

Canim Lake Band
Consolidated Financial Statements
March 31, 2015

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MNP
LLP

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position 1

Consolidated Statement of Operations and Accumulated Surplus..... 2

Consolidated Statement of Change in Net Financial Assets..... 3

Consolidated Statement of Cash Flows..... 4

Notes to the Consolidated Financial Statements..... 5

Schedule 1 - Consolidated Schedule of Tangible Capital Assets..... 18

Schedule 2 - Schedule of Consolidated Expenses by Object..... 20

Schedule 3 - Administration..... 21

Schedule 4 - Band programs..... 22

Schedule 5 - Wellness programs..... 23

Schedule 6 - Health..... 24

Schedule 7 - Cariboo Chilcotin Aboriginal Training Employment Centre..... 25

Schedule 8 - Economic development..... 26

Schedule 9 - Education..... 27

Schedule 10 - Operation and maintenance..... 28

Schedule 11 - Social assistance programs..... 29

Schedule 12 - Treaty and treaty related programs..... 30

Schedule 13 - Capital..... 31

Schedule 14 - Social housing..... 32



Canim Lake Band

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Management's Responsibility

To the Members of Canim Lake Band:

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

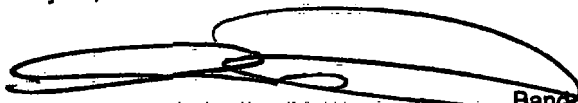
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Canim Lake Band Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Band's external auditors.

MNP LLP is appointed by the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

July 15, 2015


Band Administrator

Independent Auditors' Report

To the Members of Canim Lake Band:

We have audited the accompanying consolidated financial statements of Canim Lake Band, which comprise the consolidated statement of financial position as at 2015, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Other Matter

The financial statements of the Band for the year ended March 31, 2014 were audited by another firm of public accountants who issued an audit engagement report without reservation on July 28, 2014.

Prince George, British Columbia

July 15, 2015

MNP LLP
Chartered Accountants

Canim Lake Band
Consolidated Statement of Financial Position
As at March 31, 2015

| | 2015 | 2014 (Restated - Note 18) |
|---|------------------|---------------------------------|
| Financial assets | | |
| Cash | 2,080,854 | 1,768,322 |
| Accounts receivable (Note 3) | 960,120 | 546,645 |
| Restricted cash (Note 4) | 130,688 | 85,563 |
| Investment in Nation business entities (Note 5) | 251,664 | 221,635 |
| Funds held in trust (Note 6) | 208,861 | 197,975 |
| Advances to Nation business entities (Note 7) | 6,924 | 3,350 |
| | 3,639,111 | 2,823,490 |
| Liabilities | | |
| Bank indebtedness (Note 8) | 89,351 | - |
| Accounts payable and accruals | 377,546 | 360,590 |
| Deferred revenue | 52,511 | - |
| Long-term debt (Note 9) | 1,486,510 | 1,581,868 |
| Capital lease obligations (Note 10) | 155,302 | - |
| | 2,161,220 | 1,942,458 |
| Net financial assets | 1,477,891 | 881,032 |
| Contingencies (Note 11) | | |
| Non-financial assets | | |
| Tangible capital assets (Schedule 1) | 7,594,132 | 5,688,707 |
| Prepaid expenses | 178,794 | 174,605 |
| | 7,772,926 | 5,863,312 |
| Accumulated surplus (Note 12) | 9,250,817 | 6,744,344 |

