

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
FINANCIAL STATEMENTS
March 31, 2015

TL'ETINQOX GOVERNMENT

CMHC HOUSING PROGRAM

March 31, 2015

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RHB SCHMITZ de GRACE

Chartered Accountants

Partners

- Lynn Ross, CPA, CA
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- Denotes professional corporation

INDEPENDENT AUDITORS' REPORT

To the Members of
Tl'etinqox Government:

We have audited the accompanying financial statements of the Tl'etinqox Government CMHC Housing Program ("CMHC Housing Program"), which comprise the statement of financial position as at March 31, 2015, and the statement of operations and surplus and of cash flows 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 the basis of accounting required by CMHC as disclosed in Note 2 of the financial statements, 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.

Auditors' 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.

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INDEPENDENT AUDITORS' REPORT, continued

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Tl'etinqox Government CMHC Housing Program as at March 31, 2015 and the results of its operations, cash flows and replacement reserve for the year then ended in accordance with the basis of accounting required by CMHC as disclosed in Note 2 of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Program taken as a whole. The financial data included in the Annual Data Project Report for Phases II to V for the year ended March 31, 2015 has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Prince George, BC
June 30, 2015



Chartered Accountants

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
STATEMENT OF OPERATIONS AND SURPLUS

For the year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Forgiveness of advances from related parties	\$ 80,148	\$ -
Rental (Note 11)	13,804	13,802
CMHC Subsidy	4,331	4,512
	<u>98,283</u>	<u>18,314</u>
EXPENSES		
Insurance	21,388	9,010
Bad debts	11,860	7,508
Professional services	10,500	2,542
Replacement Reserve provision (Note 2)	2,360	2,574
Bank charges	144	474
Interest on long-term debt	1	945
Repairs and maintenance	-	1,399
Amortization of property and equipment (Note 2)	18,279	17,748
	<u>64,532</u>	<u>42,200</u>
EXCESS REVENUE (EXPENSES) FOR THE YEAR	33,751	(23,886)
SURPLUS (DEFICIT) AT BEGINNING OF THE YEAR	39,232	(229,933)
BC HOUSING REPLACEMENT RESERVE ADJUSTMENT	-	293,953
CMHC RECOVERIES	-	(902)
SURPLUS AT END OF THE YEAR	<u>\$ 72,983</u>	<u>\$ 39,232</u>

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
STATEMENT OF FINANCIAL POSITION

March 31, 2015

ASSETS

	2015	2014
CURRENT ASSETS		
Cash	\$ 33,437	\$ 2,100
Accounts receivable (Note 4)	-	521
	33,437	2,621
PROPERTY AND EQUIPMENT (Note 6)	295,935	314,214
DUE FROM RELATED PARTIES (Note 8)	103,993	98,698

Approved on behalf of Tl'etinqox-T'in Government:

_____ Chief

_____ Councillor

_____ Councillor

_____ Councillor	\$ 433,365	\$ 415,533
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_____ Councillor

_____ Councillor

_____ Councillor

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
STATEMENT OF FINANCIAL POSITION

March 31, 2015

LIABILITIES

	2015	2014
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,500	\$ 2,500
Current portion of long-term debt (Note 7)	-	18,279
	2,500	20,779

NET ASSETS

REPLACEMENT RESERVE (Notes 5 and 12)	28,804	26,444
CONTRIBUTED SURPLUS (Note 9)	329,078	329,078
SURPLUS	72,983	39,232
	430,865	394,754
	\$ 433,365	\$ 415,533

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
STATEMENT OF CASH FLOWS
For the year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Excess revenue (expenses) for the year	\$ 33,751	\$ (23,886)
Items not involving cash:		
CMHC recoveries	-	(902)
Replacement Reserve provision	2,360	2,574
Amortization of property and equipment	<u>18,279</u>	<u>17,748</u>
	54,390	(4,466)
Changes in non-cash working capital items:		
Accounts receivable	521	175
Accounts payable and accrued liabilities	<u>-</u>	<u>(23,043)</u>
Cash from operations	<u>54,911</u>	<u>(27,334)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	(18,279)	(17,748)
Advances (to) from related parties, net	<u>(5,295)</u>	<u>43,847</u>
	<u>(23,574)</u>	<u>26,099</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	31,337	(1,235)
CASH AT BEGINNING OF THE YEAR	<u>2,100</u>	<u>3,335</u>
CASH AT END OF THE YEAR	<u><u>\$ 33,437</u></u>	<u><u>\$ 2,100</u></u>

