

Consolidated Financial Statements of

COLDWATER INDIAN BAND

Year ended March 31, 2013

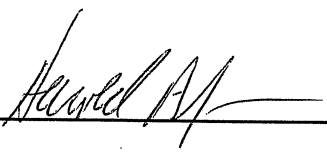
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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.



Chief



Band Administrator



KPMG LLP
Chartered Accountants
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada

Telephone (250) 372-5581
Fax (250) 828-2928
Internet www.kpmg.ca

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, 2013 and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Band's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Band's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Basis for Qualified Opinion

As noted in note 1(g) to the consolidated financial statements, the social housing tangible capital assets are required by Canada Mortgage and Housing Corporation to be amortized at a rate equivalent to the annual principal reduction of the related long-term debt. This amortization policy is not in accordance with Canadian public sector accounting standards, which require that tangible capital assets be amortized over their estimated useful lives. The effect of this departure would affect the net book value of the tangible capital assets and the related equity in capital assets and amortization expense in the statement of operations. It is impracticable to provide this information in the 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, 2013 and its consolidated results of operations, its consolidated changes in net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

Kamloops, Canada
July 24, 2013

COLDWATER INDIAN BAND

Consolidated Statement of Financial Position

March 31, 2013, with comparative figures for 2012

	2013	2012
Financial assets:		
Cash and cash equivalents (note 2)	\$ 2,667,561	\$ 1,911,517
Restricted cash (note 3)	2,308,063	2,004,016
Accounts receivable (note 4)	921,022	1,561,199
Strata receivable (note 5)	33,135	62,302
Rents receivable (note 6)	46,002	34,797
Band member loans receivable (note 7)	66,299	68,611
Investments (note 8)	786,880	671,046
	<hr/>	<hr/>
	6,828,962	6,313,488
Financial liabilities:		
Accounts payable and accrued liabilities (note 9)	1,090,068	1,080,532
Funded reserves (note 10)	539,917	523,341
Due to reserves	66,646	57,793
Deferred revenue (note 11)	26,403	138,268
Long-term debt (note 12)	1,159,629	1,267,428
	<hr/>	<hr/>
	2,882,663	3,067,362
Net financial assets	<hr/>	<hr/>
	3,946,299	3,246,126
Non-financial assets:		
Tangible capital assets (note 13)	5,621,029	5,550,787
Inventories	8,182	7,867
Prepaid expenses and deposits	52,289	72,342
	<hr/>	<hr/>
	5,681,500	5,630,996
Contingencies (note 18)		
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Accumulated surplus (note 14)	\$ 9,627,799	\$ 8,877,122

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

COLDWATER INDIAN BAND

Consolidated Statement of Operations

Year ended March 31, 2013, with comparative figures for 2012

	Budget	2013	2012
Revenue:			
Aboriginal Affairs and Northern Development Canada	\$ 3,573,276	\$ 3,846,502	\$ 4,020,568
Revenue other	846,127	904,428	743,705
Canada Mortgage and Housing Corporation	401,103	394,046	111,557
Province of BC	358,984	358,884	391,326
Rental	232,180	222,412	231,387
Interest and investment	6,024	158,361	180,721
Property tax revenue	102,092	110,612	102,092
Impact benefit agreements	4,463	107,402	1,294,232
Health and Welfare Canada	92,400	92,400	97,400
First Nations Education Steering Committee	75,362	76,664	129,862
Interior Salish Employment and Training Society	48,751	51,792	42,453
Work opportunity program	2,837	3,782	874
Total revenue	5,743,599	6,327,285	7,346,177
Expenses:			
Community Welfare	1,413,896	1,331,883	1,498,269
Administration	1,076,698	1,306,293	1,382,224
Operations and Maintenance	115,001	402,950	326,963
Education	1,368,042	1,502,861	1,580,455
Natural Resources and Economic Development	336,508	421,822	453,366
Capital Projects	506,400	336,921	160,838
Social Housing	259,086	240,701	237,777
Impact Benefit Agreements	7,500	53,661	33,071
Total expenses	5,083,131	5,597,092	5,672,963
Segmented information (note 16)			
Annual surplus	\$ 660,468	\$ 730,193	\$ 1,673,214

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, 2013, with comparative figures for 2012