Approved on behalf of the Council



Chief
Councillor



Councillor
Councillor

Canim Lake Band

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2015

| Schedules | 2015 Budget (Note 16) | 2015 | 2014 (Restated - Note 18) |
|--|--------------------------------------|-------------------|--|
| Revenue | | | |
| Aboriginal Affairs Northern Development Canada (Note 14) | 2,767,328 | 2,791,716 | 3,012,862 |
| First Nation Health Authority | 3,476,329 | 3,190,088 | 903,007 |
| Province of British Columbia | 254,815 | 502,535 | 468,164 |
| Other revenue | 300,518 | 173,796 | 182,602 |
| Cariboo Chilcotin Aboriginal Training Employment Centre | 143,801 | 154,833 | 159,150 |
| Canada Mortgage and Housing Corporation | - | 87,255 | 103,699 |
| Administration fee | 240,000 | 254,892 | 213,019 |
| Contract revenue | 1,010,463 | 2,108,400 | 1,327,495 |
| Interest income | 8,000 | 16,776 | 28,106 |
| Rent revenue | - | 361,499 | 346,729 |
| Earnings (loss) from investment in Nation business entities (Note 5) | - | 343,212 | (58,626) |
| Ottawa Trust Fund interest revenue and contributions (Note 6) | - | 10,886 | 6,882 |
| Gain on disposal of tangible capital assets | - | 137,506 | - |
| | 8,201,254 | 10,133,394 | 6,693,089 |
| Program expenses | | | |
| Administration | 1,084,546 | 842,888 | 910,243 |
| Band programs | 384,960 | 615,538 | 561,864 |
| Wellness programs | 276,764 | 239,265 | 193,322 |
| Health | 3,592,680 | 706,916 | 696,350 |
| Cariboo Chilcotin Aboriginal Training Employment Centre | 189,103 | 213,562 | 164,497 |
| Economic development | 409,585 | 1,477,508 | 521,416 |
| Education | 1,300,938 | 1,370,676 | 1,369,865 |
| Operation and maintenance | 711,732 | 741,696 | 829,977 |
| Social assistance programs | 447,000 | 517,706 | 480,876 |
| Treaty and treaty related programs | 363,440 | 350,525 | 287,923 |
| Capital | 205,545 | 199,518 | 246,423 |
| Social housing | - | 351,123 | 344,050 |
| Total expenditures | 8,966,293 | 7,626,921 | 6,606,806 |
| Annual surplus (deficit) | (765,039) | 2,506,473 | 86,283 |
| Accumulated surplus, beginning of year, as previously stated | 6,983,610 | 6,983,610 | 6,897,327 |
| Correction of error (Note 18) | (239,266) | (239,266) | (239,266) |
| Accumulated surplus, beginning of year, as restated | 6,744,344 | 6,744,344 | 6,658,061 |
| Accumulated surplus, end of year | 5,979,305 | 9,250,817 | 6,744,344 |

The accompanying notes are an integral part of these financial statements

Canim Lake Band
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2015

| | 2015 Budget (Note 16) | 2015 | 2014 (Restated - Note 18) |
|---|--------------------------------------|--------------------|--|
| Annual surplus (deficit) | (765,039) | 2,506,473 | 86,283 |
| Purchases of tangible capital assets | - | (2,148,159) | (430,646) |
| Amortization of tangible capital assets | - | 503,006 | 493,142 |
| Increase in tangible capital assets from change in classification of Nation business entities | - | (294,268) | - |
| Gain on disposal of tangible capital assets | - | (137,506) | - |
| Proceeds of disposal of tangible capital assets | - | 171,500 | - |
| Acquisition of prepaid expenses | - | (4,187) | (115,182) |
| Increase (decrease) in net financial assets | (765,039) | 596,859 | 33,597 |
| Net financial assets, beginning of year | 881,032 | 881,032 | 847,435 |
| Net financial assets, end of year | 115,993 | 1,477,891 | 881,032 |

The accompanying notes are an integral part of these financial statements

Canim Lake Band
Consolidated Statement of Cash Flows
For the year ended March 31, 2015

