

Coldwater Indian Band
Consolidated Financial Statements
For the year ended March 31, 2023

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Coldwater Indian Band are the responsibility of management and have been approved by the Chief and Band Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Coldwater Indian Band maintains systems of internal accounting and administrative controls of sufficient quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Band's assets are appropriately accounted for and adequately safeguarded.

The Coldwater Indian Band Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. Council carries out this responsibility principally through its Finance Committee.

The Chief and Council review the Band's consolidated financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council takes this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also appoint the engagement of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP has full access to the Band Council.


Chief
Band Administrator



Independent Auditor's Report

To the Chief and Council of Coldwater Indian Band

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Coldwater Indian Band (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Coldwater Indian Band as at March 31, 2023, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Effective April 1, 2022, the Group was required to adopt PS 3280 Asset Retirement Obligations, which requires the recognition of legal obligations associated with the retirement of tangible capital assets by public sector entities. Under the prospective application method, the asset retirement obligation on transition is to be recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets for those assets in productive use. For asset retirement obligations associated with tangible capital assets no longer in productive use, the corresponding asset retirement costs would be expensed in the year of adoption. Management has not completed its assessment of the tangible capital assets for potential asset retirement obligations. In addition, as noted in the Significant Accounting Policies regarding tangible capital assets, 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, which is a departure from PSAS. The effect of such departure has not been determined. As a result, it is not possible to quantify the impact of these departure from Canadian public sector accounting standards on expenses, amortization expenses and annual surplus for the year ended March 31, 2023, tangible capital assets, asset retirement obligation as at March 31, 2023, and accumulated surplus as at April 1 and March 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified for the above matter related to departure from PSAS on amortization expenses.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Kamloops, British Columbia
September 28, 2023

Coldwater Indian Band

Exhibit A - Consolidated Statement of Financial Position

As at March 31	2023	2022
Financial Assets		
Cash (Note 2)	\$ 18,213,419	\$ 11,245,265
Restricted cash (Note 3)	1,210,333	1,155,554
Accounts receivable (Note 4)	1,463,141	794,581
Short-term investments (Note 5)	4,339,661	4,469,156
Investments (Note 7)	234,464	234,464
Investments in Government Business Enterprises (Note 8)	505,976	467,792
Related parties	35,508	27,525
	<u>26,002,502</u>	<u>18,394,337</u>
Liabilities		
Accounts payable (Note 10)	663,675	683,474
Deferred revenue (Note 11)	803,000	833,000
Construction loan (Note 17)	-	262,475
Long term debt (Note 12)	1,749,204	1,508,198
	<u>3,215,879</u>	<u>3,287,147</u>
Net Financial Assets	<u>22,786,623</u>	<u>15,107,190</u>
Non-financial Assets		
Tangible capital assets (Note 9)	6,400,441	6,434,315
Prepaid expenses	134,444	49,976
	<u>6,534,885</u>	<u>6,484,291</u>
Accumulated surplus (Note 13)	<u>\$ 29,321,508</u>	<u>\$ 21,591,481</u>
Accumulated surplus is comprised of:		
Accumulated operating surplus	6,400,441	6,434,315

Approved on behalf of the Band Council:




Chief

Councilor

Coldwater Indian Band

Exhibit B - Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2023	2022
Annual surplus	\$ 7,795,400	\$ 4,468,605
Acquisition of tangible capital assets	(424,336)	(1,198,878)
Amortization of tangible capital assets	458,210	446,686
Disposal of tangible capital assets	-	4,717
	33,874	(747,475)
Change in prepaid expenses	(84,468)	25,123
Change in reserves	(65,373)	111,920
	(149,841)	137,043
Net change in net financial assets	7,679,433	3,858,173
Net financial assets, beginning of year	15,107,190	11,249,017
Net financial assets, end of year	\$ 22,786,623	\$ 15,107,190

