

Consolidated Financial Statements of

COLDWATER INDIAN BAND

Year ended March 31, 2016

COLDWATER INDIAN BAND

Consolidated Financial Statements

Year ended March 31, 2016

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.



Chief



Band Administrator



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Kamloops V2C 6P5
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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, 2016 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 audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2016 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.

KPMG LLP

Chartered Professional Accountants

Kamloops, Canada
July 13, 2016

COLDWATER INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash and cash equivalents (note 2)	\$ 3,888,779	\$ 4,623,078
Restricted cash (note 3)	3,567,154	3,154,228
Accounts receivable (note 4)	384,977	293,571
Strata receivable (note 5)	24,722	24,328
Rents receivable (note 6)	42,187	57,055
Band member loans receivable (note 7)	60,999	60,999
Investments (note 8)	833,247	718,777
	<hr/> 8,802,065	<hr/> 8,932,036
Financial liabilities:		
Accounts payable and accrued liabilities (note 9)	811,381	1,060,707
Funded reserves (note 10)	284,996	403,140
Due to reserves	208,075	78,175
Deferred revenue (note 11)	117,582	83,975
Long-term debt (note 12)	893,235	967,479
	<hr/> 2,315,269	<hr/> 2,593,476
Net financial assets	<hr/> 6,486,796	<hr/> 6,338,560
Non-financial assets:		
Tangible capital assets (note 13)	4,476,739	4,706,069
Inventories	7,704	9,443
Prepaid expenses and deposits	13,726	12,793
	<hr/> 4,498,169	<hr/> 4,728,305
Contingencies (note 19)		
Accumulated surplus (note 14)	<hr/> \$ 10,984,965	<hr/> \$ 11,066,865

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

COLDWATER INDIAN BAND

Consolidated Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	Budget (note 1(j))	2016	2015
Revenue:			
Indigenous and Northern Affairs Canada	\$ 3,110,487	\$ 3,076,088	\$ 3,291,972
Revenue other	1,034,063	1,055,254	845,341
Canada Mortgage and Housing Corporation	46,890	44,438	46,094
Province of B.C.	246,162	289,852	273,932
Rental	205,560	206,314	200,410
Interest and investment	6,144	194,421	30,852
Property tax revenue	177,838	177,837	160,456
Impact benefit agreements	295,351	295,351	1,637,036
Health Canada	102,916	102,916	97,551
First Nations Education Steering Committee	93,823	38,076	56,387
Interior Salish Employment and Training Society	-	-	27,157
Total revenue	5,319,234	5,480,547	6,667,188
Expenses:			
Community welfare	1,315,801	1,374,911	1,256,429
Administration	1,426,748	1,306,563	1,115,984
Operations and maintenance	200,879	389,708	343,627
Education	1,794,277	1,678,047	1,459,687
Natural resources and economic development	494,078	437,936	484,136
Capital projects	165,580	146,553	31,933
Social housing	415,745	170,908	174,001
Impact benefit agreements	-	57,821	396,024
Total expenses	5,813,108	5,562,447	5,261,821

Segmented information (note 16)

Annual surplus (deficit)	\$ (493,874)	\$ (81,900)	\$ 1,405,367
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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, 2016, with comparative information for 2015

	Budget (note 1(j))	2016	2015
Annual surplus (deficit)	\$ (493,874)	\$ (81,900)	\$ 1,405,367
Acquisition of tangible capital assets	(36,565)	(233,917)	(11,713)
Amortization of tangible capital assets	73,954	423,708	418,293
Gain on disposal of tangible capital assets		(138,058)	-
Proceeds on disposal of tangible capital assets		177,598	-
	37,389	229,331	406,580
Use of prepaid expenses	-	(933)	518
Use of inventory of supplies	-	1,738	(6,420)
	-	805	(5,902)
Change in net financial assets	(456,485)	148,236	1,806,045
Net financial assets, beginning of year	6,338,560	6,338,560	4,532,515
Net financial assets, end of year	\$ 5,882,075	\$ 6,486,796	\$ 6,338,560

