

**Witset First Nation
CMHC Social Housing Program
Financial Statements**
March 31, 2024

**Witset First Nation
CMHC Social Housing Program
Contents**

For the year ended March 31, 2024

	Page
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Revenue, Expenses and Accumulated Surplus	2
Statement of Cash Flows.....	3
Notes to the Financial Statements.....	4
Independent Practitioner's Reasonable Assurance Report on Compliance	

To the Members members of Witset First Nation - CMHC Social Housing Program:

Opinion

We have audited the financial statements of Witset First Nation - CMHC Social Housing Program (the "Program"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenue, expenses and accumulated surplus, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Program for the year ended March 31, 2024 are prepared, in all material respects, in accordance with the financial reporting provisions of Section 95 of the funding agreements between Witset First Nation and the Canadian Housing and Mortgage Corporation (CMHC).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial relevant to our audit of the 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 - Basis of Accounting

We draw attention to Note 2 to the financial statements, which described the basis of accounting. The financial statements are prepared to assist the Program to comply with the financial statement provisions of the Section 95 agreement with CMHC. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Band and CMHC and should not be used by parties other than the Band and CMHC. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the First Nation'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 First Nation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 First Nation'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 First Nation'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 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Terrace, British Columbia

October 16, 2024

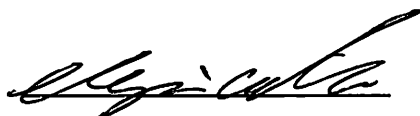
MNP **LLP**

Chartered Professional Accountants

Witset First Nation
CMHC Social Housing Program
Statement of Financial Position
As at March 31, 2024

	2024	2023
Financial assets		
Cash	1,194,619	1,075,146
Accounts receivable (Note 3)	13,140	13,140
Restricted cash - operating reserve (Note 4)	202,348	224,249
Restricted cash - replacement reserve (Note 4)	389,827	327,358
Fixed assets (Note 5)	2,825,827	2,936,799
	4,625,761	4,576,692
Liabilities		
Accounts payable and accruals	14,656	14,135
Due to Witset First Nation (Note 6)	1,174,913	1,055,960
Long-term debt (Note 7)	2,049,677	2,160,650
	3,239,246	3,230,745
Contingency (Note 8)		
Accumulated surplus (Note 9)	1,386,515	1,345,947

Approved on behalf of the Council:



Chief



Councillor

Witset First Nation
CMHC Social Housing Program
Statement of Revenue, Expenses and Accumulated Surplus
For the year ended March 31, 2024

	2024	2023
Revenue		
Rental income	121,272	121,272
Canada Mortgage and Housing Corporation - Operating subsidy	157,679	153,285
	278,951	274,557
Expenses		
Administration	16,000	16,000
Amortization	110,972	112,909
Insurance	27,946	25,828
Interest on long-term debt	56,011	48,776
Professional fees	10,679	10,070
Repairs and maintenance	24,566	13,789
Replacement reserve allowance (Note 4)	32,400	32,400
Utilities	22,278	9,327
	300,852	269,099
Annual surplus (deficit)	(21,901)	5,458
Allocation from (to) operating reserve	21,901	(5,458)
Annual surplus before transfers	-	-
Transfers		
Transfer to (from) replacement reserve (Note 4)	62,469	(16,786)
Transfer to (from) operating reserve (Note 4)	(21,901)	32,049
Change in accumulated surplus	40,568	15,263
Accumulated surplus, beginning of year	1,345,947	1,330,684
Accumulated surplus, end of year	1,386,515	1,345,947

The accompanying notes are an integral part of these financial statements

Witset First Nation
CMHC Social Housing Program
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating activities		
Change in accumulated surplus	40,568	15,263
Non-cash items		
Amortization	110,972	112,908
Transfers to (from) operating reserve	21,901	(32,049)
Transfers to (from) replacement reserve	(62,469)	16,786
	110,972	112,908
Changes in working capital accounts		
Accounts receivable	-	209,097
Accounts payable and accruals	521	1,391
Restricted cash	-	13,175
	111,493	336,571
Financing activities		
Repayment of long-term debt	(110,972)	(112,908)
Advances to (from) Witset First Nation	118,952	148,387
	7,980	35,479
Increase in cash resources	119,473	372,050
Cash resources, beginning of year	1,075,146	703,096
Cash resources, end of year	1,194,619	1,075,146