RHB SCHMITZ de GRACE
Chartered Accountants

TL'ETINQOX GOVERNMENT

CMHC HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

1. DESCRIPTION OF ENTITY AND NATURE OF ACTIVITIES

These financial statements include only Tl'etinqox Government's assets, liabilities, revenue and expenses related to the social housing program operated as Tl'etinqox Government CMHC Housing Program (the "Program").

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with Canada Mortgage and Housing Corporation (CMHC). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting standards as follows:

- a) Amortization of property and equipment purchased with mortgage proceeds advanced from CMHC is provided for at an amount equal to the annual principal repayment of the mortgages;
- b) Capital items purchased with replacement reserve funds are charged against the replacement reserve in the year in which the expense is incurred. Capital items not purchased with replacement reserve funds are charged to operations in the year the expense is incurred; and
- c) Contributions to the replacement reserve are charged to operations in the year the contribution is made.

Revenue Recognition

Subsidy revenue is recorded on the accrual basis. Rental income is recorded when received or determined to be receivable by management.

Property and Equipment and Amortization

Property and equipment are recorded at cost less accumulated amortization. Property and equipment funded by CMHC long-term debt is amortized at a rate equal to the annual reduction in long term-debt. Property and equipment replaced by the Replacement Reserve are not amortized. All other property and equipment is amortized based on the following annual rates:

Buildings	4%
Furniture and equipment	20%

TL'ETINQOX GOVERNMENT

CMHC HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Equivalents

Management considers cash and all highly liquid investments with maturity of twelve months or less at acquisition to be cash equivalents.

Measurement Uncertainty

The preparation of financial statements in conformity with the basis of accounting as described in Note 2 requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial Instruments

Measurement of financial instruments

The Program initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Program subsequently measures all its financial assets and financial liabilities at cost.

Financial assets measured at cost include cash, accounts receivable and due from related parties.

Financial liabilities measured at cost include accounts payable and accrued liabilities and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Program recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their origination, issuance or assumption.

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2015

4. ACCOUNTS RECEIVABLE

	2015	2014
CMHC subsidy	\$ -	\$ 361
Miscellaneous	-	160
	\$ -	\$ 521

5. REPLACEMENT RESERVE

Under the terms of an operating agreement with CMHC, the Replacement Reserve account had to be funded and maintained in according to the agreement. As the CMHC mortgage (see Note 7) was repaid in full during the year, the Replacement Reserve is now unrestricted and can be spent at the discretion of the Program's management.

6. PROPERTY AND EQUIPMENT

	2015		2014
Cost	Accumulated Amortization	Net Book Value	Net Book Value
Property and equipment	\$ 2,857,376	\$ 2,561,441	\$ 295,935
	\$ 314,214		\$ 314,214

The property and equipment above are inclusive of Phase I through IV.

TL'ETINQOX GOVERNMENT
CMHC HOUSING PROGRAM
NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

7. LONG-TERM DEBT

	2015	2014
<u>Phase V</u>		
Mortgage repayable in monthly instalments of \$1,547 including interest at 3.41% per annum, secured by a Government of Canada ministerial guarantee, due to renew March 1, 2015.	\$ -	\$ 18,279
	-	18,279
Less: Current portion	-	18,279
	\$ -	\$ -

This loan was fully repaid as of March 1, 2015.

8. DUE FROM (TO) RELATED PARTIES

	2015	2014
Tl'etingox Government	\$ 103,993	\$ 107,460
Klatassine Resources Ltd.	-	(8,764)
	\$ 103,993	\$ 98,696

The above advances are unsecured, non-interest bearing with no specific terms of repayment.

