

Consolidated Financial Statements of

**COLDWATER INDIAN BAND**

Year ended March 31, 2012

## **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 Canadian Institute of Chartered Accountants. 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.

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*Chief*

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*Band Administrator*



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## AUDITORS' REPORT

To the Members of Coldwater Indian Band

We have audited the consolidated statement of financial position of Coldwater Indian Band (the "Band") as at March 31, 2012 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 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 our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Band's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



*Basis for Qualified Opinion*

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

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Other Matter*

The consolidated financial statements of Coldwater Indian Band as at and for the year ended March 31, 2011 were audited by another auditor who expressed a qualified opinion on those statements on July 20, 2011 due to the matter described in the Basis for Qualified Opinion paragraph.

*KPMG LLP*

Chartered Accountants

Kamloops, Canada  
July 25, 2012

# COLDWATER INDIAN BAND

## Consolidated Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Financial assets:</b>		
Cash and cash equivalents (note 2)	\$ 1,911,517	\$ 1,700,307
Restricted cash (note 3)	2,004,016	1,767,391
Accounts receivable (note 4)	1,561,199	463,210
Strata receivable (note 5)	62,302	61,901
Rents receivable (note 6)	34,797	50,638
Band member loans receivable (note 7)	68,611	82,198
Investments (note 8)	671,046	502,825
	<hr/> 6,313,488	<hr/> 4,628,470
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 9)	1,080,532	1,129,449
Funded reserves (note 10)	523,341	477,243
Due to reserves	57,793	200,647
Deferred revenue (note 11)	138,268	145,123
Long-term debt (note 12)	1,267,428	1,367,128
	<hr/> 3,067,362	<hr/> 3,319,590
Net financial assets	<hr/> 3,246,126	<hr/> 1,308,880
<b>Non-financial assets:</b>		
Tangible capital assets (note 13)	5,550,787	5,707,989
Inventories	7,867	2,405
Prepaid expenses and deposits	72,342	12,697
	<hr/> 5,630,996	<hr/> 5,723,091
Contingencies (note 18)		
<b>Accumulated surplus (note 14)</b>	<hr/> <b>\$ 8,877,122</b>	<hr/> <b>\$ 7,031,958</b>

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

# COLDWATER INDIAN BAND

## Consolidated Statement of Operations

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
<b>Revenue:</b>		
Aboriginal Affairs and Northern Development Canada	\$ 4,020,568	\$ 3,872,835
Rental	231,387	235,499
Interest and investment	180,721	153,423
Health and Welfare Canada	97,400	92,400
Province of BC	391,326	374,367
First Nations Education Steering Committee	129,862	68,654
Revenue other	743,705	424,680
Interior Salish Employment and Training Society	42,453	20,355
Property tax revenue	102,092	99,136
Work opportunity program	874	1,061
Canada Mortgage and Housing Corporation	111,557	335,877
Impact benefit agreements	1,294,232	-
<b>Total revenue</b>	<b>7,346,177</b>	<b>5,678,287</b>
<b>Expenses:</b>		
Community Welfare	1,498,269	1,434,179
Administration	1,382,224	1,126,097
Operations and Maintenance	326,963	223,574
Education	1,580,455	1,648,074
Natural Resources and Economic Development	453,366	319,002
Capital Projects	160,838	528,728
Social Housing	237,777	255,358
Impact Benefit Agreements	33,071	-
<b>Total expenses</b>	<b>5,672,963</b>	<b>5,535,012</b>
Segmented information (note 16)		
<b>Annual surplus</b>	<b>\$ 1,673,214</b>	<b>\$ 143,275</b>

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, 2012, with comparative figures for 2011

	2012	2011
Annual surplus	\$ 1,673,214	\$ 143,275
Acquisition of tangible capital assets	(349,139)	(493,369)
Amortization of tangible capital assets	506,342	425,405
	157,203	(67,964)
Equity change in Band Member loans receivable	(13,227)	(1,518)
Equity change in investments	168,221	(19,741)
Equity change in Ottawa Trust	24,565	17,352
Equity change in Taxation Special Surplus	12,000	65,988
Acquisition of prepaid expenses	(59,645)	(590)
Use (consumption) of inventory of supplies	(5,462)	2,135
Transfers to reserves	(19,623)	(42,756)
	106,829	20,870
Change in net financial assets	1,937,246	96,181
Net financial assets, beginning of year	1,308,880	1,212,699
Net financial assets, end of year	\$ 3,246,126	\$ 1,308,880