The accompanying notes are an integral part of these financial statements

**Witset First Nation
CMHC Social Housing Program
Notes to the Financial Statements**
For the year ended March 31, 2024

1. Description of operations

The purpose of Witset First Nation CMHC Social Housing Program (the "Program") is to administer a housing program for members of Witset First Nation. The Program assists in obtaining and managing the repayment of mortgages. It coordinates the building of homes and maintains funds to provide repairs and maintenance. The Program receives a subsidy from the Canada Mortgage and Housing Corporation ("CMHC") and shortfalls are funded by Witset First Nation. To qualify for the subsidy from CMHC, the Program is required to collect income verification data from occupants and adjust rents accordingly.

2. Basis of presentation and significant accounting policies

These financial statements have been prepared in accordance with the financial reporting provisions of Sections 95 of the funding agreements between Witset First Nation and CMHC.

Basis of presentation

These financial statements include only the operations of Witset First Nation CMHC Program Housing Projects that are funded by CMHC and are administered by Witset First Nation. They do not include revenue, expenses, assets or liabilities related to other operations of the Witset First Nation.

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

Fixed assets and amortization

Fixed assets are recorded at initial acquisition cost. Subsequent to acquisition, replacements and betterments funded by the replacement reserve fund are charged to the replacement reserve fund rather than being capitalized and amortized over their estimated useful lives.

Amortization is provided on buildings purchased from loans insured by CMHC at a rate equal to the annual principal reduction of the loan. A replacement reserve is maintained to provide for future asset replacement.

Replacement reserve Post-1996 Program

The replacement reserve account is funded by an annual charge against surplus as opposed to an appropriation of surplus. Interest earnings are credited to, and expenditures are charges against, the reserve.

Operating reserve Post-1996 Program

Any surpluses are retained in an operating reserve and reserved for future operating losses that relate to the operation of the houses under this program. Interest earnings are credited to, and expenditures are charges against, the reserve.

Revenue recognition

The CMHC subsidy is recognized as it becomes receivable under the terms of applicable funding agreements. Rental revenue is recognized when earned.

3. Accounts receivable

	2024	2023
CMHC subsidy receivable	13,140	13,140
Rent receivable	137,736	120,912
<hr/>		
	150,876	134,052
Less: Allowance for doubtful accounts	137,736	120,912
<hr/>		
	13,140	13,140
<hr/>		

Witset First Nation
CMHC Social Housing Program
Notes to the Financial Statements
For the year ended March 31, 2024

4. Restricted cash and reserves

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$32,400 annually (2023 - \$32,400). These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. At year end, the funds in the reserve consisted of the following:

Replacement reserve Post-1996 Program

	2024	2023
Reserve funds opening balance	327,358	344,144
Annual appropriation from operations	32,400	32,400
Eligible reserve expenses	(53,637)	(88,584)
Interest earned	83,706	39,398
Balance at year-end	389,827	327,358

At year end, the replacement reserve was adequately funded (2023 - adequately funded).

Under the terms of the agreements with CMHC, excess federal assistance payments received may be retained in an Operating Reserve. These funds along with accumulated interest must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. For the Post 1996 phases, the funds may be used to offset future deficits. Withdrawals are credited to interest first and then principal. At year end, the funds in the Operating Reserve consisted of the following:

Operating reserve Post-1996 Program

	2024	2023
Reserve funds opening balance	224,249	192,200
Transfer to (from) fund	(21,901)	5,458
Other CMHC adjustments	-	26,591
Balance at year-end	202,348	224,249

At year end, the operating reserve was adequately funded (2023 - adequately funded).

5. Fixed assets

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>2024 Net Book Value</i>	<i>2023 Net Book Value</i>
Buildings	3,896,031	1,070,204	2,825,827	2,936,799

6. Due to Witset First Nation

The amounts due to Witset First Nation are unsecured, non-interest bearing, with no set terms of repayment.

