

Coldwater Indian Band
Consolidated Financial Statements
For the year ended March 31, 2020

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	Contents
Management's Responsibility for Financial Reporting	3
Independent Auditor's Report	4 - 6
Financial Statements	
Exhibit A - Consolidated Statement of Financial Position	7
Exhibit B - Consolidated Statement of Change in Net Financial Assets	8
Exhibit C - Consolidated Statement of Operations	9
Exhibit D - Consolidated Statement of Cash Flows	10
Summary of Significant Accounting Policies	11 - 13
Notes to Consolidated Financial Statements	14 - 25

Management's Responsibility for Financial Reporting

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

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

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

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

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

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



Chief



Band Administrator



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Independent Auditor's Report

To the Chief and Council of Coldwater Indian Band

Qualified Opinion

We have audited the accompanying consolidated financial statements of the Coldwater Indian Band (the "Group"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of operations, consolidated statement of changes in net financial assets and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the Coldwater Indian Band as at March 31, 2020, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As noted in the Summary of Significant Accounting Policies regarding tangible capital assets, the Social Housing tangible capital assets are required by Canada Mortgage and Housing Corporation ("CMHC") 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 has not been determined on the net book value of tangible capital assets as at March 31, 2020 and 2019, the related amortization expense and annual surplus for the year ended March 31, 2020 and 2019 and equity in tangible capital assets as at April 1 and March 31 for both the 2020 and 2019 years.

Our audit opinion on the financial statements for the year ended March 31, 2019 was modified because of the effects of this departure from Canadian public sector accounting standards.

We were unable to satisfy ourselves regarding the appropriate treatment on the Coldwater Indian Band's investments in business entities due to inability to obtain audited financial statements of each business entity. We are unable to determine whether adjustments to the investment in business entities are appropriate as at March 31, 2020, revenue and annual surplus (deficit) for the year ended March 31, 2020, and accumulated surplus as at April 1 and March 31 for the 2020 year.

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



Emphasis of Matter - Restated Comparative Information

We draw attention to Note 17 to the consolidated financial statements, which explains that certain comparative information presented for the year ended March 31, 2019 has been restated. Our opinion is not modified in respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

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

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

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

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



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

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

Chartered Professional Accountants

Kamloops, British Columbia
November 10, 2020

Coldwater Indian Band
Exhibit A - Consolidated Statement of Financial Position

As at March 31	2020	2019
		(Restated)
Financial Assets		
Cash (Note 2)	\$ 5,664,742	\$ 4,302,788
Restricted cash (Note 3)	1,669,619	1,235,205
Accounts receivable (Note 4)	830,873	498,140
Short-term investments (Note 5)	2,421,146	2,418,125
Investments (Note 6)	234,464	234,354
Investments in Government Business Enterprises (Note 7)	769,281	769,281
Advances to related entities and departments	27,525	27,525
Due from related parties	-	524
	<u>11,617,650</u>	<u>9,485,942</u>
Liabilities		
Accounts payable (Note 9)	486,209	419,216
Deferred revenue (Note 10)	1,284,318	33,322
Construction line of credit	395,000	-
Long term debt (Note 11)	1,900,417	1,098,904
	<u>4,065,944</u>	<u>1,551,442</u>
Net Financial Assets	<u>7,551,706</u>	<u>7,934,500</u>
Non-financial Assets		
Tangible capital assets (Note 8)	4,738,832	3,911,602
Prepaid expenses	123,296	18,596
	<u>4,862,128</u>	<u>3,930,198</u>
Accumulated surplus (Note 12)	<u>\$ 12,413,834</u>	<u>\$ 11,864,698</u>
Contingencies (Note 16)		

Approved on behalf of the Band Council:

 _____	Chief
 _____	Councilor

Coldwater Indian Band

Exhibit B - Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2020	2019
		(Restated)
Annual surplus	\$ 935,689	\$ 87,548
Acquisition of tangible capital assets	(1,001,338)	(873,821)
Amortization of tangible capital assets	172,347	365,994
Proration of accumulated amortization	(384,792)	-
Write off of tangible capital assets	-	187,438
	(278,094)	(232,841)
Acquisition of prepaid expenses	(104,700)	(3,682)
Change in equity due to prior period adjustment (Note 17)	-	168,165
Net change in net financial assets	(382,794)	(68,358)
Net financial assets , beginning of year	7,934,500	8,002,858
Net financial assets , end of year	\$ 7,551,706	\$ 7,934,500

