

**KISPIOX BAND COUNCIL
SOCIAL HOUSING**

FINANCIAL STATEMENTS

MARCH 31, 2016

**KISPIOX BAND COUNCIL
SOCIAL HOUSING**

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MARCH 31, 2016

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**INDEPENDENT AUDITOR'S REPORT
TO THE KISPIOX BAND COUNCIL**

Report on the Financial Statements

We have audited the balance sheet of Kispiox Band Council - Social Housing as at March 31, 2016 and the statements of revenue and expenditure and cash flows for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

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

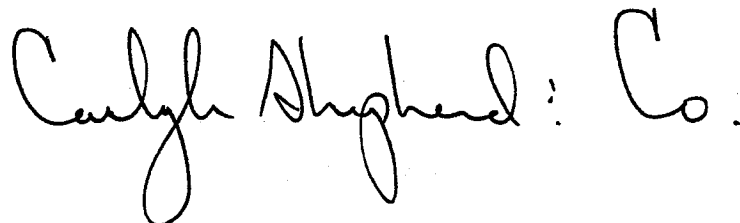
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Social Housing function as at March 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Terrace, BC
October 17, 2016



**KISPIOX BAND COUNCIL
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BALANCE SHEET

MARCH 31


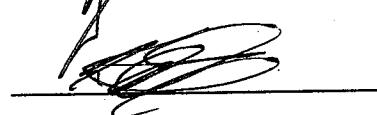
ASSETS

	Pre-1997 Project	Post-1996 Project	Total 2016	Total 2015
	\$	\$	\$	\$
CURRENT				
Cash - operating	-	260,054	260,054	222,382
- restricted	-	144,092	144,092	191,182
Due from Kispiox Band Council	-	22,713	22,713	183,769
	-	<u>426,859</u>	<u>426,859</u>	<u>597,333</u>

PROPERTY AND EQUIPMENT (note 1)

Land and improvements	-	-	-	42,000
Buildings	-	1,420,582	1,420,582	1,743,331
	-	1,420,582	1,420,582	1,785,331
Accumulated amortization	-	371,226	371,226	572,053
	-	<u>1,049,356</u>	<u>1,049,356</u>	<u>1,213,278</u>
	-	<u>1,476,215</u>	<u>1,476,215</u>	<u>1,810,611</u>

APPROVED BY THE COUNCIL


 _____ Chief Councillor

 _____ Band Manager

**KISPIOX BAND COUNCIL
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BALANCE SHEET

MARCH 31

LIABILITIES AND EQUITY

	Pre-1997 Project	Post-1996 Project	Total 2016	Total 2015
	\$	\$	\$	\$
CURRENT				
Accounts payable and accruals	-	3,448	3,448	5,000
Due to Kispiox Band Council	-	-	-	388,625
Long-term debt, current portion	-	42,306	42,306	59,072
	<u>-</u>	<u>45,754</u>	<u>45,754</u>	<u>452,697</u>
NON-CURRENT				
Long-term debt (note 3)	-	599,133	599,133	641,291
Replacement reserve (note 4)	-	144,092	144,092	191,182
	<u>-</u>	<u>743,225</u>	<u>743,225</u>	<u>832,473</u>
EQUITY				
Contributed Surplus	-	407,916	407,916	554,914
Surplus (Deficit)	-	-	-	-294,845
Operating Reserve fund (note 5)	-	279,320	279,320	265,372
	<u>-</u>	<u>687,236</u>	<u>687,236</u>	<u>525,441</u>
	<u>-</u>	<u>1,476,215</u>	<u>1,476,215</u>	<u>1,810,611</u>

**KISPIOX BAND COUNCIL
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STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED MARCH 31

	Pre-1997 Project \$	Post-1996 Project \$	Total 2016 \$	Total 2015 \$
REVENUE				
CMHC	7,834	39,095	46,929	50,631
Rent	13,647	64,257	77,904	75,464
Band contribution	246,062	-	246,062	-
Completed phase	62,843	-	62,843	-
	<u>330,386</u>	<u>103,352</u>	<u>433,738</u>	<u>126,095</u>
EXPENDITURE				
Administration	3,000	6,500	9,500	8,000
Amortization	17,412	41,513	58,925	59,308
Audit	2,500	2,500	5,000	5,000
Bad debts (recovery)	6,813	-163	6,650	7,835
Insurance	1,753	7,551	9,304	8,875
Mortgage interest	257	11,974	12,231	17,270
Repairs and maintenance	1,053	6,529	7,582	7,539
Replacement reserve	2,753	13,000	15,753	16,670
	<u>35,541</u>	<u>89,404</u>	<u>124,945</u>	<u>130,497</u>
REVENUE OVER EXPENDITURE	294,845	13,948	308,793	-4,402
TRANSFER TO OPERATING RESERVE FUND	-	-13,948	-13,948	-4,558
OPENING SURPLUS (DEFICIT)	<u>-294,845</u>	<u>-</u>	<u>-294,845</u>	<u>-285,885</u>
CLOSING SURPLUS (DEFICIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-294,845</u>



**KISPIOX BAND COUNCIL
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STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2016	2015
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	308,793	-4,402
Amortization	58,925	59,308
Accounts payable and accruals	-1,552	-
	<u>366,166</u>	<u>54,906</u>
FINANCING ACTIVITIES		
Due to/from Kispiox Band Council	-227,569	24,792
Replacement Reserve	-47,090	16,670
Long-term debt	-58,924	-59,308
Contributed surplus	-42,001	-
	<u>-375,584</u>	<u>-17,846</u>
CHANGE IN CASH	-9,418	37,060
OPENING CASH BALANCE	<u>413,564</u>	<u>376,504</u>
CLOSING CASH BALANCE	<u>404,146</u>	<u>413,564</u>
 Cash is comprised as follows:		
Operating	260,054	222,382
Restricted	144,092	191,182
	<u>404,146</u>	<u>413,564</u>

**KISPIOX BAND COUNCIL
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NOTES

MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

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

b) Property and Equipment

Property and equipment are reported at cost including CMHC approved land values.

Property and equipment are amortized at an amount equal to the annual principal reduction of the related mortgage.

c) Accrual Accounting

Revenue and expenditures are reported on an accrual basis.

d) Use of Estimates

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.

e) Financial Instruments

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.

f) Cash

Cash is restricted for replacement reserve purposes.

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2. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of a \$47,857 allowance for doubtful accounts (2015 \$41,207).

3. LONG-TERM DEBT

All Nations Trust Company

\$2,002/month including interest at 1.05% per annum	\$ 204,433
\$2,435/month including interest at 2.08% per annum	<u>437,006</u>
	641,439
Current portion	<u>42,306</u>
Non-current portion	<u>\$ 599,133</u>

The mortgages are secured by land and buildings.

Principal repayment during the next five years is as follows:

2017	\$ 42,306
2018	42,964
2019	43,635
2020	44,317
2021	<u>45,010</u>
	<u>\$ 218,232</u>

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4. 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, 2016, all of the required \$144,092 is in a separate bank account.

	Pre-1997 Projects	Post-1996 Projects	Total
Opening balance	\$ 60,090	\$ 131,092	\$ 191,182
Current provision	2,753	13,000	15,753
Completed phase	<u>-62,843</u>	<u>-</u>	<u>-62,843</u>
Closing balance	<u>\$ -</u>	<u>\$ 144,092</u>	<u>\$ 144,092</u>

5. OPERATING RESERVE FUND

Under the terms of the agreement with CMHC, 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	\$ 265,372
Transfer	<u>13,948</u>
Closing balance	<u>\$ 279,320</u>