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

COLDWATER INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (81,900)	\$ 1,405,367
Items not involving cash:		
Amortization	423,708	418,293
Gain on disposal of tangible capital assets	(138,058)	-
Equity in income of investments	(114,470)	158,030
	89,280	1,981,690
Change in non-cash operating assets and liabilities:		
Accounts receivable	(91,406)	(29,879)
Strata receivable	(394)	1,052
Rents receivable	14,868	(9,959)
Accounts payable and accrued liabilities	(249,326)	(146,237)
Due to reserves	129,900	(67,188)
Funded reserves	(118,144)	60,251
Deferred revenue	33,607	(49,164)
Inventories	1,739	(6,419)
Prepaid expenses and deposits	(933)	518
	(190,809)	1,734,665
Capital activities:		
Acquisition of tangible capital assets	(233,917)	(11,714)
Proceeds on disposal of tangible capital assets	177,598	-
	(56,319)	(11,714)
Investing activities:		
Band member loans receivable	-	5,274
Financing activities:		
Repayment of long-term debt	(74,245)	(79,847)
	(74,245)	(79,847)
(Decrease) increase in cash	(321,373)	1,648,378
Cash, beginning of year	7,777,306	6,128,928
Cash, end of year	\$ 7,455,933	\$ 7,777,306
Represented by:		
Cash	\$ 3,888,779	\$ 4,623,078
Restricted cash	3,567,154	3,154,228
	\$ 7,455,933	\$ 7,777,306
Supplemental information:		
Interest paid	\$ 17,159	\$ 18,518
Interest received	79,949	87,597

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

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements

Year ended March 31, 2016

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.

(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. 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

(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.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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

(c) Revenue recognition:

Revenue is recognized on the accrual basis as it is earned, or as services are provided, and is measurable and becomes receivable under the terms of the applicable funding agreements.

Government transfers are recognized as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria is met, and reasonable estimates of the amounts can be made. If the transfer contains stipulations that create a liability, the transfer is recognized as revenue in the period in which the liability is extinguished.

Contract revenues are recorded on an accrual basis and are recognized when the service has been provided.

Interest and investment income is recorded as revenue in the period earned.

Lease and 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.

Property tax revenues are recorded on the accrual basis and are recognized when the amounts to be received can be reasonably estimated and collection is reasonably assured.

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, 2016

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%
Land improvements	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, 2016

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) Budgets:

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2015/2016 operating and capital budgets approved by Chief and Council on March 11, 2015.

(k) Pension plan:

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

2. Cash:

	2016	2015
Operating Fund	\$ 3,643,878	\$ 4,378,627
Coldwater Housing Management	58,473	41,949
Coldwater Projects	104,055	131,918
Coldwater Development Inc.	82,373	70,584
	<u>\$ 3,888,779</u>	<u>\$ 4,623,078</u>

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

3. Restricted cash:

	2016	2015
Externally restricted:		
Housing restricted cash	\$ 284,996	\$ 406,307
Ottawa Trust funds	571,740	558,274
Internally restricted:		
Taxation Special Surplus	82,875	390,465
Taxation Reserve Fund	512,280	188,242
Transition Capital Reserve Fund	59,728	57,616
Forestry Capital Reserve Fund	843,873	734,276
Impact Benefits fund	1,211,662	819,048
	\$ 3,567,154	\$ 3,154,228

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 funds 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 Indigenous and Northern Affairs Canada ("INAC") 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 Forestry Capital Reserve funds arise under the First Nations agreement for harvesting and sale of timber under forest tenures. The balance is the proceeds from the sale of timber harvested under Smallwood and non-Smallwood licenses.