9. CONTRIBUTED SURPLUS

	2015	2014
Tl'etingox Government Construction contribution	\$ 329,078	\$ 329,078

TL'ETINQOX GOVERNMENT

CMHC HOUSING PROGRAM

NOTES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2015

10. RELATED PARTY TRANSACTIONS

During the year, Tl'etinqox Government paid for insurance in the amount of \$21,388 (2014 - \$nil) and long-term debt payments in the amount of \$18,280 (2014 - \$nil) on behalf of the Program. The Program made advances (net) to Tl'etinqox Government of \$44,965 (2014 - \$43,847).

The transactions arose in the normal course of operations, and are measured at the exchange amount, which is the consideration established and agreed to by the related parties.

11. RENTAL REVENUE

Rental revenue is recognized for phases which were being subsidized by CMHC.

12. REPLACEMENT RESERVE

	<u>2015</u>	<u>2014</u>
BALANCE AT BEGINNING OF THE YEAR	\$ 26,444	\$ 317,823
Interest income	-	-
Contribution	2,360	2,574
Disbursements	-	-
BC Housing Replacement Reserve adjustment	-	(293,953)
BALANCE AT END OF THE YEAR	<u>\$ 28,804</u>	<u>\$ 26,444</u>

ANNUAL PROJECT DATA REPORT / RAPPORT ANNUEL SUR LES ENSEMBLES D'HABITATION
NON PROFIT HOUSING PROGRAM 1978 / PROGRAMME DE LOGEMENT S.B.L. 1978

PROJECT NAME / NOM DE L'ENSEMBLE D'HABITATION Tl'etigox - Tim Government CMHC Program			CMHC Project Number / N° de projet de la SCHL		
Street No. / N° de la rue PO Box 168		Street Name / Rue		County-Twp. / Comté	
City / Ville Alexis Creek		Province BC		Postal Code / Code postal VOL 1A0	
N/P Corporation Identification / Désig. de la Corp. S.B.L.			Applicant's Reference Number / N° de réf. du demandeur		

OPERATING DATA / DONNÉES SUR L'EXPLOITATION					
No. of operating months / Nbre de mois d'exploitation 11		Year ending / Année se terminant le March 31 2015 December 31 2015		Vacancy Month / Mois inoccupés	
Management Style / Type de gestion			<input type="checkbox"/> Prov. / Munic. Agency / Org. prov. / munic. <input type="checkbox"/> Professional / Professionnel <input type="checkbox"/> Residents / Résidents <input checked="" type="checkbox"/> Other / Autre		

FINANCIAL DATA / DONNÉES FINANCIÈRES					
OPERATING EXPENSES / DÉPENSES D'EXPLOITATION		Amount / Montant	OPERATING REVENUE/REVENUS ET CONTRIBUTIONS		Amount / Montant
Amortization Costs / Frais d'amortissement		\$ 18,279	Revenue / Revenu - Rentals / Loyers		\$ 13,804
Ground Rent / Bail de terrain			- Commercial		
Gross Utility Costs / Frais bruts services publics			- Other / Autre		80,148
Operating costs / Frais d'exploitation		31,888			\$ 93,952
Maintenance / Entretien			Maximum Federal Contribution / Contribution fédérale maximale		4,331
Taxes			Provincial Contribution / Contribution provinciale		
Administration		12,005	Municipal Contribution / Contribution municipale		
Modernization and Improvement Expenses / Dépenses de modernisation et d'amélioration			Other Contributions / Autres contributions		
Reserves / Réserve		2,360	Federal/Provincial-Section 44 - Cost Sharing / Article 44, Programme fédéral-prov. à frais partagés		
TOTAL OPERATING EXPENSES / TOTAL DES FRAIS D'EXPLOITATION		\$ 64,532	TOTAL OPERATING REVENUE / TOTAL DES REVENUS ET CONTRIBUTIONS		\$ 98,283