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

# COLDWATER INDIAN BAND

## Consolidated Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
<b>Operating activities:</b>		
Annual surplus	\$ 1,673,214	\$ 143,275
Items not involving cash:		
Amortization of tangible capital assets	506,342	425,505
Changes in equity in investments, loans receivable, trust and reserves	171,936	19,212
	<u>2,351,492</u>	<u>587,992</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,097,989)	341,785
Strata receivable	27,102	10,090
Rents receivable	(17,971)	31,287
Accounts payable and accrued liabilities	(48,917)	(134,687)
Due to reserves	(142,854)	37,593
Funded reserves	46,099	(879)
Deferred revenue	(6,855)	94,039
Inventories	(5,462)	2,136
Prepaid expenses and deposits	(59,645)	(590)
	<u>1,045,000</u>	<u>968,766</u>
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(349,139)	(493,369)
	<u>(349,139)</u>	<u>(493,369)</u>
<b>Investing activities:</b>		
Band member loans receivable	19,896	1,903
Investments	(168,222)	19,741
	<u>(148,326)</u>	<u>21,644</u>
<b>Financing activities:</b>		
Repayment of long-term debt	(99,700)	(96,452)
	<u>(99,700)</u>	<u>(96,452)</u>
Increase in cash	447,835	400,589
Cash, beginning of year	3,467,698	3,067,109
Cash, end of year	<u>\$ 3,915,533</u>	<u>\$ 3,467,698</u>
Represented by:		
Cash	\$ 1,911,517	\$ 1,700,307
Restricted cash	2,004,016	1,767,391
Supplemental information:		
Interest paid	43,491	47,017
Interest received	12,500	23,423

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



# COLDWATER INDIAN BAND

## Notes to Consolidated Financial Statements

Year ended March 31, 2012

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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 Canadian Institute of Chartered Accountants, which encompasses the following principles:

#### (a) Fund accounting:

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

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

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

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

#### (b) Basis of consolidation:

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

(i) Coldwater Housing Management, consisting of the non-incorporated entities Coldwater Housing Management Post-1997 and Coldwater Housing Management Pre-1997

(ii) Coldwater Projects, a non-incorporated entity

(iii) Coldwater Developments Inc., an incorporated entity

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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

### (b) Basis of consolidation (continued):

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

### (c) Revenue recognition:

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

Interest is recognized as earned.

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

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

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

### (d) Restricted cash:

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

### (e) Investments:

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

Other investments are recorded on a cost basis.

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 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, 2012

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## 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.

In addition, the Band's implementation of the Public Sector Accounting Handbook Section PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from these estimates.

### (i) Financial instruments:

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

### (j) Pension plan:

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

### (k) Accounting pronouncements issued but not yet effective:

The Public Sector Accounting Board ("PSAB") recently issued accounting pronouncements that are applicable to financial statements related to fiscal years beginning on or after April 1, 2012 as follows: *Government Transfers*, revised Section 3410, *Financial Instruments*, Section PS 3450, *Tax Revenue*, Section PS 3510 and *Liability for Contaminated Sites*, Section PS 3260 (effective April 1, 2014). The Band is in the process of reviewing the impact of these accounting standards amendments.

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 2. Cash:

	2012	2011
Operating Fund	\$ 1,711,690	\$ 1,539,759
Coldwater Housing Management	119,284	117,982
Coldwater Projects	34,350	5,436
Coldwater Development Inc.	46,193	37,130
	<u>\$ 1,911,517</u>	<u>\$ 1,700,307</u>

## 3. Restricted cash:

	2012	2011
Externally restricted:		
Housing restricted cash	\$ 526,550	\$ 480,434
Ottawa Trust funds	461,424	436,859
Internally restricted:		
Taxation Special Surplus	339,547	335,591
Taxation Reserve Fund	151,283	134,987
Transition Capital Reserve Fund	27,766	27,766
FRO Capital Reserve Fund	497,446	351,754
	<u>\$ 2,004,016</u>	<u>\$ 1,767,391</u>

The Ottawa Trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. These funds are restricted in their use. The Band is permitted to use its revenue for any purpose that will promote the general progress and welfare of the Band and Band members. The expenses of capital funds requires the consent of Aboriginal Affairs and Northern Development Canada ("AANDC") and generally must be for projects of a capital nature. Withdrawals of revenue of capital funds are recorded as revenue in the applicable fund where the monies are expended.

