

Splatsin - Social Housing Program
Financial Statements
March 31, 2023

Splatsin - Social Housing Program

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For the year ended March 31, 2023

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To the Members of Splatsin and the Canada Mortgage and Housing Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Splatsin First Nation's ("Splatsin") Social Housing Program ("Social Housing"), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenses and accumulated deficit 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, in accordance with the financial reporting provisions of Section 95 of the funding agreements between Splatsin and Canada Mortgage and Housing Corporation ("CMHC") as disclosed in Note 2 of the financial statements.

Basis for Opinion

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 Financial Statements section of our report. We are independent of Splatsin 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.

Emphasis of Matter - Basis of Accounting and Restriction on Use

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

Other Matter

The financial statement for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on April 13, 2023

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 accounting standards for not-for-profit organizations, 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 Splatsin'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 Splatsin or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Splatsin'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 Splatsin'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 Splatsin'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 Splatsin 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.

Report on Other Legal and Regulatory Requirements

We verify that Splatsin's CMHC Section 95 Housing Pre 1997 replacement reserve is adequately funded as at March 31, 2023. All interest earned on the replacement reserve has been accrued and maintained and the withdrawals from the replacement reserve are in compliance with the criteria in Schedule D to the operating reserves.

Kelowna, British Columbia
March 19, 2024

MNP LLP
Chartered Professional Accountants

Splatsin - Social Housing Program
Statement of Financial Position

As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	86,792	-
Accounts receivable (Note 3)	14,059	39,244
	100,851	39,244
Capital assets (Note 4)	7,319	24,536
Restricted cash - replacement reserve (Note 5)	146,989	143,108
	255,159	206,888
Liabilities		
Current		
Bank indebtedness	-	241,598
Accounts payable and accruals	10,832	5,010
Advances from Splatsin First Nation (Note 6)	445,021	139,353
Current portion of long-term debt (Note 7)	7,321	17,651
	463,174	403,612
Long-term debt (Note 7)	-	6,886
	463,174	410,498
Contingencies (Note 9)		
Accumulated Deficit (Note 8)	(208,015)	(203,610)
	255,159	206,888

Approved on behalf of the Council

Chief

Chair - Finance and Audit Committee

Director of Finance

The accompanying notes are an integral part of these financial statements

Splatsin - Social Housing Program
Statement of Revenue and Expenses and Accumulated Deficit
For the year ended March 31, 2023

	<i>2023</i> <i>Budget</i>	<i>2023</i>	<i>2022</i>
Revenue			
Canada Mortgage and Housing Corporation	5,108	5,108	5,108
Rental income	30,480	25,680	25,680
Interest income	7,380	375	5,191
Band contribution	-	12,668	9,021
	42,968	43,831	45,000
Expenses			
Administration	3,637	2,828	2,624
Amortization	-	17,216	16,806
Insurance	2,904	3,135	2,904
Interest on long-term debt	100	507	757
Professional fees	-	6,000	3,750
Repairs and maintenance	25,332	2,877	2,142
Allocation to replacement reserve <i>(Note 5)</i>	-	4,713	4,713
Utilities	11,748	6,555	11,304
	43,721	43,831	45,000
Excess of revenue over expenses	(753)	-	-
Accumulated deficit, beginning of the year		(203,610)	(186,474)
Annual allocation to replacement reserve		4,713	4,713
Expenditures from replacement reserve		(13,000)	(22,500)
Interest earned on replacement reserve		3,882	651
Accumulated deficit, end of year		(208,015)	(203,610)

