351,299	1,994	87,814	29,513	29,513	29,513	3,547,680
Amortization	-	6,677	217,962	177,204	3,758	-	112,303	-	-	-	517,914
Total expenses	1,196,847	1,505,778	385,014	1,736,259	511,019	1,994	220,777	29,557	29,557	29,557	5,587,245
Annual surplus (deficit)	\$ 48,789	\$ (339,773)	\$ (234,455)	\$ (100,510)	\$ 649,078	\$ 7,830	\$ 11,954	\$ (9,220)	\$ 33,698	\$ 33,698	

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2015

17. Federal assistance payments:

Coldwater Housing Management has received federal assistance through CMHC pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance during the year was \$46,094 (2014 - \$63,882). The assistance will continue, providing the Band is not in default of the agreement.

18. Commitments:

The Band has entered into a Local Education Agreement (LEA) with School District #58, expiring June 2016, to provide enrolment in the School District to Band members. Tuition payments are calculated on a per student basis. During the year, the Band paid \$536,848 (2014 - \$656,304) towards the LEA.

19. Contingencies:

The Band has guaranteed certain band member loans with AANDC. The amount outstanding on these loans at March 31, 2015 amounts to \$45,947 (2014 - \$55,502).

20. Pension:

The Band provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% (2014 - 5.5%) of their salary up to a maximum of 18.0% (2014 - 18.0%) of their basic salary. The Band contributes 5.5% (2014 - 5.5%) and the contributions are directed to the member's contribution account. During the year, the Band contributed \$39,827 (2014 - \$47,710).

21. Comparative figures:

Certain 2014 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.