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

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

### 3. Restricted cash (continued):

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

The Transition Capital Reserve Fund is money set aside from AANDC funding. The fund is to be used for major repairs to the transition house building.

The Forest Renewal Opportunities ("FRO") Capital Reserve Fund is money set aside from FRO funding. The fund is to be used for future capital expenditures..

### 4. Accounts receivable:

Accounts receivable by program area are summarized as follows:

	2012	2011
Operating fund:		
Accounts receivable	\$ 101,025	\$ 100,266
AANDC	20,158	64,518
ILM Hydro Expansion Project	1,288,075	-
	1,409,258	164,784
Coldwater Projects	141,391	285,176
Coldwater Housing Management	6,150	6,150
Coldwater Developments Inc.	4,400	7,100
	\$ 1,561,199	\$ 463,210

### 5. Strata receivable:

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

	2012	2011
Total strata receivable	\$ 82,302	\$ 81,901
Less: allowance for doubtful receivables	(20,000)	(20,000)
	\$ 62,302	\$ 61,901

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 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.

	2012	2011
Total rents receivable	\$ 186,718	\$ 202,559
Less: allowance for doubtful receivables	(151,921)	(151,921)
	\$ 34,797	\$ 50,638

## 7. Band member loans receivable:

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

	2012	2011
Total band member loans receivable	\$ 252,985	\$ 266,572
Less: allowance for doubtful receivables	(184,374)	(184,374)
	\$ 68,611	\$ 82,198

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 8. Investments:

	2012	2011
Investments in business enterprises:		
543454 B.C. Ltd.	\$ 115,940	\$ 231,969
Stuwix Resources Joint Venture	316,684	44,297
Stuwix Resources Ltd.	11,864	1
	444,488	276,267
Other investments:		
All Nations Trust Company	12,550	12,550
NVISA	214,008	214,008
	226,558	226,558
	\$ 671,046	\$ 502,825

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



# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 8. Investments (continued):

The Band has a controlling interest in 543454 B.C. Ltd., which in turn owns 25% of 9110 Investments Ltd. and Esh-kn-am Investments Joint Venture (the "Entities"). In the current year the year ends for all the Entities were changed from May 31st to March 31st. A summary of the audited financial statements of the Entities for the year ended March 31, 2012 are as follows:

Balance Sheet	9110 Investments Ltd.	Esh-kn-am Investments Joint Venture	2012 Total
<b>Assets:</b>			
Current	\$ 8,589	\$ 308,883	\$ 317,472
Long-term investments	1	251,317	251,318
Property and equipment	59,638	129,466	189,104
Other assets	-	3	3
	68,228	689,669	757,897
<b>Liabilities:</b>			
Current	100,208	174,083	274,291
Share capital	1	-	1
Equity (deficit)	(31,981)	515,586	483,605
	\$ 68,228	\$ 689,669	\$ 757,897

## Statement of operations

Revenue	\$ -	\$ 747,036	\$ 747,036
Expenses	12,275	740,439	752,714
Net income (loss)	(12,275)	6,597	(5,678)
Equity (deficit), beginning of year	(19,706)	528,040	508,334
Withdrawals	-	(19,051)	(19,051)
Deficit, end of year	\$ (31,981)	\$ 515,586	\$ 483,605

The Band incurred expenses of \$57,793 (2011 - \$1,305) for professional and consulting services that were paid to Esh-kn-am Investments Joint Venture during the year. The Band received rent of \$5,940 (2011 - \$5,940) from Esh-kn-am Investments Joint Venture. Included in the Band's accounts payable is \$20,862 (2011 - \$nil) owing to Esh-kn-am Investments Joint Venture.