Coldwater Indian Band

Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2023	2022
Revenue			
Indigenous Services Canada	\$ 7,458,654	\$ 7,341,331	\$ 6,842,780
BC First Nation Gaming Revenue	700,092	477,608	271,033
FNHA	120,940	141,379	269,039
Province of BC	417,000	941,556	65,724
Canada Mortgage and Housing Corporation	109,387	93,913	103,114
Nlaka'pamux Legacy Trust	111,455	48,096	-
Rental revenue	263,134	266,929	252,857
First Nations Education Steering Committee	225,859	301,662	300,944
Interest revenue	7,632	433,969	179,802
Taxation revenue	-	295,065	283,637
Other revenue	4,419,456	6,853,230	3,652,843
Income (loss) from investments in Government	-	(38,184)	165,888
Business Enterprises			
Unrealized losses	-	(129,495)	-
	13,833,609	17,027,059	12,387,661
Expenses			
Community Development	2,864,225	2,549,442	2,188,946
Administration	4,275,406	2,492,829	1,456,356
Operations & Maintenance	203,319	925,276	1,098,730
Education	2,189,403	1,888,271	1,908,659
Natural Resources & Economic Development	532,646	330,165	352,429
Capital	1,567,760	742,059	613,931
Social Housing	299,581	303,617	300,005
	11,932,340	9,231,659	7,919,056
Surplus for the year	\$ 1,901,269	\$ 7,795,400	\$ 4,468,605

Coldwater Indian Band

Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2023	2022
Operating activities		
Cash received from funding agreements and contracts	\$ 15,520,515	\$ 12,896,560
Cash paid to suppliers and employees	(8,846,735)	(7,786,950)
Interest earned	433,969	179,802
Interest paid	(30,981)	(22,630)
Cash flows from operating activities	7,076,768	5,266,782
Financing activities		
Repayment of long term debt	(124,713)	(123,767)
Proceeds from issuance of debt-Phase 6 mortgage advance	365,719	262,475
Proceeds from issuance of construction line of credit - Phase 6	-	50,000
Cash flows from (used in) financing activities	241,006	188,708
Capital activities		
Purchase of capital assets	(837,635)	(1,198,878)
Phase 6 completion	413,299	-
Cash flows used in capital activities	(424,336)	(1,198,878)
Investing activities		
Change in short-term investments	129,495	(2,003,635)
Increase in cash and cash equivalents	7,022,933	2,252,977
Cash and cash equivalents, beginning of year	12,400,819	10,147,842
Cash and cash equivalents, end of year	\$ 19,423,752	\$ 12,400,819
Represented by:		
Cash	\$ 18,213,419	\$ 11,245,265
Restricted cash	1,210,333	1,155,554
Cash and cash equivalents, end of year	\$ 19,423,752	\$ 12,400,819

Coldwater Indian Band

Summary of Significant Accounting Policies

March 31, 2023

Basis of Presentation These consolidated financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for government entities, as issued by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

**Reporting Entity and
Principles of Financial
Reporting**

The Coldwater Indian Band reporting entity includes the Coldwater Indian Band government and all related entities which are accountable to the Coldwater Indian Band and are either owned or controlled by the Coldwater Indian Band.

These consolidated financial statements consolidate the assets, liabilities and results of operations for Coldwater Development Inc., an incorporated entity, and for the following non-incorporated entities:

Coldwater Housing Management
Coldwater Projects

Inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund.

Incorporated business entities, which are owned and jointly controlled by the Coldwater Indian Band and which are not dependent on the Band for their continuing operations, are included in the summary financial statements using the modified equity method. These include:

Stuwix Resources Ltd. (12.5%)
Stuwix Resources Joint Venture (12.5%)
Esh-Kn-Am Joint Venture (25%)
9110 Investments Ltd. (25%)

Investments

The Band accounts for its investments in Stuwix Resources Joint Venture, Stuwix Resources Ltd., Esh-Kn-Am Joint Venture, and 9110 Investments Ltd. using the modified equity method. Under this method the cost of this investment are 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.

Inter-entity balances and transactions are not eliminated under the modified equity method.

Other investments are recorded on the cost basis.

Coldwater Indian Band

Summary of Significant Accounting Policies

March 31, 2023

Revenue Recognition Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. 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 balance sheet.

Rental revenue is recognized when a tenant commences occupancy and rent is due. The Coldwater Indian 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 events that give rise to the revenue occurs.

