

WITSET FIRST NATION - SOCIAL HOUSING

FINANCIAL STATEMENTS

MARCH 31, 2021

WITSET FIRST NATION - SOCIAL HOUSING

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MARCH 31, 2021

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**INDEPENDENT AUDITOR'S REPORT
TO THE WITSET FIRST NATION**

Opinion

We have audited the financial statements of Witset First Nation – Social Housing, which comprise the balance sheet as at March 31, 2021 and the statements of revenue and expenditure 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 present fairly, in all material respects, the financial position of the Social Housing function as at March 31, 2021 and the results of its operations and cash flows for the year then ended in accordance with the fund accounting method and guidelines issued by Canada Mortgage and Housing Corporation.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the First Nation in accordance with the ethical requirements that are 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.

Auditor's Responsibility 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 judgement and maintain professional skepticism throughout the audit.

Responsibilities of Management and Council for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the fund accounting method and guidelines issued by Canada Mortgage and Housing Corporation, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Social Housing function'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 conditions exist that do not allow for the going concern basis to be used.

The Council is responsible for overseeing the financial reporting process.

Smithers, BC
June 30, 2022

Carlyle Shepherd & Co.

AUDITOR'S REPORT ON COMPLIANCE WITH AGREEMENT

TO: CANADA MORTGAGE AND HOUSING CORPORATION

We have audited Witset First Nation - Social Housing's compliance as at March 31, 2021, with the criteria established in:

- 1) Paragraph 10(2)(g) of the First Nation's Operating Agreement with CMHC in respect of funding and maintenance of the Operating Reserve and the interest income related thereto.
- 2) Paragraph 10(2)(e) of the First Nation's Operating Agreement with CMHC in respect of funding and maintenance of the Replacement Reserve and the interest income related thereto.
- 3) Schedule 10(2)(f) in respect of:
 - (1) Disbursements from the Replacement Reserve Fund for items of a capital nature in accordance with the criteria.
 - (2) Procurement requirements have been adhered to.

Management's Responsibility for Compliance with Agreement

Management is responsible for compliance with the criteria established by the provisions of the Operating Agreement, and for such internal control as management determines is necessary to enable the compliance to be free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance 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 Witset First Nation - Social Housing complied with the criteria established by the provisions of the Operating Agreement referred to above.

An audit involves performing procedures to obtain audit evidence supporting compliance with the agreement. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement. In making those risk assessments, the auditor considers internal control relevant to the entity's compliance with the agreement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management.

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

In our opinion, Witset First Nation - Social Housing is in compliance, in all material respects, with the criteria set out in the Operating Agreement referred to above.

Smithers, BC
June 30, 2022

WITSET FIRST NATION – SOCIAL HOUSING

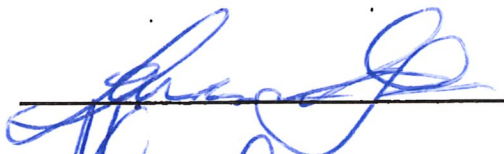
BALANCE SHEET

MARCH 31

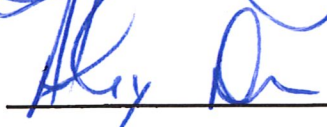
ASSETS

	2021	2020
	\$	\$
CURRENT		
Cash		
Operating	541,800	556,226
Restricted	350,200	340,132
Accounts receivable - subsidy	<u>12,166</u>	<u>10,335</u>
	<u>904,166</u>	<u>906,693</u>
PROPERTY (note 1)		
Buildings	3,896,031	3,676,885
Accumulated amortization	<u>706,990</u>	<u>604,450</u>
	<u>3,189,041</u>	<u>3,072,435</u>
	<u>4,093,207</u>	<u>3,979,128</u>

APPROVED ON BEHALF OF COUNCIL



Chief Councillor



Nation Administrator

Executive Director Jul 2020 - Aug 2022

WITSET FIRST NATION – SOCIAL HOUSING

BALANCE SHEET

MARCH 31

LIABILITIES AND EQUITY

	2021	2020
	\$	\$
CURRENT		
Accounts payable and accruals	8,345	8,562
Due to Witset First Nation	488,360	558,192
Long-term debt, current portion	<u>115,267</u>	<u>111,715</u>
	<u>611,972</u>	<u>678,469</u>
 NON-CURRENT		
Long-term debt (note 2)	2,297,625	2,166,187
Replacement reserve (note 3)	<u>167,020</u>	<u>145,710</u>
	<u>2,464,645</u>	<u>2,311,897</u>
 EQUITY		
Contributed Surplus	794,340	794,340
Operating Reserve fund (note 4)	<u>222,250</u>	<u>194,422</u>
	<u>1,016,590</u>	<u>988,762</u>
	<u>4,093,207</u>	<u>3,979,128</u>