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 8. Investments (continued):

The Band has a non-controlling interest in Stuwix Resources Joint Venture. A summary of the audited financial statements of Stuwix Resources Joint Venture for the year ended March 31, 2012 are as follows:

Balance Sheet	2012
<b>Assets:</b>	
Current	\$ 6,516,960
Property and equipment	138,687
	6,655,647
<b>Liabilities and equity:</b>	
Current	3,407,159
Reforestation obligation	686,765
Venturers' equity	2,561,723
	\$ 6,655,647
<b>Statement of operations</b>	
Revenue	\$ 10,327,414
Expenses	10,537,470
Net loss	(210,056)
Equity, beginning of year	3,011,779
Withdrawals	(240,000)
Equity, end of year	\$ 2,561,723

The Band recorded \$61,097 (2011 - \$nil) in timber sales from their woodlot licence to Stuwix Resources Joint Venture. Included in the Band's accounts receivables is \$29,027 (2011 - \$nil) owing from Stuwix Resources Joint Venture.

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 8. Investments (continued):

The Band has a non-controlling interest in Stuwix Resources Ltd. A summary of the audited financial statements of Stuwix Resources Ltd. for the year ended March 31, 2012 is as follows:

Balance Sheet		2012
Assets:		
Current	\$	225,703
		225,703
Liabilities and deficit:		
Current		226,795
Share capital		8
Deficit		(1,100)
	\$	225,703
Statement of operations		
Revenue	\$	154,079
Expenses		188,435
Net loss		(34,356)
Retained earnings, beginning of year		33,256
Deficit, end of year	\$	(1,100)

## 9. Accounts payable and accrued liabilities:

	2012	2011
Operating Fund	\$ 989,282	\$ 1,052,529
Coldwater Housing Management	18,370	17,698
Coldwater Projects	43,156	54,205
Coldwater Developments Inc.	29,724	5,017
	\$ 1,080,532	\$ 1,129,449

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 10. Funded reserves:

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

## 11. Deferred revenue:

The deferred revenue consists of the following:

	2012	2011
Capital:		
CEAP - Lot Servicing	\$ -	\$ 39,965
CPMS #9610 - Irrigation	3,082	47,822
CPMS #9610 - Ground water supply well	6,742	6,742
Operating:		
First Nations Education Steering Committee	7,479	46,634
Impact benefit agreements	102,901	-
Other	11,064	3,960
Coldwater Projects	7,000	-
	\$ 138,268	\$ 145,123

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 12. Long-term debt:

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

	2012	2011
Coldwater Housing Management:		
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,312 including interest at 1.81% per annum, maturing April 2014	\$ 404,320	\$ 424,561
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,669 including interest at 4.55% per annum, maturing June 2012	351,464	367,226
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,693 including interest at 4.55% per annum, maturing June 2012	223,774	233,730
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,804 including interest at 3.41% per annum, maturing September 2013	199,842	214,441
All Nations Trust Co. mortgage, repayable in monthly instalments of \$3,475 including interest at 2.35% per annum, maturing May 2014	88,028	127,170
	<u>\$ 1,267,428</u>	<u>\$ 1,367,128</u>

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

2013	\$ 102,462
2014	105,553
2015	73,699
2016	69,064
2017	71,462
Thereafter	845,188
	<u>\$ 1,267,428</u>

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 13. Tangible capital assets:

	2012	Land	Automotive	Buildings	Land improvements	Equipment	Computer Equipment	Total
<b>Cost:</b>								
Balance, beginning of year	\$ 359,193	\$ 660,472	\$ 8,351,053	\$ 1,602,404	\$ 884,386	\$ 62,015	\$ 11,919,523	
Additions	-	-	25,000	248,488	57,815	17,836	349,139	
Disposals	-	(110,778)	-	-	-	-	(110,778)	
Balance, end of year	359,193	549,694	8,376,053	1,850,892	942,201	79,851	12,157,884	
<b>Accumulated amortization:</b>								
Balance, beginning of year	\$ -	\$ 503,484	\$ 3,841,835	\$ 1,073,873	\$ 744,814	\$ 47,527	\$ 6,211,533	
Disposals	-	(110,778)	-	-	-	-	(110,778)	
Amortization expense	-	61,317	344,550	33,459	50,807	16,209	506,342	
Balance, end of year	-	454,023	4,186,385	1,107,332	795,621	63,736	6,607,097	
Net book value, end of year	\$ 359,193	\$ 95,671	\$ 4,189,668	\$ 743,560	\$ 146,580	\$ 16,115	\$ 5,550,787	
	2011	Land	Automotive	Buildings	Land improvements	Equipment	Computer Equipment	Total
<b>Cost:</b>								
Balance, beginning of year	\$ 359,193	\$ 601,771	\$ 8,347,596	\$ 1,233,675	\$ 833,407	\$ 50,511	\$ 11,426,153	
Additions	-	58,701	3,457	368,729	50,979	11,504	493,370	
Balance, end of year	359,193	660,472	8,351,053	1,602,404	884,386	62,015	11,919,523	
<b>Accumulated amortization:</b>								
Balance, beginning of year	\$ -	\$ 473,682	\$ 3,498,152	\$ 1,065,315	\$ 709,943	\$ 38,937	\$ 5,786,029	
Amortization expense	-	29,802	343,684	8,558	34,871	8,590	425,505	
Balance, end of year	-	503,484	3,841,836	1,073,873	744,814	47,527	6,211,534	
Net book value, end of year	\$ 359,193	\$ 156,988	\$ 4,509,217	\$ 528,531	\$ 139,572	\$ 14,488	\$ 5,707,989	

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 14. Accumulated surplus:

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

	2012	2011
<b>Equity in financial assets:</b>		
Equity in Band Member loans receivable	\$ 66,277	\$ 79,504
Equity in warranty reserve	35,014	35,014
Equity in investments	671,046	502,824
Equity in Ottawa Trust	461,424	436,859
Equity in capital reserve	30,000	30,000
Equity in Taxation Special Surplus	437,921	425,800
Restricted surplus - FRO Administration	626,754	376,754
Surplus	2,353,884	892,900
	4,682,320	2,779,655
<b>Equity in non-financial assets:</b>		
Equity in tangible capital assets	4,194,802	4,252,303
	\$ 8,877,122	\$ 7,031,958

Equity in tangible capital assets is comprised of the following:

	2012	2011
Capital fund	\$ 2,921,293	\$ 2,974,706
Coldwater Housing Management	1,123,484	1,123,484
Coldwater Developments Inc.	150,025	154,113
	\$ 4,194,802	\$ 4,252,303

## 15. Economic dependence:

The Band receives a major portion of its revenue, approximately 56% (2011 - 68%), pursuant to a funding agreement with AANDC.

## 16. Segmented information:

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

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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## 16. Segmented information (continued):

(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.

(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, 2012

## 16. Segmented information (continued):

2012	Community Welfare		Administration		Operations and Maintenance		Education		Natural Resources and Economic Development		Capital Projects		Social Housing		Impact Benefit Agreements		Total	
<b>Revenues:</b>																		
AANDC	\$	1,549,072	\$	417,142	\$	110,749	\$	1,493,507	\$	128,522	\$	321,576	\$	-	\$	-	\$	4,020,568
Rental	-	-		31,174		420		2,297		26,400		-		171,096		-		231,387
Interest and investment		313		8,460		-		773		170,015		-		1,160		-		180,721
Health and Welfare		-		92,400		-		-		5,000		-		-		-		97,400
Canada		-		-		-		32,442		358,884		-		-		-		391,326
Province of BC		-		-		-		-		-		-		-		-		-
First Nations Education		-		-		-		6,316		-		-		-		-		129,862
Steering Committee		-		123,546		-		9,241		397,519		-		-		-		743,705
Revenue other		5,492		323,843		7,610		-		-		-		-		-		-
Interior Salish		-		-		-		-		-		37,750		73,807		-		111,557
Employment and Training Society		-		42,453		-		-		-		-		-		-		42,453
Property tax revenue		-		102,092		-		-		-		-		-		-		102,092
Work opportunity program		-		874		-		-		-		-		-		-		874
Canada Mortgage and Housing Corporation		-		-		-		-		-		-		-		-		-
Impact benefit agreements		-		-		-		-		-		-		-		-		1,294,232
Total revenues		1,554,877		1,141,984		118,779		1,544,576		1,086,340		359,326		246,063		1,294,232		7,346,177
<b>Expenses</b>																		
Salaries, wages and employee benefits		464,503		627,233		9,505		375,916		111,323		-		20,233		-		1,608,713
Operating		1,033,766		724,780		127,478		1,022,176		337,954		160,838		117,845		33,071		3,557,908
Amortization		-		30,211		189,980		182,363		4,089		-		99,699		-		506,342
Total expenses		1,498,269		1,382,224		326,963		1,580,455		453,366		160,838		237,777		33,071		5,672,963
Annual surplus (deficit)	\$	56,608	\$	(240,240)	\$	(208,184)	\$	(35,879)	\$	632,974	\$	198,488	\$	8,286	\$	1,261,161	\$	1,673,214