	Budget	2013	2012
Annual surplus	\$ 660,468	\$ 730,193	\$ 1,673,214
Acquisition of tangible capital assets	(252,000)	(575,316)	(349,139)
Amortization of tangible capital assets	90,900	505,075	506,342
	(161,100)	(70,241)	157,203
Equity change in Band Member loans receivable	-	(1,841)	(13,227)
Equity change in investments	-	115,834	168,221
Equity change in Ottawa Trust	-	29,701	24,565
Equity change in Taxation Special Surplus	-	12,000	12,000
Equity change in Firehall Reserve	-	28,680	-
Acquisition of prepaid expenses	-	20,053	(59,645)
Consumption of inventory of supplies	-	(315)	(5,462)
Transfers to reserves	-	(163,891)	(19,623)
	-	40,221	106,829
Change in net financial assets	499,368	700,173	1,937,246
Net financial assets, beginning of year	3,246,126	3,246,126	1,308,880
Net financial assets, end of year	\$ 3,745,494	\$ 3,946,299	\$ 3,246,126

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

COLDWATER INDIAN BAND

Consolidated Statement of Cash Flows

Year ended March 31, 2013, with comparative figures for 2012

	2013	2012
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 730,193	\$ 1,673,214
Items not involving cash:		
Amortization of tangible capital assets	505,075	506,342
Changes in equity in investments, loans receivable, trust and reserves	20,484	171,936
	<u>1,255,752</u>	<u>2,351,492</u>
Change in non-cash operating assets and liabilities:		
Accounts receivable	640,177	(1,097,989)
Strata receivable	29,167	27,102
Rents receivable	(11,205)	(17,971)
Accounts payable and accrued liabilities	9,535	(48,917)
Due to reserves	8,853	(142,854)
Funded reserves	16,576	46,099
Deferred revenue	(111,865)	(6,855)
Inventories	(315)	(5,462)
Prepaid expenses and deposits	20,053	(59,645)
	<u>1,856,728</u>	<u>1,045,000</u>
Capital activities:		
Acquisition of tangible capital assets	(575,316)	(349,139)
	<u>(575,316)</u>	<u>(349,139)</u>
Investing activities:		
Band member loans receivable	2,312	19,896
Investments	(115,834)	(168,222)
	<u>(113,522)</u>	<u>(148,326)</u>
Financing activities:		
Repayment of long-term debt	(107,799)	(99,700)
	<u>(107,799)</u>	<u>(99,700)</u>
Increase in cash	1,060,091	447,835
Cash, beginning of year	3,915,533	3,467,698
Cash, end of year	<u>\$ 4,975,624</u>	<u>\$ 3,915,533</u>
Represented by:		
Cash	\$ 2,667,561	\$ 1,911,517
Restricted cash	2,308,063	2,004,016
	<u>\$ 4,975,624</u>	<u>\$ 3,915,533</u>
Supplemental information:		
Interest paid	\$ 27,000	\$ 43,491
Interest received	24,385	12,500

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

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements

Year ended March 31, 2013

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

(b) Basis of consolidation:

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. 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, 2013

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, 2013

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, 2013

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

(h) Use of estimates:

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

Actual results could differ from these estimates.

(i) Financial instruments:

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

(j) Pension plan:

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

2. Cash:

	2013	2012
Operating Fund	\$ 2,514,686	\$ 1,711,690
Coldwater Housing Management	87,092	119,284
Coldwater Projects	16,132	34,350
Coldwater Development Inc.	49,651	46,193
	<hr/>	<hr/>
	\$ 2,667,561	\$ 1,911,517

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

3. Restricted cash:

	2013	2012
Externally restricted:		
Housing restricted cash	\$ 543,121	\$ 526,550
Ottawa Trust funds	491,126	461,424
Internally restricted:		
Taxation Special Surplus	381,560	339,547
Taxation Reserve Fund	167,044	151,283
Transition Capital Reserve Fund	27,766	27,766
FRO Capital Reserve Fund	697,446	497,446
	<u>\$ 2,308,063</u>	<u>\$ 2,004,016</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.

