



Spuzzum First Nation Social Housing
Financial Statements

March 31, 2016

Spuzzum First Nation Social Housing
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For the year ended March 31, 2016

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Spuzzum First Nation Social Housing
March 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

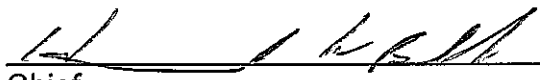
The accompanying financial statements for the Spuzzum First Nation Social Housing and all the information in this annual report are the responsibility of management and have been approved by the Council.

The financial statements have been prepared in conformity with Canadian generally accepted accounting principles as defined by the Public Sector Accounting and Auditing Handbook and the Canadian Institute of Chartered Accountants Handbook and where appropriate, include amounts that are based on management's best estimates and judgments. Management has established internal control systems to ensure that the financial information is objective and reliable and that the Spuzzum First Nation Social Housing assets are appropriately accounted for and adequately safeguarded.

The financial statements have been audited by the independent auditor, Ribeyre Chang Haylock, whose report outlines the scope of their opinion on the financial statements.

The Council carries out its responsibility for the financial statements through the Office of Chief and Council, which is comprised of a quorum of council. The Council meets with the auditors to satisfy themselves on the adequacy of internal control and to review the financial statements and auditors' report.


The Council reviewed the audited financial statements with the external auditors before making recommendations for presentation to the band membership.



Chief



Councillor



Councillor

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Spuzzum First Nation

Report on the Financial Statements

We have audited the accompanying financial statements of the Spuzzum First Nation Social Housing, which comprise the statement of financial position as at March 31, 2016, statement of changes in band members' equity and funds, the summary statement of revenue and expenditures for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Spuzzum First Nation Social Housing as at March 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Port Coquitlam, B.C.
July 18, 2016

Chartered Professional Accountants

Spuzzum First Nation Social Housing STATEMENT OF FINANCIAL POSITION

As at March 31, 2016

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ASSETS

	2016	2015
Current		
Accounts receivable	\$ 5,757	\$ 4,123
	5,757	4,123
Restricted cash	50,675	75,698
Fixed assets - note 2	56,726	68,569
	\$ 113,158	\$ 148,390

LIABILITIES AND BAND MEMBERS' EQUITY

Current		
Accounts payable	\$ 1,800	\$ 1,972
Current portion of long-term debt	12,611	11,836
Due to Spuzzum First Nation	6,030	3,502
	20,441	17,310
Long-term debt - note 3	44,115	56,733
	64,556	74,043
Band members' equity and funds		
Operating Fund	-	-
Replacement Reserve Fund - note 4	48,602	74,347
Subsidy Surplus Fund	-	-
Equity in Housing Facilities	-	-
	48,602	74,347
	\$ 113,158	\$ 148,390

See accompanying notes

On behalf of Band Council:


Chief


Councillor

Spuzzum First Nation Social Housing

STATEMENT OF CHANGES IN BAND MEMBERS' EQUITY AND FUNDS

For the year ended March 31, 2016

See Auditor's report

	2016	2015
Operating Fund		
Balance at beginning of year	\$ -	\$ -
Current year income	(477)	-
Transfer in from subsidy surplus fund	477	-
Balance at end of year	\$ -	\$ -
Subsidy Surplus Fund		
Balance at beginning of year	\$ -	\$ 1,511
Current year appropriations	477	-
Transfer out to operating surplus	(477)	-
Transfers out to replacement reserve fund	-	(1,511)
Balance at end of year	\$ -	\$ -
Replacement Reserve Fund		
Balance at beginning of year	\$ 74,347	\$ 68,791
Interest income	574	1,679
Current year appropriations	4,062	4,062
Current year expenditures	(30,381)	(1,696)
Transfers in from subsidy surplus reserve	-	1,511
Balance at end of year	\$ 48,602	\$ 74,347
Equity in Housing Facilities		
Balance at beginning of year	\$ -	\$ -
Mortgage principal reduction	11,843	11,502
Depreciation of fixed assets	(11,843)	(11,502)
Balance at end of year	\$ -	\$ -

See accompanying notes

Spuzzum First Nation Social Housing
STATEMENT OF REVENUE AND EXPENDITURES
OPERATING FUND

For the year ended March 31, 2016

See Auditor's report

	2016	2015
Revenue		
Canada Mortgage and Housing Corporation	\$ 6,944	\$ 6,944
Contribution from Spuzzum Nation	8,121	6,520
Rental income	16,215	16,068
	31,280	29,532
Expenditure		
Operating costs		
Contracts	1,066	-
Insurance	3,360	3,331
Professional fees	1,800	1,800
Repairs and maintenance	460	1,713
Shelter allowance	-	477
Supplies	458	749
Travel	841	-
Wages and benefits	5,521	3,516
Workshops	-	-
	13,506	11,586
Depreciation costs		
Mortgage interest	1,869	2,382
Mortgage principal repayments	11,843	11,502
	13,712	13,884
Reserves		
Allocation to subsidy surplus reserve	477	-
Appropriations to Replacement Reserve Fund	4,062	4,062
	4,539	4,062
	31,757	29,532
Excess of revenue over expenditures for the year	\$ (477)	\$ -

See accompanying notes

Spuzzum First Nation Social Housing

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a) The financial statements have been prepared on an accrual basis where revenues are recognized in the periods earned or contributed and expenditures are recorded in the period in which they became an obligation of the Housing Program.
- b) Expenditures of a capital nature are expenses in the period expended and they are also capitalized at cost in the statements.
- c) Non-Profit Housing assets acquired under Canadian Mortgage Housing Corporation sponsored housing programs are depreciated at a rate equivalent to the annual principal reduction in related long-term debt, as required for Canadian Mortgage Housing Corporation reporting purposes.
- d) Revenue is recognized as it becomes receivable under the terms of the applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the statement of financial position.