Coldwater Indian Band
Exhibit C - Consolidated Statement of Operations

For the year ended March 31	Budget	2020	2019
			(Restated)
Revenue			
Indigenous Services Canada	\$ 6,104,001	\$ 4,959,804	\$ 4,520,680
BC First Nation Gaming Revenue	-	446,189	-
First Nations Health Authority	851,238	426,676	115,892
Province of BC (Recovery)	38,289	(21,141)	28,717
Canada Mortgage and Housing Corporation	187,905	107,870	43,841
Nlaka'pamux Legacy Trust	227,238	(88,838)	160,762
Rental revenue	225,978	228,606	203,435
First Nations Education Steering Committee	210,857	216,029	165,973
Logging revenue	-	-	6,068
Interest revenue	22,834	96,293	128,942
Other revenue	628,567	1,475,606	976,357
	8,496,907	7,847,094	6,350,667
Expenses			
Social development	2,134,332	1,900,130	1,671,288
Administration	1,558,755	1,641,013	1,140,063
Operations & maintenance	497,099	787,594	834,534
Education	2,205,208	1,787,161	2,021,307
Natural resources & economic development	99,710	210,108	243,026
Capital	3,276,968	327,818	78,934
Social housing	233,781	257,581	273,967
	10,005,853	6,911,405	6,263,119
Surplus for the year	\$ (1,508,946)	\$ 935,689	\$ 87,548

Coldwater Indian Band
Exhibit D - Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
		(Restated)
Operating activities		
Cash received from funding agreements and contracts	\$ 7,672,784	\$ 7,381,960
Cash paid to suppliers and employees	(4,618,951)	(7,199,826)
Interest earned	96,293	128,942
Interest paid	(22,001)	(13,815)
Cash flows from operating activities	3,128,125	297,261
Financing activities		
Repayment of long term debt	114,430	358,987
Proceeds from issuance of debt	(146,482)	-
Proceeds from issuance of construction line of credit	(395,000)	-
Cash flows from (used in) financing activities	(427,052)	358,987
Capital activities		
Purchase of capital assets	(522,823)	(873,821)
Write down of capital assets	-	187,438
Proration of accumulated amortization	(384,793)	-
Cash flows used in capital activities	(907,616)	(686,383)
Investing activities		
Purchase of investments	(110)	-
Sale of short-term investments	3,021	84,258
Cash flows from investing activities	2,911	84,258
Increase in cash and cash equivalents	1,796,368	54,123
Cash and cash equivalents, beginning of year	5,537,993	5,483,870
Cash and cash equivalents, end of year	\$ 7,334,361	\$ 5,537,993
Represented by:		
Cash	\$ 5,664,742	\$ 4,302,788
Restricted cash	1,669,619	1,235,205
Cash and cash equivalents, end of year	\$ 7,334,361	\$ 5,537,993

Coldwater Indian Band Summary of Significant Accounting Policies

March 31, 2020

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

**Reporting Entity and
Principles of Financial
Reporting**

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

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

Coldwater Housing Management
Coldwater Projects

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

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

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

Coldwater Indian Band Summary of Significant Accounting Policies

March 31, 2020

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

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

Taxation revenue is recognized in the period in which the events that give rise to the revenue occurs.

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

Tangible capital assets acquired as part of the Social Housing Fund are recorded in that fund.

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

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

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

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

Coldwater Indian Band Summary of Significant Accounting Policies

March 31, 2020

Use of Estimates

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

Deferred Revenue

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

Investments

The Band accounts for its investments in Stuwix Resources Joint Venture, Stuwix Resources Ltd., Esh-Kn-Am Joint Venture, and 9110 Investments Ltd. using the modified equity method. Under this method the cost of this investment are adjusted by earnings or losses of the entities from the date of acquisition. Any losses in excess of equity invested are not recorded as this would create a negative investment balance. In such circumstances, no income inclusion would be recorded until these unrecognized losses have been eliminated.

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

Other investments are recorded on the cost basis.