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.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

4. Accounts receivable:

Accounts receivable by program area is summarized as follows:

	2013	2012
Operating fund:		
Accounts receivable	\$ 545,576	\$ 101,025
AANDC	309,558	20,158
ILM Hydro Expansion Project	-	1,288,075
	855,134	1,409,258
Coldwater Projects	55,338	141,391
Coldwater Housing Management	6,150	6,150
Coldwater Developments Inc.	4,400	4,400
	\$ 921,022	\$ 1,561,199

5. Strata receivable:

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

	2013	2012
Total strata receivable	\$ 53,135	\$ 82,302
Less: allowance for doubtful receivables	(20,000)	(20,000)
	\$ 33,135	\$ 62,302

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.

	2013	2012
Total rents receivable	\$ 197,923	\$ 186,718
Less: allowance for doubtful receivables	(151,921)	(151,921)
	\$ 46,002	\$ 34,797

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

7. Band member loans receivable:

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

	2013	2012
Total band member loans receivable	\$ 250,673	\$ 252,985
Less: allowance for doubtful receivables	(184,374)	(184,374)
	\$ 66,299	\$ 68,611

8. Investments:

	2013	2012
Investments in business enterprises:		
543454 B.C. Ltd.	\$ 119,926	\$ 115,940
Stuwix Resources Joint Venture	421,881	316,684
Stuwix Resources Ltd.	28,515	11,864
	570,322	444,488
Other investments:		
All Nations Trust Company	12,550	12,550
NVISA	204,008	214,008
	216,558	226,558
	\$ 786,880	\$ 671,046

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

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

8. Investments (continued):

The Band has a controlling interest in 543454 B.C. Ltd., which in turn owns 25% of 9110 Investments Ltd. and Esh-kn-am Investments Joint Venture (the "Entities"). A summary of the audited financial statements of the Entities for the year ended March 31, 2013 are as follows:

Balance Sheet	9110 Investments Ltd.	Esh-kn-am Investments Joint Venture	2013 Total
Assets:			
Current	\$ 7,506	\$ 338,450	\$ 345,956
Long-term investments	1	256,331	256,332
Property and equipment	57,236	127,243	184,479
Other assets	-	3	3
	64,743	722,027	786,770
Liabilities:			
Current	110,676	169,891	280,567
Share capital	1	-	1
Equity (deficit)	(45,934)	552,136	506,202
	\$ 64,743	\$ 722,027	\$ 786,770
Statement of operations			
Revenue	\$ -	\$ 925,126	\$ 925,126
Expenses	13,953	868,611	882,564
Net income (loss)	(13,953)	56,515	42,562
Equity (deficit), beginning of year	(31,981)	515,586	483,605
Withdrawals	-	(19,965)	(19,965)
Equity (deficit), end of year	\$ (45,934)	\$ 552,136	\$ 506,202

The Band incurred expenses of \$9,697 (2012 - \$57,793) 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 (2012 - \$5,940) from Esh-kn-am Investments Joint Venture.

Included in the Band's accounts payable is \$3,965 (2012 - \$20,862) owing to Esh-kn-am Investments Joint Venture.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

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, 2013 are as follows:

Balance Sheet		2013
Assets:		
Current	\$	8,388,743
Property and equipment		125,251
		8,513,994
Liabilities and equity:		
Current		3,904,573
Reforestation obligation		1,206,135
Venturers' equity		3,403,286
		\$ 8,513,994
Statement of operations		
Revenue	\$	11,079,328
Expenses		10,237,766
Net income		841,562
Equity, beginning of year		3,643,286
Withdrawals		240,000
Equity, end of year earnings		\$ 3,403,286

The Band recorded \$205,552 (2012 - \$61,097) in timber sales from their woodlot licence to Stuwix Resources Joint Venture.

Included in the Band's accounts receivables is \$201,102 (2012 - \$29,027) owing from Stuwix Resources Joint Venture.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

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, 2013 is as follows:

Balance Sheet		2013
Assets:		
Current	\$	313,380
		313,380
Liabilities and deficit:		
Current		314,260
Share capital		8
Deficit		(888)
		\$ 313,380
<hr/>		
Statement of operations		
Revenue	\$	241,994
Expenses		241,782
		212
Net income		212
		(1,100)
Deficit, beginning of year		(1,100)
		\$ (888)

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

9. Accounts payable and accrued liabilities:

	2013	2012
Operating Fund	\$ 1,008,317	\$ 989,282
Coldwater Housing Management	15,249	18,370
Coldwater Projects	35,764	43,156
Coldwater Developments Inc.	30,738	29,724
	<u>\$ 1,090,068</u>	<u>\$ 1,080,532</u>