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%. Impact Benefits funds also arise from a protocol and capacity agreement with Kinder Morgan to address legacy issues and operational issues pertaining to the Trans Mountain Pipeline System traversing Coldwater Indian Reserve No. 1.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

4. Accounts receivable:

Accounts receivable by program area is summarized as follows:

	2016	2015
Operating fund:		
Accounts receivable	\$ 329,229	\$ 257,279
INAC	24,437	-
	353,666	257,279
Coldwater Projects	22,636	25,897
Coldwater Housing Management	3,710	3,795
Coldwater Developments Inc.	4,965	6,600
	\$ 384,977	\$ 293,571

5. Strata receivable:

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

	2016	2015
Total strata receivable	\$ 44,722	\$ 44,328
Less: Allowance for doubtful receivables	(20,000)	(20,000)
	\$ 24,722	\$ 24,328

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.

	2016	2015
Total rents receivable	\$ 194,108	\$ 208,976
Less: Allowance for doubtful receivables	(151,921)	(151,921)
	\$ 42,187	\$ 57,055

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

7. Band member loans receivable:

Band member loans are unsecured, have various repayment terms with interest rates ranging from 6% to 12% (2015 - 6% to 12%) per annum.

	2016	2015
Total band member loans receivable	\$ 245,373	\$ 245,373
Less: Allowance for doubtful receivables	(184,374)	(184,374)
	\$ 60,999	\$ 60,999

8. Investments:

	2016	2015
Investments in government business enterprises:		
543454 B.C. Ltd.	\$ 115,390	\$ 115,390
Stuwix Resources Joint Venture	501,299	386,829
	616,689	502,219
Other investments:		
All Nations Trust Company	12,550	12,550
NVISA	204,008	204,008
	216,558	216,558
	\$ 833,247	\$ 718,777

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

The Band incurred expenses of \$20,320 (2015 - \$4,173) for professional and consulting services that were paid to Esh-kn-am Investments Joint Venture during the year. The Band received rent of \$53,940 (2015 - \$5,940) for premises, internet services and recovery of professional fees from Esh-kn-am Investments Joint Venture.

Included in the Band's accounts payable is \$nil (2015 - \$nil) owing to Esh-kn-am Investments Joint Venture. Included in the Band's accounts receivable is \$40,500 (2015 - \$nil) owing from Esh-kn-am Investments Joint Venture.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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, 2016 are as follows:

Statement of Financial Position	Stuwix Resources Joint Venture	Stuwix Resources Ltd.	Total
Assets:			
Current	\$ 8,293,877	\$ 91,074	\$ 8,384,951
Future income taxes	52,523	23,834	76,357
	8,346,400	114,908	8,461,308
Liabilities and equity:			
Current	3,157,204	274,434	3,431,638
Reforestation obligation	1,150,517	8	1,150,525
Venturers' equity (deficit)	4,038,679	(159,534)	3,879,145
	\$ 8,346,400	\$ 114,908	\$ 8,461,308
Statement of operations			
Revenue	\$ 11,164,022	\$ 54,584	\$ 11,218,606
Expenses	10,248,241	73,923	10,322,164
Net income (loss)	915,781	(19,339)	896,442
Equity (deficit), beginning of year	3,122,898	(140,195)	2,982,703
Equity (deficit), end of year	\$ 4,038,679	\$ (159,534)	\$ 3,879,145

The Band recorded \$230,846 (2015 - \$158,238) in timber sales from their woodlot license to Stuwix Resources Joint Venture.

Included in the Band's accounts receivable is \$nil (2015 - \$65,274) owing from Stuwix Resources Joint Venture.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

9. Accounts payable and accrued liabilities:

	2016	2015
Operating Fund	\$ 736,169	\$ 987,964
Coldwater Housing Management	42,007	33,476
Coldwater Projects	-	8,047
Coldwater Developments Inc.	33,205	31,220
	<u>\$ 811,381</u>	<u>\$ 1,060,707</u>

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 \$23,703 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:

	2016	2015
Operating:		
First Nations Education Steering Committee	\$ 63,582	\$ 61,520
INAC	50,000	-
Other	4,000	22,455
	<u>\$ 117,582</u>	<u>\$ 83,975</u>