WITSET FIRST NATION - SOCIAL HOUSING
STATEMENT OF REVENUE AND EXPENDITURE
YEAR ENDED MARCH 31

	2021	2020
	\$	\$
REVENUE		
CMHC subsidy	140,498	124,021
Interest	1,245	4,798
Rental	<u>121,452</u>	<u>103,884</u>
	<u>263,195</u>	<u>232,703</u>
EXPENDITURE		
Administration	15,360	13,680
Amortization	102,541	94,189
Audit	6,000	5,000
Insurance	19,912	16,587
Mortgage interest	44,764	38,893
Repairs and maintenance	10,400	8,800
Replacement reserve	30,600	27,000
Utilities	<u>5,790</u>	<u>5,070</u>
	<u>235,367</u>	<u>209,219</u>
REVENUE OVER EXPENDITURE	27,828	23,484
TRANSFER TO OPERATING RESERVE FUND	-27,828	-23,484
OPENING SURPLUS	<u>-</u>	<u>-</u>
CLOSING SURPLUS	<u>-</u>	<u>-</u>

WITSET FIRST NATION - SOCIAL HOUSING

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	27,828	23,484
Amortization	102,541	94,189
Accounts payable and accruals	-217	192
Accounts receivable	-1,831	12,609
Due to Witset First Nation	<u>-69,832</u>	<u>323,153</u>
	<u>58,489</u>	<u>453,627</u>
FINANCING ACTIVITIES		
Long-term debt	134,990	-89,932
Replacement reserve	<u>21,310</u>	<u>9,895</u>
	<u>156,300</u>	<u>-80,037</u>
INVESTING ACTIVITIES		
Property additions	<u>-219,147</u>	<u>-4,460</u>
CHANGE IN CASH	-4,358	369,130
OPENING CASH BALANCE	<u>896,358</u>	<u>527,228</u>
CLOSING CASH BALANCE	<u>892,000</u>	<u>896,358</u>
Operating	541,800	556,226
Restricted	<u>350,200</u>	<u>340,132</u>
	<u>892,000</u>	<u>896,358</u>

WITSET FIRST NATION - SOCIAL HOUSING

NOTES

MARCH 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared using the fund accounting method and guidelines issued by the Canada Mortgage and Housing Corporation.

Property is reported at cost and is amortized at an amount equal to the annual principal reduction of the related mortgage.

Revenue and expenditures are reported on an accrual basis.

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from these estimates.

The social housing function measures financial assets and liabilities at market value at the date of acquisition. It is management's opinion that the social housing function's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks except for interest rate changes on the mortgages.

Cash is restricted for replacement and operating reserve purposes.

WITSET FIRST NATION - SOCIAL HOUSING

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MARCH 31, 2021

2. LONG-TERM DEBT

All Nations Trust Company, secured by housing units

\$1,675/month including interest at 1.44% per annum.	\$ 362,837
\$2,370/month including interest at 2.06% per annum.	401,069
\$2,122/month including interest at 1.35% per annum.	369,700
\$2,737/month including interest at 2.22% per annum.	360,417
\$2,182/month including interest at 2.13% per annum.	453,027
\$1,742/month including interest at 0.73% per annum.	<u>465,842</u>

Current portion

2,412,892
115,267

Non-current portion

\$ 2,297,625

Principal repayment during the next five years is as follows:

2022	\$ 115,267
2023	117,238
2024	119,246
2025	121,289
2026	<u>123,374</u>

\$ 596,414

3. REPLACEMENT RESERVE

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited with an annual charge against earnings. These funds, 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 approved by CMHC. As at March 31, 2021, the required funds are in a separate bank account.

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3. REPLACEMENT RESERVE (continued)

Opening balance	\$ 145,710
Current provision	30,600
Expenditure	<u>-9,290</u>
Closing balance	<u>\$ 167,020</u>

4. OPERATING RESERVE FUND

Under the terms of the agreement with Canada Mortgage and Housing Corporation, the annual operating surplus is required to be transferred to the Operating Reserve fund. The fund is to be charged if an operating deficit should occur.

Opening balance	\$ 194,422
Transfer	<u>27,828</u>
Closing balance	<u>\$ 222,250</u>