10. Funded reserves:

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

11. Deferred revenue:

Deferred revenue consists of the following:

	2013	2012
Capital:		
CPMS #9610 - Irrigation	\$ 3,082	\$ 3,082
CPMS #9610 - Ground water supply well	6,742	6,742
Operating:		
First Nations Education Steering Committee	-	7,479
Impact benefit agreements	-	102,901
Other	13,642	11,064
Coldwater Projects	2,937	7,000
	<u>\$ 26,403</u>	<u>\$ 138,268</u>

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

12. Long-term debt:

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

	2013	2012
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	\$ 383,677	\$ 404,320
All Nations Trust Co. mortgage, repayable in monthly instalments of \$2,190 including interest at 1.65% per annum, maturing June 2017	331,892	351,464
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,387 including interest at 1.65% per annum, maturing June 2017	211,396	223,774
All Nations Trust Co. mortgage, repayable in monthly instalments of \$1,804 including interest at 3.41% per annum, maturing September 2013	184,711	199,842
All Nations Trust Co. mortgage, repayable in monthly instalments of \$3,475 including interest at 2.35% per annum, maturing May 2014	47,953	88,028
	\$ 1,159,629	\$ 1,267,428

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

2014	\$ 111,813
2015	79,221
2016	73,814
2017	75,381
2018	76,978
Thereafter	742,422
	\$ 1,159,629

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

13. Tangible capital assets:

	2013					Total
	Land	Automotive	Buildings	Land improvements	Equipment	
Cost:						
Balance, beginning of year	\$ 359,193	\$ 549,694	\$ 8,376,053	\$ 1,850,892	\$ 942,201	\$ 79,851
Additions	-	-	-	375,553	198,053	1,711
Balance, end of year	359,193	549,694	8,376,053	2,226,445	1,140,254	81,562
						12,733,201
Accumulated amortization:						
Balance, beginning of year	\$ -	\$ 454,023	\$ 4,186,385	\$ 1,107,332	\$ 795,621	\$ 63,736
Amortization expense	-	45,684	349,293	34,525	66,419	9,154
Balance, end of year	-	499,707	4,535,678	1,141,857	862,040	72,890
Net book value, end of year	\$ 359,193	\$ 49,987	\$ 3,840,375	\$ 1,084,588	\$ 278,214	\$ 8,672
						\$ 5,621,029
	2012					Total
	Land	Automotive	Buildings	Land improvements	Equipment	
Cost:						
Balance, beginning of year	\$ 359,193	\$ 660,472	\$ 8,351,053	\$ 1,602,404	\$ 884,386	\$ 62,015
Additions	-	-	25,000	248,488	57,815	17,836
Disposals	-	(110,778)	-	-	-	-
Balance, end of year	359,193	549,694	8,376,053	1,850,892	942,201	79,851
						12,157,884
Accumulated amortization:						
Balance, beginning of year	\$ -	\$ 503,484	\$ 3,841,835	\$ 1,073,873	\$ 744,814	\$ 47,527
Disposals	-	(110,778)	-	-	-	-
Amortization expense	-	61,317	344,550	33,459	50,807	16,209
Balance, end of year	-	454,023	4,186,385	1,107,332	795,621	63,736
Net book value, end of year	\$ 359,193	\$ 95,671	\$ 4,189,668	\$ 743,560	\$ 146,580	\$ 16,115
						\$ 5,550,787

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

14. Accumulated surplus:

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

	2013	2012
Equity in financial assets:		
Equity in Band Member loans receivable	\$ 64,437	\$ 66,277
Equity in warranty reserve	35,014	35,014
Equity in investments	786,880	671,046
Equity in Ottawa Trust	491,126	461,424
Equity in capital reserve	30,000	30,000
Equity in Taxation Special Surplus	465,521	437,921
Equity in Firehall reserve	28,680	-
Restricted surplus - FRO Administration	826,754	626,754
Surplus	2,526,544	2,353,884
	5,254,956	4,682,320
Equity in non-financial assets:		
Equity in tangible capital assets	4,372,843	4,194,802
	\$ 9,627,799	\$ 8,877,122

Equity in tangible capital assets is comprised of the following:

	2013	2012
Capital fund	\$ 3,103,259	\$ 2,921,293
Coldwater Housing Management	1,123,484	1,123,484
Coldwater Developments Inc.	146,100	150,025
	\$ 4,372,843	\$ 4,194,802

15. Economic dependence:

The Band receives a major portion of its revenue, approximately 60% (2012 - 56%), pursuant to a funding agreement with AANDC.

