

**INDIAN ISLAND FIRST NATION -  
SECTION 95 SOCIAL HOUSING  
OPERATION  
POST-1996**

**ANNUAL FINANCIAL REPORT**

Year ended March 31, 2024

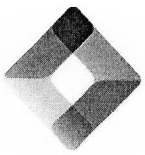
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Year ended March 31, 2024

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## **INDEPENDENT AUDITORS' REPORT**

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To the Chief and First Nation Councillors of  
INDIAN ISLAND FIRST NATION - Section 95 Social Housing Operation

### ***Opinion***

We have audited the accompanying financial statements of INDIAN ISLAND FIRST NATION - Section 95 Social Housing Operation (First Nation), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2024, and the results of its operation, equity and its cash flows for the year then ended in accordance with the funding agreement between the First Nation and Canada Mortgage and Housing Corporation (CMHC).

### ***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 the First Nation 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.

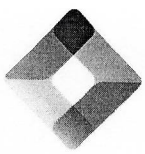
### ***Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use***

Without modifying our opinion, we draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the First Nation to comply with the financial reporting provisions of the funding agreement referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the First Nation and CMHC and should not be distributed or used by parties other than the First Nation and CMHC.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in the CMHC Funding Agreements, and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.





In preparing the financial statements, management is responsible for assessing the First Nation'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 the First Nation or to cease operations, or has no realistic alternative but to do so.

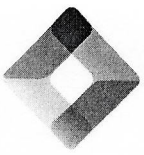
Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

### ***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 of 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 the First Nation'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 the First Nation'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 the First Nation to cease to continue as a going concern.



# Nadeau Picard & Associés, CPA

Comptables professionnels agréés  
Chartered Professional Accountants

- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the First Nation's audit. We remain solely responsible for our audit opinion.

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

*Nadeau Picard & Associés, CPA*

Nadeau Picard & Associés, CPA  
Chartered Professional Accountants

Grand Falls, New Brunswick  
July 18, 2024

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**OPERATIONS**

Year ended March 31

**2024**

**2023**

**REVENUES**

Contribution from Indian Island First Nation	\$	<b>156,645</b>	\$	263,151
Rent		<b>151,081</b>		144,393
Contribution from Replacement Reserve Fund		<b>102,855</b>		52,207
CMHC subsidies		<b>114,688</b>		97,812
Other revenue		<b>-</b>		57,500
		<b>525,269</b>		615,063

**EXPENSES**

Administration		<b>26,071</b>		30,748
Insurance		<b>37,234</b>		28,741
Professional and audit fees		<b>14,998</b>		13,198
Interest on long-term debt		<b>36,355</b>		27,894
Repairs and maintenance		<b>127,652</b>		197,385
Contribution to Replacement Reserve Fund		<b>28,892</b>		85,500
Electrical power		<b>91,832</b>		78,161
Snow removal		<b>450</b>		450
Garbage removal		<b>25,646</b>		18,448
Amortization		<b>128,998</b>		120,217
		<b>518,128</b>		600,742

**EXCESS OF REVENUES OVER EXPENSES**

**7,141**

**14,321**



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**EQUITY**

March 31

**2024**

**2023**

**OPERATING RESERVE FUND**

Balance at beginning	<b>51,459</b>	37,138
Contribution from operations	<u>7,141</u>	<u>14,321</u>
Balance at end	<b>\$ 58,600</b>	<b>\$ 51,459</b>

**REPLACEMENT RESERVE FUND**

Balance at beginning	<b>\$ 374,304</b>	\$ 336,504
Interest income	<b>9,453</b>	4,507
Contribution from operations	<b>28,892</b>	85,500
Contribution to operations	<u><b>(102,855)</b></u>	<u>(52,207)</u>
Balance at end	<b>\$ 309,794</b>	<b>\$ 374,304</b>

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**FINANCIAL POSITION**

March 31

2024

2023

**ASSETS**

**RESTRICTED CASH**

Operating Reserve Fund (note 3)	\$ 57,703	\$ 46,669
Replacement Reserve Fund (note 4)	356,046	373,801
Receivable from CMHC	-	57,500
	<u>413,749</u>	<u>477,970</u>

<b>CAPITAL ASSETS (note 5)</b>	<u>1,878,056</u>	<u>1,659,708</u>
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	<u>\$ 2,291,805</u>	<u>\$ 2,137,678</u>
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**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable	\$ 45,355	\$ 52,207
Current portion of long-term debt (note 6)	134,954	120,451
	<u>180,309</u>	<u>172,658</u>