| | 2015 | 2014 (Restated - Note 18) |
|--|-------------|---------------------------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Annual surplus | 2,506,473 | 86,283 |
| Non-cash items: | | |
| Amortization | 503,006 | 493,142 |
| Bad debts | 103,320 | 3,720 |
| Trust fund interest revenue | (10,886) | (6,882) |
| Earnings (loss) from investment in Nation business entities | (343,212) | 58,626 |
| Gain on disposal of assets | (137,506) | - |
| Decrease due to change in classification of Nation business entities | (67,270) | - |
| | 2,553,925 | 634,889 |
| Changes in working capital accounts: | | |
| Accounts receivable | (413,475) | 369,873 |
| Cash - restricted | (45,125) | (9,959) |
| Accounts payable and accruals | (16,956) | (311,086) |
| Deferred revenue | (52,511) | - |
| Prepaid expenses | (4,187) | (115,182) |
| | 2,021,671 | 568,535 |
| Financing activities | | |
| Advances of long-term debt | 117,621 | 266,964 |
| Repayment of current portion of long-term debt | (212,979) | (241,123) |
| | (95,358) | 25,841 |
| Capital activities | | |
| Purchases of tangible capital assets | (2,148,159) | (430,646) |
| Proceeds of disposal of tangible capital assets | 171,500 | - |
| | (1,976,659) | (430,646) |
| Investing activities | | |
| Repayment of advances from related parties | 73,527 | (188,177) |
| Distribution of profit from the Nation business entities | 200,000 | - |
| | 273,527 | (188,177) |
| Increase (decrease) in cash resources | 223,181 | (24,447) |
| Cash resources, beginning of year | 1,768,322 | 1,792,769 |
| Cash resources, end of year | 1,991,503 | 1,768,322 |
| Cash resources are composed of: | | |
| Cash - unrestricted | 2,080,854 | 1,768,322 |
| Bank indebtedness | (89,351) | - |
| | 1,991,503 | 1,768,322 |

The accompanying notes are an integral part of these financial statements

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

1. Operations

Canim Lake Band (the "Band") is located in the province of British Columbia, and provides various services to its members. Canim Lake Band includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the Band reporting entity, except for Band business entities. Trusts administered on behalf of third parties by Canim Lake Band are excluded from the Band reporting entity.

The Band has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Canim Lake Reserve Housing Society
- Three Feathers Construction
- Canim Lake Treaty and Self-Government
- Teniye Logging Ltd.
- CLB Development Corp.

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Canim Lake Band business entities, owned or controlled by the Band's Council but not dependent on the Band for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Band. Thus, the Band's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Kenkekenem Forest Tenures Ltd.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

All intangible assets and items inherited by the rights of the Band, such as reserve land, forests, water and mineral resources are not recognized in the Nation's consolidated financial statements.

Tangible capital assets are amortized over their expected useful life of the assets using the straight-line method. In the year of acquisition amortization is taken at one-half the rates. See below for amortization rates of specific assets categories.

| | |
|------------------|------------|
| Buildings | 40 years |
| Infrastructure | 40 years |
| Bridges and dams | 40 years |
| Street lighting | 40 years |
| Water system | 40 years |
| Equipment | 4-40 years |
| Band housing | 25 years |

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Band members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other Band tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Net financial assets

The Band's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Band is determined by its financial assets less its liabilities. Net financial assets is comprised of two components, non-financial assets and accumulated surplus.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, inventory and prepaids expenses.

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

- i) **Government Funding**
The Band recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Band recognizes revenue as the liability is settled. Transfer of non-depreciable assets are recognized in revenue when received or receivable.
- ii) **First Nation Capital and Revenue Trust Funds**
The Band recognizes revenues of the Capital and Revenue trusts when earned.
- iii) **Canada Mortgage and Housing Corporation ("CMHC") and First Nation Health Authority ("FNHA")**
CMHC and FNHA revenue is recognized as it become receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.
- iv) **Housing rental income**
Rental revenue is recorded in the year it is earned. At the end of each year, management evaluates whether rent revenue is collectible and records a bad debt expense and allowance for doubtful accounts for those amounts designated as unlikely to be collected.
- vi) **Other revenue**
Revenue such as administration fee, contract revenue and other revenue is recognized when performance is achieved, amounts are reasonably estimated and collection is reasonably assured.

Financial instruments

The Band's financial instruments consists of cash, funds held in trust, advances to Nation business entities, accounts receivable, bank indebtedness, accounts payable and accruals, and long term debt. Unless otherwise noted, it is management's opinion that the Band is not exposed to significant interest, currency or credit risk arising from these financial instruments.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Band is responsible for. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the surplus of the periods in which they become known.