ACCUMULATED REPLACEMENT RESERVE AT YEAR-END / RÉSERVE DE REMPLACEMENT ACCUMULÉE EN FIN D'ANNÉE	28,804
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AUDITOR'S CERTIFICATION / VÉRIFICATION	
I certify that the financial data shown represents a true and fair view of the financial operations of the Corporation	Je déclare que les données financières indiquées présentent un aperçu juste et fidèle de la situation de la Société
Date	Name of Audit Firm / Nom de la firme
Signature of Auditor / Signature du vérificateur	RHB SCHMITZ de GRACE

TENANT PROFILE / PROFIL DU LOCATAIRE			
GROSS FAMILY INCOME / REVENU FAMILIAL BRUT		HOUSEHOLD SIZE / TAILLE DU MÉNAGE	
Income Range / Éventail de revenu - \$	NO. OF UNITS / NBRE DE LOG.	No. of Persons in Household / Nbre de membres dans le ménage	NO. OF UNITS / NBRE DE LOG.
RENT-TO-INCOME / ÉCHELLE DE LOYER		1 person / personne	
Less than / inf. à 3 000		2 persons / personnes	
3 001 to / à 5 000		3 persons / personnes	
5 001 to / à 7 000		4 persons / personnes	
7 001 to / à 9 000		5 persons / personnes	
9 001 to / à 11 000		No. of Single Parent Families / Nbre de familles monoparentales :	
11 001 to / à 13 000			
13 001 to / à 16 000		6 persons or over / personnes ou plus	
16 001 to / à 20 000			
over / supérieur à 20 000			
SUB TOTAL / TOTAL PARTIEL			
MARKET RENTS / LOYERS DU MARCHÉ			
TOTAL PROJECT UNITS / NOMBRE TOTAL DE LOGEMENTS		TOTAL PROJECT UNITS / NOMBRE TOTAL DE LOGEMENTS	

UNIT TYPE / GENRE DE LOG.	MARKET RENT/RANGE / ÉVENTAIL LOYER MAR	NO. OF UNITS / NBRE DE LOG.
Hostel / Place de foyer	\$	
1 Bedroom / chambre		
2 Bedrooms / chambres		
3 Bedrooms / chambres		
4 Bedrooms / chambres		
5 Bedrooms and over / chambres ou plus		
TOTAL RENT-TO-INCOME UNITS / NBRE TOTAL DE LOG. DONT LE LOYER EST PROPORTIONNEL AU REVENU		

PROVINCIAL CERTIFICATION OR AUDITOR / CERTIFICATION PROVINCIALE OU VÉRIFICATEUR	
I certify that the agreed Rent-to-Income Scale or Ratio has been applied and that the Market Rents opposite are in effect.	
Je déclare que l'échelle convenue de loyers proportionnés au revenu a été appliquée et que les loyers du marché indiqués sont en vigueur.	
Date	Signature of Authorized Provincial Representative or Auditor / Fondé de signature provincial ou vérificateur

60139 06/2004



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH AN AGREEMENT

We have audited the Tl'etinqox Government CMHC Housing Program's compliance as at March 31, 2015 with the criteria established by the Operating Agreement with Canada Mortgage and Housing Corporation relating to income testing, rental charges and the replacement reserve. These provisions are described in sub-paragraph 2(5) and paragraph 15 of CMHC agreement reference: 16 887 473. Compliance with the criteria established by the agreement is the responsibility of the management of Tl'etinqox Government CMHC Housing Program. 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 Tl'etinqox Government CMHC Housing Program complied with the criteria established by the provisions of the agreement referred to above. Such an audit includes examining, on a test basis, evidence supporting compliance, evaluating the overall compliance with sub-paragraph 2(5) and paragraph 15 of the agreement, and where applicable, assessing the accounting principles used and significant estimates made by management.

We could not verify if occupants have been approved by Canadian Mortgage and Housing Corporation for some of the tenants.

As disclosed in the preceding paragraphs, Tl'etinqox Government CMHC Housing Program is not in compliance, with the criteria established by sub-paragraph 2(5) and paragraph 15 of the agreement.

Prince George, BC
June 30, 2015



Chartered Accountants