<b>LONG-TERM DEBT (note 6)</b>	<u>1,743,102</u>	<u>1,539,257</u>
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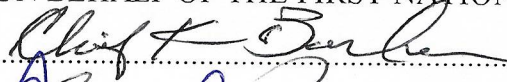


	<u>1,923,411</u>	<u>1,711,915</u>
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**EQUITY**

Operating Reserve Fund	58,600	51,459
Replacement Reserve Fund	309,794	374,304
	<u>368,394</u>	<u>425,763</u>

	<u>\$ 2,291,805</u>	<u>\$ 2,137,678</u>
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ON BEHALF OF THE FIRST NATION

....., Chief  
....., Councillor  
....., Councillor



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**CASH FLOWS**

Year ended March 31

**2024**

**2023**

**OPERATING FUND**

**OPERATING ACTIVITIES**

Excess of revenues over expenses	\$	<b>7,141</b>	\$	14,321
Items not affecting cash and cash equivalents :				
Amortization		<b>128,998</b>		120,217
		<b>136,139</b>		134,538
Net change in non-cash working capital items :				
Receivable from CMHC		<b>57,500</b>		(57,500)
Accounts payable		<b>(6,852)</b>		52,207
Total		<b>50,648</b>		(5,293)
		<b>186,787</b>		129,245

**INVESTING ACTIVITIES**

Acquisition of capital assets		<b>(347,346)</b>		-
Contribution to operating reserve		<b>(7,141)</b>		(14,321)
Contribution to replacement reserve		<b>(50,648)</b>		5,293
		<b>(405,135)</b>		(9,028)

**FINANCING ACTIVITIES**

Additional financing		<b>347,346</b>		-
Repayment of long-term debt		<b>(128,998)</b>		(120,217)
		<b>218,348</b>		(120,217)

**UNRESTRICTED CASH, BEGINNING AND END OF YEAR**      \$                    -      \$                    -

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**NOTES TO FINANCIAL STATEMENTS**

March 31, 2024

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**1. BASIS OF ACCOUNTING**

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These financial statements are prepared from information extracted from the consolidated audited financial statements of Indian Island First Nation and adjusted to meet the accounting and recording requirements of the CMHC Housing Authority.

**2. SIGNIFICANT ACCOUNTING POLICIES**

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**Revenues and expenses**

Revenues and expenses are recorded according to the accrual basis of accounting.

**Capital assets**

Capital assets are recorded at cost equal to the related CMHC mortgage funding only.

**Amortization**

Amortization is provided on capital assets purchased from loans insured by CMHC at a rate equal to the annual principal reduction of the mortgage. A replacement reserve is maintained to provide for future asset replacement.

**Operating and Replacement Reserves**

The Operating Reserve and Replacement Reserve accounts are funded by an annual charge against earnings as opposed to an appropriation of surplus.

**Use of estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods presented. Actual amounts could differ from these estimates.

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**NOTES TO FINANCIAL STATEMENTS**

March 31, 2024

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**3. OPERATING RESERVE FUND**

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Under the terms of the agreements with Canada Mortgage and Housing Corporation, any annual operating surplus may be retained in a operating reserve, to be drawn against in the event of any future deficits. The reserve is to be comprised of monies deposited in a seperate 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.

At year end, the operating reserve is underfunded by \$897.

**4. REPLACEMENT RESERVE**

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Under the terms of the agreement with Canada Mortgage and Housing Corporation, the Replacement Reserve account is to be credited in the amount of \$1,000 per house annually as stated in Schedule "B" of the Operating Agreement. 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. Withdrawals are credited to interest first and then principal.

At year end, the replacement reserve is overfunded by \$46,252.



