

**KISPIOX BAND COUNCIL
SOCIAL HOUSING**

FINANCIAL STATEMENTS

MARCH 31, 2017

**KISPIOX BAND COUNCIL
SOCIAL HOUSING**

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MARCH 31, 2017

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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, 2017 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.

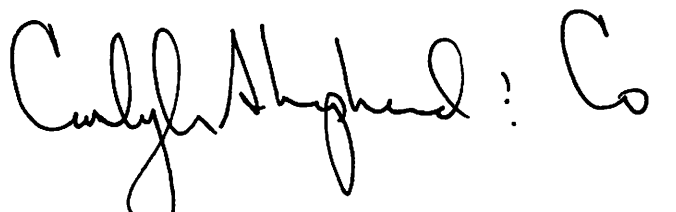
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, 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, 2017 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Terrace, BC
September 14, 2017



AUDITORS' REPORT ON COMPLIANCE WITH AGREEMENT

TO: CANADA MORTGAGE AND HOUSING CORPORATION

We have audited Kispiox Social Housing's compliance on Post-1996 programs as at March 31, 2017, 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

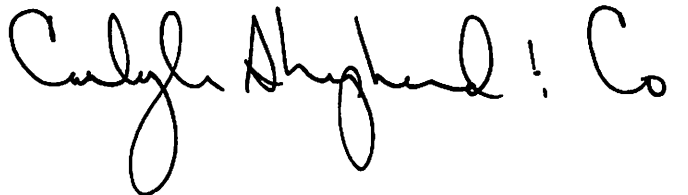
Our responsibility is to express an opinion on the compliance based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether Kispiox Band Council 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, Kispiox Band Council Social Housing is in compliance, in all material respects, with the criteria set out in the Operating Agreement referred to above.

Terrace, BC
September 14, 2017



KISPIOX BAND COUNCIL
SOCIAL HOUSING

BALANCE SHEET

MARCH 31

ASSETS

	2017	2016
	\$	\$
CURRENT		
Cash - operating	30,376	260,054
- restricted	416,178	144,092
Accounts receivable (note 2)	3,258	-
Due from Kispiox Band Council	-	22,713
	<u>449,812</u>	<u>426,859</u>
 PROPERTY AND EQUIPMENT (note 1)		
Buildings	1,420,582	1,420,582
Accumulated amortization	413,598	371,226
	<u>1,006,984</u>	<u>1,049,356</u>
	<u>1,456,796</u>	<u>1,476,215</u>

APPROVED BY THE COUNCIL

Louise Johnson Chief Councillor

Keith Roy Band Manager

**KISPIOX BAND COUNCIL
SOCIAL HOUSING**

BALANCE SHEET

MARCH 31

LIABILITIES AND EQUITY

	2017	2016
	\$	\$
CURRENT		
Accounts payable and accruals	5,895	3,448
Due to Kispiox Band Council	27,240	-
Long-term debt, current portion	42,964	42,306
	<u>76,099</u>	<u>45,754</u>
NON-CURRENT		
Long-term debt (note 3)	556,103	599,133
Replacement reserve (note 4)	142,175	144,092
	<u>698,278</u>	<u>743,225</u>
EQUITY		
Contributed Surplus	407,916	407,916
Surplus (Deficit)	-	-
Operating Reserve fund (note 5)	274,503	279,320
	<u>682,419</u>	<u>687,236</u>
	<u>1,456,796</u>	<u>1,476,215</u>

**KISPIOX BAND COUNCIL
SOCIAL HOUSING**

STATEMENT OF REVENUE AND EXPENDITURE

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
REVENUE		
CMHC	39,095	46,929
Rent	68,447	77,904
Band contribution	-	246,062
Completed phase	-	62,843
	<u>107,542</u>	<u>433,738</u>
 EXPENDITURE		
Administration	13,000	9,500
Amortization	42,372	58,925
Audit	5,000	5,000
Bad debts	7,295	6,650
Insurance	9,568	9,304
Mortgage interest	10,931	12,231
Repairs and maintenance	11,193	7,582
Replacement reserve	13,000	15,753
	<u>112,359</u>	<u>124,945</u>
 REVENUE OVER EXPENDITURE	 -4,817	 308,793
 TRANSFER (TO) FROM OPERATING RESERVE FUND	 4,817	 -13,948
 OPENING SURPLUS (DEFICIT)	 <u>-</u>	 <u>-294,845</u>
 CLOSING SURPLUS (DEFICIT)	 <u>-</u>	 <u>-</u>

**KISPIOX BAND COUNCIL
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STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	-4,817	308,793
Amortization	42,372	58,925
Accounts payable and accruals	2,447	-1,552
Accounts receivable	-3,258	-
	<u>36,744</u>	<u>366,166</u>
FINANCING ACTIVITIES		
Due to/from Kispiox Band Council	49,953	-227,569
Replacement Reserve	-1,917	-47,090
Long-term debt	-42,372	-58,924
Contributed surplus	-	-42,001
	<u>5,664</u>	<u>-375,584</u>
CHANGE IN CASH	42,408	-9,418
OPENING CASH BALANCE	<u>404,146</u>	<u>413,564</u>
CLOSING CASH BALANCE	<u>446,554</u>	<u>404,146</u>
 Cash is comprised as follows:		
Operating	30,376	260,054
Restricted	416,178	144,092
	<u>446,554</u>	<u>404,146</u>

**KISPIOX BAND COUNCIL
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NOTES

MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

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

a) 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.

b) Accrual Accounting

Revenue and expenditures are reported on an accrual basis.

c) 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.

d) 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.

e) Cash

Cash is restricted for replacement and operating reserve purposes.

**KISPIOX BAND COUNCIL
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2. ACCOUNTS RECEIVABLE

Accounts receivable are reported net of a \$55,152 allowance for doubtful accounts (2016 \$47,857).

3. LONG-TERM DEBT

All Nations Trust Company

\$2,002/month including interest at 1.05% per annum	\$ 182,441
\$2,435/month including interest at 2.08% per annum	<u>416,626</u>

Current portion	599,067
	<u>42,964</u>

Non-current portion	<u>\$ 556,103</u>
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The mortgages are secured by land and buildings.

Principal repayment during the next five years is as follows:

2018	\$ 42,964
2019	43,635
2020	44,317
2021	45,010
2022	<u>46,254</u>
	<u>\$ 222,180</u>

**KISPIOX BAND COUNCIL
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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, 2017, the required funds are in a separate bank account.

Opening balance	\$ 144,092
Current provision	13,000
Expenditure	<u>-14,917</u>
Closing balance	<u>\$ 142,175</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	\$ 279,320
Transfer	<u>-4,817</u>
Closing balance	<u>\$ 274,503</u>