Long-lived assets

Long-lived assets consist of tangible capital assets, and intangible assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Band performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when an asset's service potential is reduced. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in surplus for the year. Prices for similar items are used to measure fair value of long-lived assets.

The Band does not perform impairment testing on its long-lived assets that are held for public administration and situated on its reserve land as it is not possible to determine their fair market value.

2. Significant accounting policies *(Continued from previous page)*

Segments

The Band conducts its business through a number of reportable segments as described in Note 15. These operating segments are established by senior management to facilitate the achievement of the Band's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The Band has not yet determined the effect of these new standards on its consolidated financial statements.

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Accounts receivable

| | 2015 | 2014 |
|--|----------------|-------------|
| Aboriginal Affairs and Northern Development Canada | 39,986 | 74,265 |
| First Nation Health Authority | 317,903 | - |
| Province of BC | 90,891 | 1,534 |
| Other government agencies | 21,454 | 2,225 |
| Other receivables | 489,886 | 468,621 |
| | 960,120 | 546,645 |

4. Restricted cash

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in the amount of \$35,782 (2014 - \$35,782) 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. The funds in the account may only be used as approved by CMHC. At year end, these reserves were under-funded by \$369,274 (2014 - underfunded by \$386,512).

Under the terms of the agreement with Canada Mortgage and Housing Corporation, excess revenues over expenditures for the Post 1996 phases may be retained in an operating reserve. 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. At year end, the operating reserve was under-funded by \$1,169 (2014 - adequately funded).

| | 2015 | 2014 |
|----------------------|----------------|---------------|
| Replacement reserves | 130,688 | 85,563 |

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

5. Investments in Nation business entities

The First Nation has investments in the following entities:

| | | | 2015 | |
|---------------------------------|----------------------------|-----------------------------|--|-----------------------------|
| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> |
| Wholly-owned Businesses: | | | | |
| Keneknem Forest Tenures Ltd. | 12 | - | 251,652 | 251,664 |
| | | | | |
| | | | | 2014 |
| | <i>Investment cost</i> | <i>Loans / advances</i> | <i>Cumulative share of earnings (loss)</i> | <i>Total investment</i> |
| Wholly-owned Businesses: | | | | |
| Teniye Logging Ltd. | 3 | 107,647 | (365,724) | (258,074) |
| Keneknem Forest Tenures Ltd. | 12 | 73,528 | 108,439 | 181,979 |
| CLB Development Corp. | 3 | 260,701 | 37,026 | 297,730 |
| | 18 | 441,876 | (220,259) | 221,635 |

The following financial information for Keneknem Forest Tenures Ltd. is not audited and is reviewed by another firm of accountants.

Summary financial information for First Nation business entity, accounted for using the modified equity method, for March 31, 2015 year-end is as follows:

| | <i>Keneknem Forest Tenures Ltd. As at March 31, 2015</i> |
|--|--|
| Assets | |
| Cash | 403,285 |
| Accounts receivable | 7,324 |
| Inventory, prepaid expenses and security deposits | 35,434 |
| Investments | 264,821 |
| Property, plant and equipment | 27,861 |
| Total assets | 738,725 |
| Liabilities | |
| Accounts payable and accruals | 78,165 |
| Deferred revenue | 22,511 |
| Future reforestation obligations | 386,385 |
| Total liabilities | 487,061 |
| | 251,664 |
| Total revenue | 1,711,161 |
| Total expenses | 1,367,949 |
| Net income | 343,212 |

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Funds held in trust

Capital and revenue trust moneys are transferred to the Band on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Band's Council.

| | 2015 | 2014 |
|-----------------------------|----------------|----------------|
| Capital Trust | | |
| Balance, beginning of year | 137,518 | 137,518 |
| Permit income | 4,667 | - |
| Balance, end of year | 142,185 | 137,518 |
| Revenue Trust | | |
| Balance, beginning of year | 60,457 | 53,575 |
| Interest | 4,817 | 5,458 |
| Special (BC) | 1,402 | 1,424 |
| Balance, end of year | 66,676 | 60,457 |
| | 208,861 | 197,975 |

Ottawa Trust Funds

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. The management of these funds is primarily governed by Section 63 to 69 of the Indian Act.