Tangible Capital Assets Tangible capital assets are stated at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded in revenue. Tangible capital asset acquisitions are also recorded as an addition to assets of the Capital Fund with a corresponding increase in equity in tangible capital assets.

Amortization is charged on assets with a corresponding reduction in equity in capital assets. Assets are amortized over their expected useful lives on the following bases:

Automotive equipment	30% - straight-line basis
Buildings	5% - straight-line basis
Equipment	30% - declining balance basis
Land improvements	5% - straight-line basis
Computers	33% - straight-line basis

Additions during the year have been amortized at one-half the above annual rates.

Social Housing Fund assets acquired under CMHC subsidized housing programs are amortized at a rate equivalent to the annual principal reduction in the related long-term debt, as required for CMHC reporting purposes.

Coldwater Indian Band

Summary of Significant Accounting Policies

March 31, 2023

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make assumptions and estimates that have an effect on the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could be different from those estimates. Significant estimates in these financial statements include valuation of accounts receivable, calculation of deferred revenue, and amortization of tangible capital assets.

Deferred Revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specific purposes.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term, highly liquid investments that are readily convertible to cash.

Short-term Investments

Short-term investments are recorded at cost, unless the market value of temporary investments has declined below cost, in which case they are written down to market value.

Funded Reserves

In order to provide for replacement of major tangible capital assets, the terms of the agreement with Canada Mortgage and Housing Corporation ("CMHC") provide that a Replacement Reserve Fund be established by annual charges to operations in an amount prescribed by the agreement. Interest is to accrue on the cumulative reserve balance. In addition, under the terms of the agreement for the 2% Subsidy Program, the Coldwater Indian Band may retain, in a Subsidy Surplus Reserve, excess federal assistance payments up to a maximum of \$500 per unit plus interest, and under the terms of the agreement for the Full Subsidy Program, the Coldwater Indian Band may retain in an Operating Reserve all excess federal assistance, plus interest.

Budgets

Budget information for individual programs has been included in the consolidated financial statements when the information is available and represents the 2022/2023 operating and capital budgets approved by Chief and Council.

Coldwater Indian Band

Summary of Significant Accounting Policies

March 31, 2023

Segmented Disclosure

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the Coldwater Indian Band. The Coldwater Indian Band identifies its segments based on specific projects and funding arrangements. Revenue and expenses are allocated to these segments according to methods of identification.

Ottawa Trust Fund

The Coldwater Indian Band uses the accrual method of accounting for Ottawa Trust Fund revenues earned in the Fund. Trust monies are recognized as revenue upon authorized withdrawal from the Ottawa Trust Fund.

Asset Retirement Obligation

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a tangible capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a tangible capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related tangible capital asset if it is still in productive use. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

1. Economic Dependence

The Coldwater Indian Band receives a major portion of its revenue pursuant to a funding arrangement with Indigenous Services Canada ("ISC").

2. Cash

	<u>2023</u>	<u>2022</u>
Operating Fund	\$ 17,994,324	\$ 11,098,158
Coldwater Development Inc.	95,927	61,152
Capital reserve - F.R.O.	78	76
Capital reserve - Transition House	15	15
Coldwater Housing Management - PRE	83,384	86,418
Coldwater Housing Management - POST	39,691	(554)
	<u>\$ 18,213,419</u>	<u>\$ 11,245,265</u>

3. Restricted Cash

	<u>2023</u>	<u>2022</u>
Tax Capital Reserve	\$ 80,839	\$ 63,984
Ottawa Trust Funds	705,134	692,854
Coldwater Housing Management - PRE	18,019	9,702
Coldwater Housing Management - POST	406,341	389,014
	<u>\$ 1,210,333</u>	<u>\$ 1,155,554</u>

The Taxation Capital Reserve is funded through holdings in short-term investments.

Taxation Special Surplus and Taxation Reserve Fund accounts arise from years when taxation revenue collected exceeds the related approved program outlays.

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 Indigenous Services Canada ("ISC") and generally must be for projects of a capital nature. Withdrawals of revenue or capital funds are recorded as revenue in the applicable fund where the monies are expended.