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

12. Long-term debt:

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

	2016	2015
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,330 including interest at 1.92% per annum, maturing April 2019	\$ 319,838	\$ 341,446
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,190 including interest at 1.65% per annum, maturing June 2017	267,917	289,587
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,387 including interest at 1.65% per annum, maturing June 2017	170,924	184,633
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,719 including interest at 2.35% per annum, maturing September 2018	134,556	151,813
	\$ 893,235	\$ 967,479

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

2017	\$ 75,635
2018	77,078
2019	78,551
2020	80,051
2021	81,582
Thereafter	500,338
	\$ 893,235

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

13. Tangible capital assets:

2016	Land	Automotive	Buildings	Land improvements	Equipment	Computer Equipment	Total
Cost:							
Balance, beginning of year	\$ 359,193	\$ 549,694	\$ 8,378,327	\$ 2,228,868	\$ 1,145,089	\$ 93,276	\$ 12,754,447
Additions	-	-	182,792	-	11,497	39,628	233,917
Disposals	-	(24,823)	(78,528)	-	(104,037)	-	(207,388)
Balance, end of year	359,193	524,871	8,482,591	2,228,868	1,052,549	132,904	12,780,976
Accumulated amortization:							
Balance, beginning of year	\$ -	\$ 549,694	\$ 5,213,346	\$ 1,208,230	\$ 993,913	\$ 83,195	\$ 8,048,378
Disposals	-	(24,823)	(38,989)	-	(104,037)	-	(167,849)
Amortization	-	-	345,924	30,322	38,462	9,000	423,708
Balance, end of year	-	524,871	5,520,281	1,238,552	928,338	92,195	8,304,237
Net book value	\$ 359,193	\$ -	\$ 2,962,310	\$ 990,316	\$ 124,211	\$ 40,709	\$ 4,476,739

2015	Land	Automotive	Buildings	Land improvements	Equipment	Computer Equipment	Total
Cost:							
Balance, beginning of year	\$ 359,193	\$ 549,694	\$ 8,378,327	\$ 2,228,868	\$ 1,145,089	\$ 81,562	\$ 12,742,733
Additions	-	-	-	-	-	11,714	11,714
Balance, end of year	359,193	549,694	8,378,327	2,228,868	1,145,089	93,276	12,754,447
Accumulated amortization:							
Balance, beginning of year	\$ -	\$ 541,164	\$ 4,892,216	\$ 1,175,169	\$ 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	5,213,346	1,208,230	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

Included in land improvements is \$486,859 (2015 - \$486,859) of assets that are not being amortized.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

14. Accumulated surplus:

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

	2016	2015
Equity in financial assets:		
Equity in band member loans receivable	\$ 60,999	\$ 60,999
Equity in warranty reserve	35,014	35,014
Equity in investments	833,247	718,777
Equity in Ottawa Trust	571,740	558,274
Equity in capital reserve	59,728	89,481
Equity in taxation special surplus	706,292	683,076
Equity in firehall reserve	28,680	28,680
Restricted surplus - Forestry	1,137,890	1,137,890
Restricted surplus - Impact Benefits	1,211,662	819,048
Unrestricted surplus	2,756,209	3,197,036
	7,401,461	7,328,275
Equity in tangible capital assets	3,583,504	3,738,590
	\$ 10,984,965	\$ 11,066,865

15. Economic dependence:

The Band receives a major portion of its revenue, approximately 56% (2015 - 49%), pursuant to various funding agreements with INAC.