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

16. Segmented information:

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

(i) Community welfare:

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

(ii) Administration:

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

(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, 2013

16. Segmented information (continued):

2013	Community Welfare	Administration	Operations and Maintenance	Education	Natural Resources and Economic Development	Capital Projects	Social Housing	Impact Benefit Agreements	Total
Revenues:									
AANDC	\$ 1,384,965	\$ 428,607	\$ 109,721	\$ 1,634,420	\$ 38,669	\$ 250,120	\$ -	\$ -	\$ 3,846,502
Rental	-	29,941	1,369	422	27,600	-	163,080	-	222,412
Interest and investment	11	21,801	-	394	134,759	-	1,396	-	158,361
Health and Welfare									
Canada	-	92,400	-	-	-	-	-	-	92,400
Province of BC	-	-	-	-	358,884	-	-	-	358,884
First Nations Education									
Steering Committee	-	76,664	-	-	-	-	-	-	76,664
Revenue other	8,000	181,222	5,411	7,328	702,467	-	-	-	904,428
Interior Salish									
Employment and Training Society	-	51,792	-	-	-	-	-	-	51,792
Property tax revenue	-	110,612	-	-	-	-	-	-	110,612
Work opportunity program	-	3,782	-	-	-	-	-	-	3,782
Canada Mortgage and Housing Corporation	-	-	-	-	-	327,300	66,746	-	394,046
Impact benefit agreements	-	-	-	-	-	-	-	107,402	107,402
Total revenues	1,392,976	996,821	116,501	1,642,564	1,262,379	577,420	231,222	107,402	6,327,285
Expenses:									
Salaries, wages and employee benefits	354,133	632,055	25,750	347,585	153,696	-	22,553	-	1,535,772
Operating	977,750	663,863	171,384	978,117	264,201	336,921	110,348	53,661	3,556,245
Amortization	-	10,375	205,816	177,159	3,925	-	107,800	-	505,075
Total expenses	1,331,883	1,306,293	402,950	1,502,861	421,822	336,921	240,701	53,661	5,597,092
Annual surplus (deficit)	\$ 61,093	\$ (309,472)	\$ (286,449)	\$ 139,703	\$ 840,557	\$ 240,499	\$ (9,479)	\$ 53,741	\$ 730,193

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

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
Revenues:										
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	-	-	-	-	-	-	-	-	-	-
Canada	-	92,400	-	-	5,000	-	-	-	-	97,400
Province of BC	-	-	-	32,442	358,884	-	-	-	-	391,326
First Nations Education Steering Committee	-	123,546	-	6,316	-	-	-	-	-	129,862
Revenue other	5,492	323,843	7,610	9,241	397,519	-	-	-	-	743,705
Interior Salish	-	-	-	-	-	-	-	-	-	-
Employment and Training Society	-	42,453	-	-	-	-	-	-	-	42,453
Property tax revenue	-	102,092	-	-	-	-	-	-	-	102,092
WOP	-	874	-	-	-	-	-	-	-	874
Canada Mortgage and Housing Corporation	-	-	-	-	-	37,750	73,807	-	-	111,557
Impact Benefit agreements	-	-	-	-	-	-	-	1,294,232	1,294,232	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	1,294,232	7,346,177
Expenses:										
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	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	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	\$ 1,261,161	\$ 1,673,214

COLDWATER INDIAN BAND

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2013

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, 2013 was \$66,746 (2012 - \$73,807). 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, 2013 amounts to \$66,891 (2012 - \$76,298).

19. Pension:

The Band provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% (2012 - 5.5%) of their salary up to a maximum of 18.0% (2012 - 18.0%) of their basic salary. The Band contributes 5.5% (2012 - 5.5%) and the contributions are directed to the member's contribution account. During the year, the Band contributed \$48,121 (2012 - \$56,511).

20. Comparative figures:

Certain 2012 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.