**Witset First Nation
CMHC Social Housing Program
Notes to the Financial Statements**
For the year ended March 31, 2024

7. Long-term debt

Long-term debt comprises the following loans with All Nations Trust Company:

	2024	2023
Payable at \$2,737 per month, including interest at 2.22%, renewing July 2024 and maturing October 2033. (Phase 1); secured by a Ministerial Guarantee.	283,998	309,605
Payable at \$2,394 per month, including interest at 3.06%, renewing May 2027 and maturing May 2037. (Phase 2); secured by a Ministerial Guarantee.	311,357	330,276
Payable at \$2,704 per month, including interest at 3.98%, renewing November 2027 and maturing November 2037. (Phase 3); secured by a Ministerial Guarantee.	342,284	360,790
Payable at \$1,745 per month, including interest at 1.88%, renewing February 2027 and maturing February 2042. (Phase 4); secured by a Ministerial Guarantee.	318,536	333,349
Payable at \$2,478 per month, including interest at 3.55%, renewing October 2027 and maturing October 2042. (Phase 5); secured by a Ministerial Guarantee.	405,048	420,187
Payable at \$1,742 per month, including interest at 0.73%, renewing July 2025 maturing July 2045. (Phase 6); secured by a Ministerial Guarantee.	388,454	406,443
	2,049,677	2,160,650

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

2025	114,272
2026	117,237
2027	120,292
2028	123,441
2029	126,686
	601,928
Thereafter	1,447,749
Total	2,049,677

8. Contingency

CMHC conducts an annual review of the Program's financial statements and may adjust for any operating surplus or deficit. Funding adjustments are recognized in the fiscal year in which they are determined.

**Witset First Nation
CMHC Social Housing Program
Notes to the Financial Statements**
For the year ended March 31, 2024

9. Accumulated surplus

Accumulated surplus consists of the following:

	2024	2023
Replacement reserve Post-1996 Program (Note 4)	389,827	327,358
Operating reserve Post-1996 Program (Note 4)	202,348	224,249
Contributed surplus	794,340	794,340
	1,386,515	1,345,947

10. Economic dependence

Witset First Nation CMHC Social Housing Program is economically dependent on the subsidies it receives from Canada Mortgage and Housing Corporation (CMHC). Continued receipt of the subsidies from CMHC is dependent upon the projects being managed and operated within the terms and conditions of the operating agreements that have been made with CMHC. As at the date of these financial statements, the Program believes that it is in compliance with these terms and conditions.

Independent Practitioner's Reasonable Assurance Report on Compliance

To Canadian Mortgage and Housing Corporation:

We have undertaken a reasonable assurance engagement of Witset First Nation CMHC Social Housing Program's compliance as at March 31, 2024, with the criteria established in:

- Paragraph 10(2)(g) of Witset First Nation's Operating Agreement with CMHC in respect of funding and maintenance of the Operating Reserve and the interest income related thereto; Paragraph 10(2)(e) of Witset First Nation's Operating Agreement with CMHC in respect of funding and maintenance of the Replacement Reserve and the interest income related thereto; and Schedule 10(2)(f) in respect of disbursements from the Replacement Reserve Fund for items of a capital nature in accordance with the criteria and that procurement requirements have been adhered to ("the specified requirements") set out in CMHC Post 1996 On-Reserve Program Reporting Requirements.

Management's Responsibility

Management is responsible for Witset First Nation's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Witset First Nation's compliance with the specified requirements.

Our Responsibility

Our responsibility is to express a reasonable assurance opinion on Witset First Nation's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

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

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Unqualified Conclusion

In our opinion Witset First Nation complied with the specified requirements set out in CMHC Post 1996 On-Reserve Program Reporting Requirements, during the period April 1, 2023 to March 31, 2024, in all significant respects.

We do not provide a legal opinion on Witset First Nation's compliance with the specified requirements.

Restriction on Distribution

Based on the procedures performed and the evidence obtained, we were able to verify that Witsset First Nation has appropriately restricted funds between its Operating and Replacement Reserve funds.

Terrace, British Columbia

MNP LLP

Oct 16, 2024

Chartered Professional Accountant