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

3. Restricted Cash (continued)

The Housing restricted cash is derived under the terms of the agreement with Canada Mortgage and Housing Corporation ("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 otherwise be approved by CMHC from time to time.

4. Accounts Receivable

	<u>2023</u>	<u>2022</u>
Accounts receivable	\$ 1,360,970	\$ 715,061
GST	-	10,905
Band member loans (consisting of 22 separate loans, non-interest bearing, due on demand)	167,021	167,021
Allowance for doubtful accounts	(417,582)	(417,582)
Accounts receivable (Coldwater Development Inc.)	980	2,475
Rents and subsidy receivable (Coldwater Housing Management - PRE)	582	582
Rents and subsidy receivable (Coldwater Housing Management - POST)	351,170	316,119
	<u>\$ 1,463,141</u>	<u>\$ 794,581</u>

5. Short-term Investments

	<u>2023</u>		<u>2022</u>	
	Market Value	Book Value	Market Value	Book Value
Cash	\$ 78,779	\$ 78,779	\$ 147,436	\$ 147,436
Common Shares	2,260,360	2,407,630	2,526,514	2,500,610
Mutual Funds	2,000,522	2,101,925	1,795,206	1,885,392
	<u>4,339,661</u>	<u>4,588,334</u>	<u>4,469,156</u>	<u>4,533,438</u>

The taxation surplus is fully funded through short-term investments.

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

6. Financial Instrument Risk

The Group has exposure to the following risks from its use of financial instruments: credit risk, market risk, and liquidity risk.

Chief and Council ensures that the Group has identified its major risks and ensures that management monitors and controls them.

Interest Rate Risk

Interest rate risk is the risk thhoat the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to this risk through portfolio investments that it holds. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Group is exposed to credit risk resulting from the possibility that a counterparty to a financial instrument defaults on their financial obligations and from concentration of transactions carried out with the same counterparty.

Default of Credit Risk

The Groups exposure to credit risk is represented by certain accounts receivable. The credit risk relating to accounts receivable is managed by having formal policies in place to assess the credit worthiness of customers and ensure timely collection of outstanding balances.

Concentration of Credit Risk

Management believes that related party receivables and notes are not subject to deafult credit risk due to the tightly held nature of the group. There have been no changes from the previous year of policies, procedures and methods to measure this risk.

Liquidity Risk

Liquidity risk is the risk that the Group encounters difficulty meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Nation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities, long term debt and commitments. Management has determined that the Group is not significantly exposed to liquidity risk given its strong operating cash flows, large short term investments, and secured funding sources. There have been no changes from the previous year of policies, procedures and methods to measure the risk.

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

7. Investments

	<u>2023</u>	<u>2022</u>
All Nations Trust Company ("ANTCO")	\$ 12,550	\$ 12,550
Investment in Spayum Holdings Limited Partnership	221,804	221,804
Investment in BC First Nation Gaming Limited Partnership	110	110
	<u>\$ 234,464</u>	<u>\$ 234,464</u>

8. Investments in Government Business Enterprises

	<u>2023</u>	<u>2022</u>
Investments in Forestry industry	\$ 505,976	\$ 467,792

The Coldwater Indian Band has a non-controlling interest in several entities in the forestry industry. A summary of the audited financial statements for the year ended March 31, 2023 is as follows:

	<u>2023</u>
Balance Sheet	
Current assets	\$ 8,306,177
Capital assets	206,564
Other assets	3,251
	<u>\$ 8,515,992</u>
Current liabilities	\$ 2,121,421
Long term debt	8,514
Reforestation obligation	3,414,802
Share capital	8
Equity	2,971,247
	<u>\$ 8,515,992</u>
Statement of Operations	
Revenue	\$ 16,968,559
Expenses	16,667,474
Net income	301,085
Equity, beginning of year	2,670,162
Equity, end of year	<u>\$ 2,971,247</u>