7. Advances to Nation business entities

| | 2015 | 2014 |
|---|--------------|--------------|
| Nikec Partners Products Ltd., a company controlled by CLB Development Corp. | 5,730 | 3,350 |
| Keneknem Forest Tenure Ltd. | 1,194 | - |
| | 6,924 | 3,350 |

Advances to Nation business entities are unsecured, non-interest bearing with no terms of repayment.

8. Bank indebtedness

Bank indebtedness includes a \$125,000 revolving line of credit of which \$89,351 (2014 - nil) was used by Teniye Logging Ltd. Bank advances on the credit line are payable on demand and bear interest at 2% over prime.

The company also has access to a Visa with a maximum credit of \$15,000. The credit line and Visa are secured by a general security agreement; a full guarantee supporting outstanding credit facilities by the Band; and a general band council resolution granting the bank access to the reserve.

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Long-term debt

| | 2015 | 2014 |
|--|----------------|----------------|
| Non-social housing | | |
| Royal Bank of Canada | | |
| - Interest at 3.70% per annum | | |
| - Monthly blended payments of \$2,350 | | |
| - Maturity date of February 17, 2019 | | |
| - Secured by existing cash collateral pledging an amount of \$372,478 and specific building with a net book value of \$217,766 | 213,381 | 233,281 |
| Royal Bank of Canada | | |
| - Interest at 3.45% per annum | | |
| - Monthly blended payments of \$595 | | |
| - Maturity date of October 15, 2018 | | |
| - Secured by automobile equipment with a net book value of \$38,382 | 23,906 | - |
| Royal Bank of Canada | | |
| - Interest at 3.45% per annum | | |
| - Monthly blended payments of \$737 | | |
| - Maturity date of July 30, 2018 | | |
| - Secured by automobile equipment with a net book value of \$36,301 | 27,797 | - |
| Royal Bank of Canada | | |
| - Interest at prime plus 5.8% per annum | | |
| - Monthly blended payments of \$3,858 | | |
| - Maturity date of January 22, 2016 | | |
| - Secured by general security agreement and guarantee and postponement of claim in the amount of \$970,000 by Canim Lake Band | | |
| - Loan is callable on demand | 58,119 | - |
| Term loans paid off during the year | - | 48,604 |
| Total non-social housing | 323,203 | 281,885 |
| CMHC - Phase 1 (Pre-1997 Program) | | |
| - Interest at 5.25% per annum | | |
| - Monthly blended payments of \$2,933 | | |
| - Term maturity date of June 2018 | | |
| - Secured by a Government of Canada ministerial guarantee | 91,432 | 118,527 |
| CMHC - Phase 2 (Pre-1997 Program) | | |
| - Interest at 7.20% per annum | | |
| - Monthly blended payments of \$1,517 | | |
| - Term maturity date of December 2019 | | |
| - Secured by a Government of Canada ministerial guarantee | 71,748 | 85,373 |
| All Nations Trust - Phase 6 (Pre-1997 Program) | | |
| - Interest at 1.67% per annum | | |
| - Monthly blended payments of \$4,217 | | |
| - Term maturity date of March 2017 | | |
| - Secured by a Government of Canada ministerial guarantee | 99,479 | 147,990 |