The accompanying notes are an integral part of these financial statements

Splatsin - Social Housing Program
Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	-	-
Amortization	17,216	16,806
Reserve transfers, net	(4,405)	(17,136)
	12,811	(330)
Changes in working capital accounts:		
Accounts receivable	26,377	35,148
Accounts payable and accruals	5,823	(2,887)
Advances (to) from Splatsin First Nation	304,476	(3,586,438)
	349,487	(3,554,507)
Financing		
Repayment of long-term debt	(17,216)	(16,806)
Investing		
Transfers to restricted cash, net	(3,881)	(29,151)
Increase (decrease) in cash and cash equivalents	328,390	(3,600,464)
Cash and cash equivalents, beginning of year	(241,598)	3,358,866
Cash and cash equivalents, end of year	86,792	(241,598)
Cash and cash equivalents are composed of:		
Unrestricted cash	86,792	-
Bank indebtedness	-	(241,598)
	86,792	(241,598)

The accompanying notes are an integral part of these financial statements

Splatsin - Social Housing Program
Notes to the Financial Statements
For the year ended March 31, 2023

1. Operations

Splatsin First Nation's ("Splatsin") Social Housing Program ("Social Housing") has entered into agreements with Canada Mortgage and Housing Corporation ("CMHC") under the National Housing Act to provide low cost rental accommodations. This program includes 6 units included in the Pre 1997 program. The units are administered by Splatsin under an operating agreement with CMHC. Splatsin prepares additional financial information for Splatsin's funds and operations.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with a special purpose framework to comply with the operating agreement with CMHC.

Basis of accounting

These financial statements have been prepared in accordance with a special purpose framework in order to comply with the Section 95 operating agreement with CMHC. They do not include revenue, expenses, assets, or liabilities related to other operations of Splatsin.

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.

Cash and cash equivalents

Cash and cash equivalents include balances with banks. Cash balances subject to restrictions that prevent its use for current purposes are included in restricted cash.

Capital assets and amortization

Fixed assets are recorded at their 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. No amortization is charged on other fixed assets; however, a replacement reserve is maintained to provide for future asset replacement.

Replacement Reserve

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

Revenue recognition

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

3. Accounts receivable

	2023	2022
Rents receivable	13,633	10,618
CMHC subsidy receivable	426	426
CMHC supplemental funding receivable	-	28,200
	14,059	39,244

Splatsin - Social Housing Program
Notes to the Financial Statements
For the year ended March 31, 2023

4. Capital assets

		<i>2023</i>	<i>2022</i>
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>
Buildings	758,503	751,184	7,319
			24,536

5. Replacement reserve

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$4,713 (2022 - \$4,713) 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. The funds in the account may only be used as approved by CMHC.

	<i>2023</i>	<i>2022</i>
Balance, beginning of year	80,517	97,653
Allocation for the year	4,713	4,713
Interest earned in the year	3,882	651
Expenditures for the year	(13,000)	(22,500)
	76,112	80,517

At year end, the replacement reserve was overfunded by \$70,877 (2021 - overfunded by \$62,591).

6. Advances from related party

	<i>2023</i>	<i>2022</i>
Splatsin First Nation	445,021	139,353

Advances from the related party are unsecured, non-interest bearing, and have no specified terms of repayment.

7. Long-term debt

	<i>2023</i>	<i>2022</i>
All Nations Trust Company ("ANTCO") Pre 1997 Phase 9 mortgage repayable in monthly instalments of \$1,471, including interest payable of 2.52% per annum. Matures August 2023; secured by a Ministerial Guarantee from Indigenous Services Canada.	7,321	24,537
Less: Current portion	7,321	17,651
	-	6,886

Splatsin - Social Housing Program
Notes to the Financial Statements
For the year ended March 31, 2023

8. Accumulated deficit

Accumulated deficit consists of the following:

	2023	2022
Accumulated operating deficit	(284,127)	(284,127)
Replacement reserve (Note 5)	76,112	80,517
	(208,015)	(203,610)

9. Contingencies

These financial statements are subject to review by CMHC. It is possible adjustments could be made based on the results on their review.

10. Economic dependence

Social Housing receives a significant portion of its revenue from 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 agreement that has been made with CMHC. As at the date of these financial statements Social Housing believes it is in compliance with the terms and conditions of the operating agreement with CMHC.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.