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2023

9. Tangible Capital Assets

2023

	Land	Infrastructure under construction	Automotive	Buildings	Land improvements	Equipment	Computer equipment	Total
Cost, beginning of year	\$ 341,402	\$ 1,966,519	\$ 598,813	\$ 10,233,371	\$ 2,132,435	\$ 1,525,280	\$ 209,109	\$ 17,006,929
Additions		170,395	-	65,588	-	135,827	52,526	424,336
Transfer to Social Housing		(413,299)	-	413,299	-	-	-	-
Cost, end of year	\$ 341,402	\$ 1,723,615	\$ 598,813	\$ 10,712,258	\$ 2,132,435	\$ 1,661,107	\$ 261,635	\$ 17,431,265
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 392,794	\$ 6,670,675	\$ 2,017,819	\$ 1,310,617	\$ 180,709	\$ 10,572,614
Amortization	-	-	61,805	178,031	98,258	85,256	34,860	458,210
Disposals	-	-	-	-	-	-	-	-
Accumulated amortization, end of year	\$ -	\$ -	\$ 454,599	\$ 6,848,706	\$ 2,116,077	\$ 1,395,873	\$ 215,569	\$ 11,030,824
Net carrying amount, end of year	\$ 341,402	\$ 1,723,615	\$ 144,214	\$ 3,863,552	\$ 16,358	\$ 265,234	\$ 46,066	\$ 6,400,441

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2023

8. Tangible Capital Assets (continued)

	2022								
	Land	Infrastructure under Construction	Automotive	Buildings	Land Improvements	Equipment	Computer Equipment	Total	
Cost, beginning of year	\$ 341,402	\$ 1,016,906	\$ 598,813	\$ 10,169,871	\$ 2,132,435	\$ 1,369,409	\$ 183,932	\$ 15,812,768	
Additions		949,613	-	63,500	-	155,871	29,894	1,198,878	
Disposals			-	-	-	-	(4,717)	(4,717)	
Cost, end of year	\$ 341,402	\$ 1,966,519	\$ 598,813	\$ 10,233,371	\$ 2,132,435	\$ 1,525,280	\$ 209,109	\$ 17,006,929	
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 304,501	\$ 6,496,584	\$ 1,919,561	\$ 1,251,330	\$ 158,669	\$ 10,130,645	
Amortization			88,293	174,091	98,258	59,287	26,757	446,686	
Disposals			-	-	-	-	(4,717)	(4,717)	
Accumulated amortization, end of year	\$ -	\$ -	\$ 392,794	\$ 6,670,675	\$ 2,017,819	\$ 1,310,617	\$ 180,709	\$ 10,572,614	
Net carrying amount, end of year	\$ 341,402	\$ 1,966,519	\$ 206,019	\$ 3,562,696	\$ 114,616	\$ 214,663	\$ 28,400	\$ 6,434,315	

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

10. Accounts Payable

	<u>2023</u>	<u>2022</u>
Operating Fund	\$ 612,837	\$ 625,831
Coldwater Development Operations	30,713	32,026
Coldwater Housing Management - PRE	16,145	19,188
Coldwater Housing Management - POST	3,980	6,429
	<u>\$ 663,675</u>	<u>\$ 683,474</u>

11. Deferred Revenue

Deferred revenue represents amounts received that relate to a subsequent period. A breakdown of deferred revenue is as follows:

	<u>2023</u>	<u>2022</u>
First Nations Health Authority ("FHNA")	\$ 28,000	\$ 58,000
Indigenous Services Canada ("ISC")	775,000	775,000
	<u>\$ 803,000</u>	<u>\$ 833,000</u>