Coldwater Indian Band Notes to Consolidated Financial Statements

March 31, 2020

1. Economic Dependence

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

2. Cash

	2020	2019
Operating Fund	\$ 5,068,671	\$ 3,562,631
Coldwater Development Inc.	169,227	161,979
Capital reserve - F.R.O.	305,293	300,437
Capital reserve - Transition House	61,037	60,066
Coldwater Housing Management - PRE	59,875	7,825
Coldwater Housing Management - POST	639	209,850
	\$ 5,664,742	\$ 4,302,788

3. Restricted Cash

	2020	2019
Tax Capital Reserve	\$ 584,893	\$ 176,277
Ottawa Trust Funds	662,164	649,755
Coldwater Housing Management - PRE	6,804	57
Coldwater Housing Management - POST	415,758	409,116
	\$ 1,669,619	\$ 1,235,205

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

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

Coldwater Indian Band Notes to Consolidated Financial Statements

March 31, 2020

3. Restricted Cash (continued)

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

4. Accounts Receivable

	2020	2019
Accounts receivable	\$ 796,057	\$ 448,081
GST	21,448	22,207
Band member loans (consisting of 22 separate loans, non-interest bearing, due on demand)	167,021	167,021
Allowance for doubtful accounts	(417,582)	(386,159)
Accounts receivable (Coldwater Development Inc.)	5,390	3,685
Rents and subsidy receivable (Coldwater Housing Management - PRE)	74,648	65,697
Rents and subsidy receivable (Coldwater Housing Management - POST)	183,891	177,608
	\$ 830,873	\$ 498,140

5. Short-term Investments

	2020	2019
RBC Mutual Funds	\$ 2,421,146	\$ 2,418,125

The Coldwater Indian Band holds Fixed Income and Balanced Funds with RBC Royal Mutual Funds Inc.

Coldwater Indian Band Notes to Consolidated Financial Statements

March 31, 2020

6. Investments

	2020	2019
All Nations Trust Company ("ANTCO")	\$ 12,550	\$ 12,550
Investment in Spayum Holdings Limited Partnership	221,804	221,804
Investment in BC First Nation Gaming Limited Partnership	110	-
	\$ 234,464	\$ 234,354

During the year the Band invested in BC First Nation Gaming Limited Partnership.

7. Investments in Government Business Enterprises

	2020	2019
Investments in Forestry industry	\$ 769,281	\$ 769,281

The Coldwater Indian Band has a non-controlling interest in several entities in the forestry industry. A summary of the audited financial statements for the year ended March 31, 2020 is as follows:

	2020
Balance Sheet	
Current assets	\$ 9,539,121
Capital assets	60,163
Other assets	1,619
	\$ 9,600,903
Current liabilities	\$ 2,568,850
Reforestation obligation	3,025,979
Share capital	9
Equity	4,006,065
	\$ 9,600,903
Statement of Operations	
Revenue	\$ 884,105
Expenses	976,506
Net Loss	(92,401)
Equity, beginning of year	4,098,466
	\$ 4,006,065

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2020

8. Tangible Capital Assets

2020

	Land	Infrastructure under construction	Automotive	Buildings	Land improvements	Equipment	Computer equipment	Total
Cost, beginning of year	\$ 341,402	\$ 486,859	\$ 337,892	\$ 8,919,752	\$ 2,051,507	\$ 1,247,107	\$ 170,710	\$ 13,555,229
Additions		845,705	-	97,273	80,928	54,253	18,102	1,096,261
Disposals		(486,859)	-	486,859	-	(22,076)	(2,456)	(24,532)
Cost, end of year	\$ 341,402	\$ 845,705	\$ 337,892	\$ 9,503,884	\$ 2,132,435	\$ 1,279,284	\$ 186,356	\$ 14,626,958
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 337,892	\$ 6,142,385	\$ 1,785,121	\$ 1,224,467	\$ 153,762	\$ 9,643,627
Amortization	-	-	-	203,767	36,181	14,751	13,735	268,434
Disposals	-	-	-	-	-	(21,479)	(2,456)	(23,935)
Accumulated amortization, end of year	\$ -	\$ -	\$ 337,892	\$ 6,346,152	\$ 1,821,302	\$ 1,217,739	\$ 165,041	\$ 9,888,126
Net carrying amount, end of year	\$ 341,402	\$ 845,705	\$ -	\$ 3,157,732	\$ 311,133	\$ 61,545	\$ 21,315	\$ 4,738,832