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

## 16. Segmented information (continued):

2011	Community Welfare	Administration	Operations and Maintenance	Education	Natural Resources and Economic Development	Capital Projects	Social Housing	Impact Benefit Agreements	Total
<b>Revenues:</b>									
AANDC	\$ 1,459,074	\$ 415,816	\$ 118,804	\$ 1,488,436	\$ 8,467	\$ 382,238	\$ -	\$ -	\$ 3,872,835
Rental	-	34,692	821	911	36,000	-	163,075	-	235,499
Interest and investment	330	9,316	-	184	131,076	-	12,517	-	153,423
Health and Welfare	-	-	-	-	-	-	-	-	92,400
Canada	-	92,400	-	-	-	-	-	-	374,367
Province of BC	-	-	-	-	374,367	-	-	-	-
First Nations Education	-	-	-	-	-	-	-	-	68,654
Steering Committee	-	68,654	-	-	-	-	-	-	424,680
Revenue other	3,341	291,361	5,770	11,807	123,558	(11,157)	-	-	-
Interior Salish	-	-	-	-	-	-	-	-	-
Employment and Training Society	6,200	14,155	-	-	-	-	-	-	20,355
Property tax revenue	-	99,136	-	-	-	-	-	-	99,136
WOP	-	1,061	-	-	-	-	-	-	1,061
Canada Mortgage and Housing Corporation	-	-	-	-	-	261,708	74,169	-	335,877
<b>Total revenues</b>	<b>1,468,945</b>	<b>1,026,591</b>	<b>125,395</b>	<b>1,501,338</b>	<b>673,468</b>	<b>632,789</b>	<b>249,761</b>	<b>-</b>	<b>5,678,287</b>
<b>Expenses</b>									
Salaries, wages and employee benefits	383,497	606,036	7,479	403,962	99,599	-	20,433	-	1,521,006
Operating	1,050,682	490,087	100,898	1,064,487	215,144	528,728	138,473	-	3,588,499
Amortization	-	29,974	115,197	179,625	4,259	-	96,452	-	425,507
<b>Total expenses</b>	<b>1,434,179</b>	<b>1,126,097</b>	<b>223,574</b>	<b>1,648,074</b>	<b>319,002</b>	<b>528,728</b>	<b>255,358</b>	<b>-</b>	<b>5,535,012</b>
<b>Annual surplus (deficit)</b>	<b>\$ 34,766</b>	<b>\$ (99,506)</b>	<b>\$ (98,179)</b>	<b>\$ (146,736)</b>	<b>\$ 354,466</b>	<b>\$ 104,061</b>	<b>\$ (5,597)</b>	<b>\$ -</b>	<b>\$ 143,275</b>

# COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2012

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## 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 received through March 31, 2012 was \$73,807 (2011 - \$74,169). The assistance will continue, providing the Band is not in default of the agreement.

## 18. Contingencies:

The Band has guaranteed certain band member loans with AANDC. The amount outstanding on these loans at March 31, 2012 amounts to \$76,298 (2011 - \$87,483).

## 19. Pension:

The Band provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% of their salary up to a maximum of 18.0% of their basic salary. The Band contributes 5.5% and the contributions are directed to the member's contribution account. During the year, the Band contributed \$56,511 (2011 - \$47,912).

## 20. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.