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

9. Long-term debt *(Continued from previous page)*

| | | |
|---|------------------|------------------|
| All Nations Trust - Phase 7 (Pre-1997 Program) | | |
| - Interest at 1.62% per annum | | |
| - Monthly blended payments of \$1,476 | | |
| - Term maturity date of March 2018 | | |
| - Secured by a Government of Canada ministerial guarantee | 132,862 | 148,295 |
| All Nations Trust - Phase 1 (Post - 1996 Program) | | |
| - Interest at 1.71% per annum | | |
| - Monthly blended payments of \$731 | | |
| - Term maturity date of September 2017 | | |
| - Secured by a Government of Canada ministerial guarantee | 98,672 | 105,696 |
| All Nations Trust - Phase 3 (Post - 1996 Program) | | |
| - Interest at 1.82% per annum | | |
| - Monthly blended payments of \$3,114 | | |
| - Term maturity date of December 2016 | | |
| - Secured by a Government of Canada ministerial guarantee | 669,114 | 694,102 |
| Total social housing | 1,163,307 | 1,299,983 |
| | 1,486,510 | 1,581,868 |

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

| | |
|--------------|------------------|
| 2016 | 230,080 |
| 2017 | 176,695 |
| 2018 | 130,596 |
| 2019 | 103,289 |
| 2020 | 92,848 |
| Subtotal | 733,478 |
| Thereafter | 753,032 |
| Total | 1,486,510 |

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

10. Capital lease obligations

| | 2015 | 2014 |
|---|----------------|-------------|
| RBC capital lease payable in equal monthly installments of \$2,508 including interest. The lease matures February 12, 2018, and is secured by a 2005 Freightliner with dump body having a net book value of \$74,375. | 85,000 | - |
| RBC capital lease payable in equal monthly installments of \$821 including interest. The lease matures February 24, 2020, and is secured by a 2014 Holland Tractor having a net book value of \$40,050. | 44,500 | - |
| Caterpillar Financial Services capital lease payable in equal monthly installments of \$4,464 plus tax including interest at 6.2%. There are skip payments April, May and June of each year. The lease matures December 16, 2015 and is secured by a 2005 Caterpillar processor together with a Waratah processing head with a net book value \$54,895. | 25,802 | - |
| | 155,302 | - |

Minimum lease payments related to the obligations under capital lease are as follows:

| | |
|------------------------|----------------|
| 2016 | 69,079 |
| 2017 | 39,948 |
| 2018 | 36,701 |
| 2019 | 9,848 |
| 2020 | 8,234 |
| | <u>163,810</u> |
| | 163,810 |
| Less: imputed interest | <u>8,507</u> |
| Balance of obligation | <u>155,302</u> |

Assets under capital lease includes the following:

- 2005 Freightliner dump truck - cost \$85,000 (2014 - nil), accumulated amortization \$10,625 (2014 - nil), net book value - \$74,375 (2014 - nil)
- 2014 Holland tractor - cost \$44,500 (2014 - nil), accumulated amortization \$4,450 (2014 - nil), net book value - \$40,050 (2014 - nil)
- 2005 Caterpillar processor - cost \$131,800 (2014 - nil), accumulated amortization \$76,905 (2014 nil), net book value - \$54,895 (2014 - nil)

Amortization expense includes \$38,601 (2014 - nil) on leased tangible capital assets.

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

11. Contingencies

a) The Band may be contingently liable with respect to Ministerial guarantees for "On Reserve Housing Loans" to various financial institutions in the amount of \$1,165,343. These guarantees are in addition to CMHC mortgages.

b) Canim Lake Band is a member of the Northern Shuswap Treaty Society. The Northern Shuswap Treaty Society has entered into Negotiations Support Agreements on behalf of its members and carried out treaty negotiations with Canada and British Columbia. Under the terms of the agreements, the Northern Shuswap Treaty Society is indebted to Canada. If Canim Lake Band is liable under the Negotiation Support Agreement, the amount is subject to redetermination and consequently indeterminable; and accordingly excluded from these financial statements. Subject to any treaty or further extension, the indebtedness to Canada is due August 2016.

c) Canim Lake Band is a defendant in several lawsuits and is involved in various actions related to land leases, environmental damages, third party liability, garnishment, indemnification, compensatory damages and contract breach. Management cannot determine whether any claims will be successful and cannot estimate the potential loss, if any.