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2020

8. Tangible Capital Assets (continued)

(Restated) 2019

	Land	Infrastructure under Construction	Automotive	Buildings	Land Improvements	Equipment	Computer Equipment	Total
Cost, beginning of year	\$ 341,402	\$ 486,859	\$ 337,892	\$ 8,249,830	\$ 2,051,507	\$ 1,235,378	\$ 159,421	\$ 12,862,289
Additions			-	669,922	-	28,443	21,069	719,434
Disposals			-	-	-	(16,714)	(9,780)	(26,494)
Cost, end of year	\$ 341,402	\$ 486,859	\$ 337,892	\$ 8,919,752	\$ 2,051,507	\$ 1,247,107	\$ 170,710	\$ 13,555,229
Accumulated amortization, beginning of year	\$ -	\$ -	\$ 337,892	\$ 5,849,288	\$ 1,673,678	\$ 1,195,549	\$ 142,155	\$ 9,198,562
Amortization			-	293,097	111,443	28,918	11,607	445,065
Accumulated amortization, end of year	\$ -	\$ -	\$ 337,892	\$ 6,142,385	\$ 1,785,121	\$ 1,224,467	\$ 153,762	\$ 9,643,627
Net carrying amount, end of year	\$ 341,402	\$ 486,859	\$ -	\$ 2,777,367	\$ 266,386	\$ 22,640	\$ 16,948	\$ 3,911,602

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2020

9. Accounts Payable

	<u>2020</u>	<u>2019</u>
Operating Fund	\$ 427,358	\$ 317,534
Coldwater Development Inc.	35,851	5,492
Coldwater Housing Management - PRE	3,130	3,732
Coldwater Housing Management - POST	19,870	92,458
	<u>\$ 486,209</u>	<u>\$ 419,216</u>

10. Deferred Revenue

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

	<u>2020</u>	<u>2019</u>
First Nations Education Steering Committee ("FNESC")	\$ 18,578	\$ 33,322
Indigenous Services Canada ("ISC")	1,265,740	-
	<u>\$ 1,284,318</u>	<u>\$ 33,322</u>

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2020

11. Long Term Debt

	<u>2020</u>	<u>2019</u>
All Nations Trust Co., mortgage repayable in monthly instalments of \$2,153 including interest at 1.3% per annum, due for renewal on June 1, 2022 and matures May 1, 2027	\$ 176,735	\$ 200,110
All Nations Trust Co., mortgage repayable in monthly instalments of \$1,364 including interest at 1.3% per annum, due for renewal on June 1, 2022 and matures June 1, 2027	113,221	128,015
All Nations Trust Co., mortgage repayable in monthly instalments of \$2,330 including interest at 1.92% per annum, due for renewal on April 1, 2019 and matures February 1, 2029	229,033	252,422
All Nations Trust Co., construction loan repayable in monthly instalments of \$2,712 including interest at 1.87% per annum, due for renewal on May 1, 2024 and matures May 1, 2044.	632,957	438,058
All Nations Trust Co., mortgage repayable in monthly instalments of \$1,719 including interest at 2.35% per annum, due for renewal on September 1, 2018 and matures April 1, 2023	61,389	80,299
All Nations Trust., Construction loan	<u>687,082</u>	<u>-</u>
	<u>\$ 1,900,417</u>	<u>\$ 1,098,904</u>

12 . Accumulated Surplus

	<u>2020</u>	<u>2019</u>
Unrestricted surplus	\$ 4,919,585	\$ 4,866,188
Equity in Warranty	35,014	35,014
Equity in Investments	736,568	736,568
Equity in Fixed Assets	1,823,668	1,538,226
Equity in Trust funds	656,610	637,056
Equity in Band loans	71,836	31,424
Equity in Taxation	753,738	710,292
Share Capital in Coldwater Development Corporation	3	3
Contributed surplus	660,445	563,169
Replacement Reserve	383,781	374,172
Restricted surplus	<u>2,372,586</u>	<u>2,372,586</u>
	<u>\$ 12,413,834</u>	<u>\$ 11,864,698</u>

Coldwater Indian Band Notes to Consolidated Financial Statements

March 31, 2020

13. Comparative Figures

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

14. Federal Assistance Payments

The Coldwater Indian Band has received federal assistance through CMHC pursuant to Section 56-1 of the *National Housing Act* to reduce mortgage interest expense to 2% to enable the project to provide housing to low income individuals. The amount of the assistance received through March 31, 2020 was \$64,342 (2019 - \$43,840). Additional supplemental assistance was received in the amount of \$43,528. This assistance will continue, providing the Band is not in default of the agreement. As at March 31, 2020, the Band was in compliance with all agreements.

15. Replacement Reserve

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited at March 31, 2020 in the amount of \$29,103 (2019- \$23,703) annually. These funds along with accumulating interest are to be held in a separate bank account. The funds in this account may only be used as approved by CMHC. Withdrawals are credited to interest first and then principal.