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

12. Long Term Debt

	<u>2023</u>	<u>2022</u>
All Nations Trust Co., mortgage repayable in monthly instalments of \$2,246 including interest at 3.04% per annum, matures May 1, 2027	\$ 105,395	\$ 129,050
All Nations Trust Co., mortgage repayable in monthly instalments of \$1,424 including interest at 3.04% per annum, matures June 1, 2027	68,077	83,040
All Nations Trust Co., mortgage repayable in monthly instalments of \$2,323 including interest at 1.86% per annum, due for renewal on April 1, 2024 and matures February 1, 2029	156,151	180,893
All Nations Trust Co., construction loan repayable in monthly instalments of \$2,712 including interest at 1.87% per annum, due for renewal on May 1, 2024 and matures May 1, 2044.	568,946	590,672
All Nations Trust Co., mortgage repayable in monthly instalments of \$1,723 including interest at 2.52% per annum, matures April 1, 2023	1,720	22,108
All Nations Trust Co., mortgage repayable in monthly instalments of \$1,927 including interest of 0.79% per annum, due for renewal January 1, 2026 and matures January 1, 2046.	483,196	502,434
All Nations Trust Co., mortgage repayable in monthly instalments of \$1,876 including interest of 3.70% per annum, due for renewal December 1, 2027 and matures December 1, 2047.	365,719	-
	<u>\$ 1,749,204</u>	<u>\$ 1,508,197</u>

The estimated principal repayments on the above long term debt required over the next five years are as follows:

2024	\$ 116,838
2025	117,716
2026	122,550
2027	129,792
2028	81,553
Thereafter	<u>1,180,755</u>
	<u>\$ 1,749,204</u>

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

13 . Accumulated Surplus

	<u>2023</u>	<u>2022</u>
Unrestricted surplus	\$ 22,275,997	\$ 14,758,490
Equity in Warranty	35,014	35,014
Equity in Investments	736,568	435,079
Equity in Fixed Assets	3,597,805	3,622,140
Equity in Trust funds	699,580	687,300
Equity in Band loans	71,836	71,836
Equity in Taxation	781,601	781,601
Share Capital in Coldwater Development Corporation	3	3
Contributed surplus	785,830	785,830
Replacement Reserve	466,769	414,188
Accumulated remeasurement losses	(129,495)	-
	<u>\$ 29,321,508</u>	<u>\$ 21,591,481</u>

14. Comparative Figures

Certain comparative amounts presented in the financial statements have been restated to conform to current year's presentation.

15. Federal Assistance Payments

The Coldwater Indian Band 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 received through March 31, 2023 was \$92,200 (2022 - 86,144). As at March 31, 2023, the Band was in compliance with all agreements.

16. Replacement Reserve

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited at March 31, 2023 in the amount of \$34,200 (2022- \$33,300) 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.

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

17. Construction Loan

The Coldwater Indian Band has guaranteed loans to be used towards construction of phase 6. The construction loan relates to a line of credit and the All Nations Trust Co. is an mortgage advance on phase 6. The amount outstanding on these loans at March 31, 2023 amounts to \$0, outlined as follows:

	<u>2023</u>	<u>2022</u>
Construction Loan	\$ -	\$ 80,000
All Nations Trust Co., mortgage advance	-	182,475
	<u>\$ -</u>	<u>\$ 262,475</u>

18. Asset Retirement Obligation

Effective April 1, 2022, The Group adopted new Public Sector Accounting Handbook Standard, PS Section 3280, Asset Retirement Obligations. The Standard requires an obligation to be recognized related to legal obligations associated with the requirement of tangible capital assets. This change in accounting policy has been applied using the prospective application method. Under this method, the asset retirement obligation is initially recorded using assumptions as of April 1, 2022. The corresponding asset retirement cost is added to the carrying value of the related tangible capital assets for those assets in productive use. For asset retirement obligations associated with tangible capital assets no longer in productive use, the corresponding asset retirement costs would be recorded in current year operations.

The Group has not recognized an asset retirement obligation for legal obligations associated with the retirement of its assets, primarily expected to be the removal of septic tanks. Although there is septic tanks and potentially asbestos, an asset retirement obligation has not been recorded because a reasonable estimate cannot be made at this time, as the appropriate experts have not yet been engaged.