2. FIXED ASSETS

	2016					2015		
	Beginning Cost	Additions	Ending Cost	Beginning Accumulated Depreciation	Ending Accumulated Depreciation	Net Book Value	Net Book Value	
Residential buildings	\$ 278,436	\$ -	\$278,436	\$ (209,867)	\$ (11,843)	\$ (221,710)	\$ 56,726	\$ 68,569

Spuzzum First Nation Social Housing

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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3. LONG-TERM DEBT

	2016	2015
Mortgage payable with monthly payments of \$1,098 including interest at 1.11% per annum is due August 1, 2020, secured by certain assets and a Ministerial Guarantee.	\$ 56,726	\$ 68,569
Less current portion	(12,611)	(11,836)
	<u>\$ 44,115</u>	<u>\$ 56,733</u>

Scheduled principal repayments for the next five years are as follows:

2017	12,611
2018	12,752
2019	12,894
2020	13,038
2021	5,431
	<u>\$ 56,726</u>

4. REPLACEMENT RESERVE FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Spuzzum First Nation Social Housing must set aside funds annually for the non-annual expenditures of the Program for the repair, maintenance and replacement of worn out assets.

As at March 31, 2016, the Replacement Reserve Fund was fully funded (2015 - fully funded).

5. SUBSIDY SURPLUS FUND

In accordance with the terms and conditions of the "Operating Agreement" with Canada Mortgage and Housing Corporation, Spuzzum First Nation Social Housing is permitted to set aside an amount of \$500 per housing unit for the purpose of meeting future requirements of income listed over and above the maximum federal assistance. The Fund may be replenished to its original limit from subsequent operating surpluses.

As at March 31, 2016, the Subsidy Surplus Fund was fully funded (2015 - fully funded).

6. CONTINUED OPERATIONS

Spuzzum First Nation Social Housing is dependant on the support of the Spuzzum First Nation for its continued operations.

Spuzzum First Nation Social Housing

NOTES TO FINANCIAL STATEMENTS

March 31, 2016

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7. FINANCIAL INSTRUMENTS

Risk management policy

Spuzzum First Nation Social Housing is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at March 31, 2016.

Credit risk

The carrying value of the Social housing program's main financial assets represents the maximum credit risk to which the band is exposed.

Spuzzum First Nation Social Housing's credit risk is due mainly to its loans receivable. The balance sheet amounts are presented net of the allowance for impaired loans, which management estimates based on past experience and its assessment of current economic conditions. Spuzzum First Nation Social Housing believes that its loans receivable credit risk is

- Majority of its receivables are due from Canadian government agencies.
- Spuzzum First Nation Social Housing recognizes a specific allowance for accounts receivable when the management considers the expected amount to be collected is lower than the actual amount receivable.

Liquidity risk

Spuzzum First Nation Social Housing considers that it has sufficient credit facilities to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

Market risk

Spuzzum First Nation Social Housing is exposed to interest rate risk on its fixed-interest and variable-interest financial instruments. Fixed-interest instruments subject the nation to a fair value risk while the variable-interest instruments subject it to a cash flow risk.

The following table summarizes the contractual maturities of the financial liabilities as at March 31, 2016.

	Carrying amount	Contractual cash flows	0 to 1 year	2 to 4 years	Over 5 years
Accounts payable and accrued expenses	\$ 1,800	\$ 1,800	\$ 1,800	\$ -	\$ -
Long-term debt	56,726	56,726	12,611	38,684	5,431
	<u>\$ 58,526</u>	<u>\$ 58,526</u>	<u>\$ 14,411</u>	<u>\$ 38,684</u>	<u>\$ 5,431</u>

AUDITOR'S CONFIRMATION

To: The Members of Spuzzum First Nation and
Canada Mortgage and Housing Corporation

We have audited Spuzzum First Nation Social Housing's compliance as at March 31, 2016 with the criteria established by Canada Mortgage and Housing Corporation described in subparagraph 2(5) of the Section 95 Agreements with Canada Mortgage and Housing Corporation. Compliance with the criteria established by the provisions of the agreements is the responsibility of the management of Spuzzum First Nation Social Housing. Our responsibility is to express an opinion on this compliance based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the Spuzzum First Nation Social Housing complied with the criteria established by the provisions of the agreements referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with the agreements, and where applicable, assessing the accounting principles used and significant estimates made by management.

In our opinion, Spuzzum First Nation Social Housing, in accordance with subparagraph 2(5) of the Section 95 Agreements;

- has switched to fixed rental rate policy during the year; and
- has made the required rent adjustments.

With reference to the Statements of the Replacement Reserve Fund and the Subsidy Surplus Fund presented in the audited financial statements for the year ended March 31, 2016, the Replacement Reserve Fund and the Subsidy Surplus Fund have been funded and maintained, and all interest accruing to these funds have been recorded, in accordance with the Section 95 Agreements.

Port Coquitlam, B.C.
July 18, 2016

Ribeysre Chang Haylock
Chartered Professional Accountants