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, 2016

(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, 2016

16. Segmented information (continued):

2016	Community welfare	Administration	Operations and maintenance	Education	Natural resources and economic development	Capital projects	Social housing	Impact benefit agreements	Total
Revenues:									
INAC	\$ 1,207,797	\$ 416,795	\$ 119,223	\$ 1,167,925	\$ 40,163	\$ 124,185	\$ -	\$ -	\$ 3,076,088
Rental	-	40,120	440	5,230	40,860	-	119,664	-	206,314
Interest and investment	-	16,706	-	417	138,012	-	110	39,176	194,421
Health Canada	-	102,916	-	-	-	-	-	-	102,916
Province of BC	-	-	-	96,645	193,207	-	-	-	289,852
First Nations Education Steering Committee	-	33,415	-	4,661	-	-	-	-	38,076
Revenue other	10,070	219,490	4,642	24,759	658,235	-	138,058	-	1,055,254
Property tax revenue	-	177,837	-	-	-	-	-	-	177,837
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	44,438	-	44,438
Impact benefit agreements	-	-	-	-	-	-	-	295,351	295,351
Total revenues	1,217,867	1,007,279	124,305	1,299,637	1,070,477	124,185	302,270	334,527	5,480,547
Expenses:									
Salaries, wages and employee benefits	361,286	571,132	64,174	376,019	138,035	-	13,590	-	1,524,236
Operating	1,013,625	730,338	165,361	1,118,870	299,901	146,553	83,073	56,782	3,614,503
Amortization	-	5,093	160,173	183,158	-	-	74,245	1,039	423,708
Total expenses	1,374,911	1,306,563	389,708	1,678,047	437,936	146,553	170,908	57,821	5,562,447
Annual surplus (deficit)	\$ (157,044)	\$ (299,284)	\$ (265,403)	\$ (378,410)	\$ 632,541	\$ (22,368)	\$ 131,362	\$ 276,706	\$ (81,900)

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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:									
INAC	\$ 1,135,076	\$ 440,977	\$ 111,287	\$ 1,329,045	\$ 177,449	\$ 98,138	\$ -	\$ -	\$ 3,291,972
Rental	-	29,175	320	1,629	34,140	-	135,147	-	200,411
Interest and investment	-	32,530	-	285	(33,350)	-	727	30,658	30,851
Health Canada	-	97,551	-	-	-	-	-	-	97,551
Province of BC	-	-	-	59,230	214,702	-	-	-	273,932
First Nations Education Steering Committee	-	55,067	-	1,320	-	-	-	-	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	-	-	-	-	-	-	27,157
Property tax revenue	-	160,456	-	-	-	-	-	-	160,456
Canada Mortgage and Housing Corporation	-	-	-	-	-	-	46,094	-	46,094
Impact Benefit agreements	-	-	-	-	-	-	-	1,637,036	1,637,036
Total revenues	1,138,076	980,003	125,574	1,447,268	1,025,866	100,738	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	370,960	31,933	71,157	395,819	3,434,021
Amortization	-	2,588	155,376	176,660	3,617	-	79,847	205	418,293
Total expenses	1,256,429	1,115,984	343,627	1,459,687	484,214	31,933	174,001	396,024	5,261,821
Annual surplus (deficit)	\$ (118,353)	\$ (135,981)	\$ (218,053)	\$ (12,419)	\$ 541,652	\$ 68,805	\$ 7,967	\$ 1,271,670	\$ 1,405,367

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

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 \$44,438 (2015 - \$46,094). 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 \$524,170 (2015 - \$536,848) towards the LEA.

19. Contingencies:

- (a) The Band has guaranteed certain band member loans with INAC. The amount outstanding on these loans at March 31, 2016 amounts to \$41,656 (2015 - \$45,947).
- (b) From time to time the Band is brought forth in legal disputes. The Band reviews its exposure to any potential litigation for which it would not be covered by insurance and assesses whether a successful claim would materially affect the financial statements of the Band. The Band is currently not aware of any claims brought against it that if not defended successfully would result in a material change to the financial statements.

20. Pension:

The Band provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% (2015 - 5.5%) of their salary up to a maximum of 18.0% (2015 - 18.0%) of their basic salary. The Band contributes 5.5% (2015 - 5.5%) and the contributions are directed to the member's contribution account. During the year, the Band contributed \$48,452 (2015 - \$39,827).

21. Comparative figures:

Certain 2015 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.