19. Impacts on Coldwater Indian Band

As the impacts of COVID-19 continue, there could be further impact on the Band, its funders and its business entities. The Band has continued to deliver services during this pandemic through a variety of means, whether face-to-face or utilizing technology as the Band was deemed an essential service. Management is actively monitoring the effect on it's financial condition, liquidity, operations and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Band is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2023

20. Expenses by Object

	<u>2023</u>	<u>2022</u>
Advertising and promotion	\$ 16,124	\$ 16,049
Amortization	458,210	446,687
Bad debt	-	2,827
Bank charges and interest	13,306	14,166
Program expenses	2,883,629	2,989,753
Consulting and management	799,831	331,408
Contracted services	175,984	298,576
Honoraria	79,064	96,438
Insurance	151,640	133,808
Interest	30,981	22,630
Materials and supplies	201,826	116,231
Meetings and workshops	94,909	48,535
Professional development	48,224	30,048
Professional fees	135,164	195,601
Repairs and maintenance	1,040,934	685,795
Rental office equipment	105,593	51,820
Replacement reserve	34,514	33,273
Student Support	323,348	443,891
Telephone	53,171	85,037
Utilities	88,011	104,987
Travel	219,899	36,108
Wages	2,277,297	1,735,388
	<u>\$ 9,231,659</u>	<u>\$ 7,919,056</u>

Coldwater Indian Band

Notes to Consolidated Financial Statements

March 31, 2023

21. Segment Disclosure

The Coldwater Indian Band is a diversified First Nations organization that provides a wide range of services to its members. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

Social Development

This service area provides services to help the Members by providing a variety of programs, community services and community development.

Administration

This item relates to the revenues and expenses that relate to the operations of the Band itself and cannot be directly attributed to a specific segment.

Operations and Maintenance

This service area provides services relating to the development, maintenance and service of the Band's assets, infrastructure and common property.

Education

This service area provides educational services through the operations of an on-reserve school, post secondary education support and the operations of various other educational programs. The goal of this segment is to enhance the educational opportunities of the Band's Members.

Natural Resources and Economic Development

This service area provides for the development of economic opportunities to the Members, along with the exploration of the development of natural resource revenues.

Capital

This service area provides for the development of new capital projects and infrastructure programs on the reserve.

Social Housing

This service area provides social housing to the Members.

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2023

20. Segment Disclosure (continued)

2023

	Community Development	Administration	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
ISC	\$ 2,336,408	\$ 1,488,372	\$ 1,272,154	\$ 1,748,363	\$ 131,352	\$ 364,682	\$ -	\$ 7,341,331
Other	852,200	4,768,791	695,791	424,597	2,618,114	-	326,235	9,033,258
Total	3,188,608	6,257,163	1,967,945	2,172,960	2,749,466	364,682	326,235	17,027,059
Expenses								
Wages & benefits	493,552	814,609	221,715	588,413	111,199	716	47,091	2,277,295
Purchases	2,048,703	1,678,220	459,884	1,228,606	207,586	741,343	131,812	6,496,154
Amortization	7,187	-	243,677	71,252	11,380	-	124,714	458,210
Total	2,549,442	2,492,829	925,276	1,888,271	330,165	742,059	303,617	9,231,659
Surplus (deficit)	\$ 639,166	\$ 3,764,334	\$ 1,042,669	\$ 284,689	\$ 2,419,301	\$ (377,377)	\$ 22,618	\$ 7,795,400

2022

	Community Development	Administration	Operations & Maintenance	Education	Natural Resources & Economic Development	Capital	Social Housing	Total
Revenue								
ISC	\$ 2,113,240	\$ 824,719	\$ 657,340	\$ 1,871,465	\$ 104,473	\$ 1,271,542	\$ -	\$ 6,842,779
Other	269,400	3,766,826	191,064	464,706	563,462	24,970	264,454	5,015,974
Total	2,382,640	4,591,545	848,404	2,336,171	667,935	1,296,512	264,454	12,387,661
Expenses								
Wages & benefits	452,438	474,226	171,399	453,610	124,435	11,552	47,728	1,735,388
Purchases	1,726,970	982,130	656,183	1,424,155	216,614	602,379	128,550	5,736,981
Amortization	9,538	-	271,148	30,894	11,380	-	123,727	446,687
Total	2,188,946	1,456,356	1,098,730	1,908,659	352,429	613,931	300,005	7,919,056
Surplus (deficit)	\$ 193,694	\$ 3,135,189	\$ (250,326)	\$ 427,512	\$ 315,506	\$ 682,581	\$ (35,551)	\$ 4,468,605