16. Contingencies

The Coldwater Indian Band has guaranteed certain band member loans with ISC. The amount outstanding on these loans at March 31, 2020 amounts to \$25,422 (2019 - \$25,422).

17. Prior Period Adjustments

During the year, it was determined tangible capital assets were over amortized. Tangible capital assets should not be amortized in excess of their cost less residual value. This had an effect of understating tangible capital assets and equity in tangible capital assets, while overstating expenses and understating surplus. As a result, adjustments were required to restate accumulated amortization, equity in tangible capital assets, expenses, and surplus. The impact of these restatements are outlined as follows:

Increase (decrease) in comparative figures:

Accumulated amortization	\$ (168,165)
Equity in tangible capital assets	168,165
Amortization	(168,165)
Surplus for the year	\$ 168,165

Coldwater Indian Band Notes to Consolidated Financial Statements

March 31, 2020

18. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

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

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2020

19. Expenses by Object

	<u>2020</u>	<u>2019</u>
Advertising & promotion	\$ 27,079	\$ 27,788
Amortization	268,435	445,065
Bad debt	34,551	-
Bank charges & interest	10,654	10,771
Program expenses	2,182,268	2,043,430
Consulting and management	395,849	215,269
Honoraria	115,220	77,356
Insurance	97,561	66,272
Interest	22,001	13,815
Materials and supplies	91,429	63,089
Contracted services	177,208	108,272
Meetings and workshops	123,619	126,157
Professional development	31,821	67,335
Professional fees	469,167	240,949
Repairs and maintenance	598,086	354,287
Rental office equipment	46,417	51,114
Replacement reserve	29,103	23,703
Student Support	314,343	385,423
Telephone	88,493	78,099
Utilities	97,837	94,928
Travel	77,582	112,477
Wages	1,612,682	1,657,520
	<u>\$ 6,911,405</u>	<u>\$ 6,263,119</u>

Coldwater Indian Band Notes to Consolidated Financial Statements

March 31, 2020

20. Segment Disclosure

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

Social Development

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

Administration

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

Operations and Maintenance

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

Education

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

Natural Resources and Economic Development

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

Capital

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

Social Housing

This service area provides social housing to the Members.

Coldwater Indian Band
Notes to Consolidated Financial Statements

March 31, 2020

20. Segment Disclosure (continued)

2020

	Social development	Administration	Operations & maintenance	Education	Natural resources & economic development	Capital	Social housing	Total
Revenue								
ISC	\$ 1,756,656	\$ 437,422	\$ 272,757	\$ 1,754,014	\$ 163,031	\$ 575,924	\$ -	\$ 4,959,804
Other	147,805	1,395,730	298,675	377,282	87,064	309,838	270,896	2,887,290
Total	1,904,461	1,833,152	571,432	2,131,296	250,095	885,762	270,896	7,847,094
Expenses								
Wages & benefits	424,121	385,644	169,110	513,573	71,885	-	48,349	1,612,682
Purchases	1,467,817	1,255,369	468,570	1,270,727	126,843	327,818	113,144	5,030,288
Amortization	8,192	-	149,914	2,861	11,380	-	96,088	268,435
Total	1,900,130	1,641,013	787,594	1,787,161	210,108	327,818	257,581	6,911,405
Surplus (deficit)	\$ 4,331	\$ 192,139	\$ (216,162)	\$ 344,135	\$ 39,987	\$ 557,944	\$ 13,315	\$ 935,689

2019

	Social development	Administration	Operations & maintenance	Education	Natural resources & economic development	Capital	Social housing	Total
Revenue								
ISC	\$ 1,639,388	\$ 461,205	\$ 331,150	\$ 1,740,981	\$ 179,859	\$ 168,097	\$ -	\$ 4,520,680
Other	43,014	733,740	157,600	350,259	362,228	1,345	181,801	1,829,987
Total	1,682,402	1,194,945	488,750	2,091,240	542,087	169,442	181,801	6,350,667
Expenses								
Wages & benefits	381,253	401,469	198,429	521,885	105,800	-	48,684	1,657,520
Purchases	1,283,983	738,594	325,159	1,453,529	134,123	78,934	146,212	4,160,534
Amortization	6,052	-	310,946	45,893	3,103	-	79,071	445,065
Total	1,671,288	1,140,063	834,534	2,021,307	243,026	78,934	273,967	6,263,119
Surplus (deficit)	\$ 11,114	\$ 54,882	\$ (345,784)	\$ 69,933	\$ 299,061	\$ 90,508	\$ (92,166)	\$ 87,548