12. Accumulated surplus

Accumulated surplus consists of the following:

| | 2015 | 2014 |
|---|------------------|------------------|
| Equity in Ottawa Trust Funds | 208,861 | 197,195 |
| Equity in operating fund | 2,336,841 | 1,748,143 |
| Equity in tangible capital assets | 5,952,320 | 4,106,839 |
| Investment in business entities (enterprise fund) | 251,664 | 221,635 |
| Replacement and operating reserve | 501,131 | 470,532 |
| | 9,250,817 | 6,744,344 |

13. Economic dependence

Canim Lake Band receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of funding agreements entered into with the Government of Canada. These funding agreements are administered by AANDC under the terms and conditions of the Indian Act. The ability of the Band to continue operations is dependent upon the Government of Canada's continued financial commitment as guaranteed by these agreements.

14. Aboriginal Affairs and Northern Development Canada funding reconciliation

| | 2015 | 2014 |
|--------------------------------|------------------|------------------|
| Direct Band Funding | | |
| AANDC revenue per confirmation | 2,822,084 | 3,022,263 |
| Prior year recovery | (16,895) | - |
| Current year recovery | (13,473) | (9,401) |
| | 2,791,716 | 3,012,862 |

15. Segments

The Band receives revenues from many different projects and sources. For management and reporting purposes, the revenues, expenses and surplus or deficits are organized by the following segments:

Administration:

Includes general operations, support, and financial management of Canim Lake Band.

Band programs:

Includes revenue and expenditures related to programs put on to support the Canim Lake Band community.

Wellness programs:

Includes revenue and expenditures related to programs put on to support the wellness of the Canim Lake Band members.

Health:

Includes activities related to the provision of health services within Canim Lake Band.

Cariboo Chilcotin Aboriginal Training Employment Centre:

Includes the Cariboo Chilcotin Aboriginal Training Employment Centre funding and related expenditures.

Economic development:

Includes activities related to the growth of revenue producing projects within Canim Lake Band.

Education:

Includes revenues and expenses related to primary, secondary and post secondary education of the members of Canim Lake Band.

Operations and maintenance:

Includes maintenance of infrastructure owned by the Band.

Social assistance programs:

Includes revenues and expenses relating to the social assistance of members of Canim Lake Band.

Treaty and treaty related programs:

Includes the allocation for the Northern Shuswap Treaty Society funds for negotiation work in the community.

Capital:

Includes revenue and expenditures related to capital projects.

Social housing:

Includes revenue and expenditures relating to the operation of Canim Lake Reserve Housing Society.

16. Budget information

The disclosed budget information was approved by Chief and Council of Canim Lake Band on May 6, 2014. Budget information for certain programs and activities was not available at the financial statement date, therefore the budget amounts have not been presented for the same scope of activities as the actual results. Budget information has not been provided for CMHC social housing and earnings from investments in Nation business entities.

17. Comparative figures

Prior years figures have been restated to conform with the current presentation.

Canim Lake Band
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

18. Correction of an error

During the year, the First Nation determined that the investment in Nation business entities was overstated. This error has been corrected retrospectively in these financial statements and the comparative figures have been restated as follows:

The opening accumulated surplus for the year ended March 31, 2014 and 2015 decreased by \$239,266
The ending accumulated surplus for the year ended March 31, 2014 and 2015 decreased by \$239,266
Investment in Nation business entities for the year ended March 31, 2014 decreased by \$239,266

19. Change in accounting policies

Liability for contaminated sites

Effective April 1, 2014, the First Nation adopted the recommendations relating to PS3260 *Liability for Contaminated Sites*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change was applied retroactively, and prior periods have been restated.

Previously, no accounting policy existed to account for a liability for contaminated sites. Under the new recommendations, the Band is required to recognize a liability for contaminated sites when economic benefits will be given up, as described in Note 2 *Significant Accounting Policies*.

There was no effect on the Band's financial statements of adopting the above-noted change in accounting policy.

Change in accounting estimate

During the year the Band revised the estimated useful lives of CMHC band houses to 25 years from completion of construction. The change was made prospectively and existing houses are now being amortized over their remaining useful lives.