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**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

5. CAPITAL ASSETS	2024			2023
	Buildings	Cost	Acumulated amortization	Net value
Project 17-914-524/001	\$ 54,500	\$ 54,500	\$ -	\$ 2,991
Project 17-914-524/002	56,100	53,509	2,591	5,682
Project 17-914-524/003	55,750	50,091	5,659	8,689
Project 17-914-524/004	65,000	52,648	12,352	15,629
Project 17-914-524/005	65,000	49,743	15,257	18,378
Project 17-914-524/006	65,000	49,078	15,922	18,986
Project 17-914-524/007	65,000	45,560	19,440	22,515
Project 17-914-524/008	69,550	45,586	23,964	27,172
Project 17-914-524/009	72,913	44,815	28,098	31,397
Project 17-914-524/010	72,025	42,809	29,216	32,357
Project 17-914-524/011	74,796	42,284	32,512	35,552
Project 17-914-524/012	93,833	50,911	42,922	46,851
Project 17-914-524/013	107,812	55,974	51,838	56,432
Project 17-914-524/014	108,327	53,980	54,347	59,013
Project 17-914-524/015	108,155	49,328	58,827	63,247
Project 17-914-524/016	113,879	50,159	63,720	68,189
Project 17-914-524/017	113,950	48,850	65,100	69,357
Project 17-914-524/018	133,737	49,333	84,404	88,988
Project 17-914-524/019	101,996	34,314	67,682	71,505
Project 17-914-524/020	106,048	33,986	72,062	76,069
Project 17-914-524/021	127,671	38,107	89,564	94,515
Project 17-914-524/022	131,275	33,344	97,931	102,677
Project 17-914-524/023	119,911	29,904	90,007	94,376
Project 17-914-524/024	119,795	28,195	91,600	95,651
Project 17-914-524/025	139,844	27,725	112,119	116,192
Project 17-914-524/026	139,414	41,638	97,776	106,568
Project 17-914-524/027	131,000	31,484	99,516	107,992
Project 17-914-524/028	133,426	18,835	114,591	122,738
Project 17-914-524/029	162,271	5,412	156,859	-
Project 17-914-524/030	185,075	2,895	182,180	-
	<b>\$ 3,093,053</b>	<b>\$ 1,214,997</b>	<b>\$ 1,878,056</b>	<b>\$ 1,659,708</b>



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**NOTES TO FINANCIAL STATEMENTS**

March 31, 2024

<b>6. LONG-TERM DEBT</b>	<b>2024</b>	<b>2023</b>
Loan repaid during the year	-	2,991
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$427 including capital and interest at the rate of 1.87%, maturing in 2039, renewable in May 2024	<b>67,682</b>	71,505
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$260 including capital and interest at the rate of 0.65%, maturing in January 2025	<b>2,591</b>	5,682
Loan, secured by a first mortgage on buildings, repayable by monthly instalments of \$268 including capital and interest at the rate of 0.69%, maturing in 2030, renewable in June 2025	<b>19,440</b>	22,515
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$422 including capital and interest at the rate of 0.69%, maturing in 2035, renewable in June 2025	<b>54,347</b>	59,013
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$766 including capital and interest at the rate of 0.69%, maturing in 2035, renewable in June 2025	<b>99,516</b>	107,992
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$414 including capital and interest at the rate of 0.68%, maturing in 2035, renewable in October 2025	<b>51,838</b>	56,432
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$260 including capital and interest at the rate of 1.30%, maturing in January 2026	<b>5,659</b>	8,689
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$470 including capital and interest at the rate of 0.74%, maturing in 2041, renewable in February 2026	<b>89,564</b>	94,515
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$295 including capital and interest at the rate of 1.30%, maturing in 2031, renewable in April 2026	<b>23,964</b>	27,172
Subtotal carried forward	<b>\$ 414,601</b>	<b>\$ 456,506</b>

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**NOTES TO FINANCIAL STATEMENTS**  
March 31, 2024

<b>6. LONG-TERM DEBT (continued)</b>	<b>2024</b>	<b>2023</b>
Subtotal carried forward from previous page	<b>\$ 414,601</b>	\$ 456,506
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$409 including capital and interest at the rate of 1.22%, maturing in 2040, renewable in May 2026	<b>72,062</b>	76,069
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$426 including capital and interest at the rate of 1.13%, maturing in 2036, renewable in June 2026	<b>58,827</b>	63,247
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$829 including capital and interest at the rate of 1.51%, maturing in 2036, renewable in November 2026	<b>114,591</b>	122,738
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$527 including capital and interest at the rate of 1.57%, maturing in 2041, renewable in December 2026	<b>97,931</b>	102,677
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$455 including capital and interest at the rate of 1.50%, maturing in 2037, renewable in January 2027	<b>63,720</b>	68,189
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$479 including capital and interest at the rate of 1.50%, maturing in 2042, renewable in January 2027	<b>90,007</b>	94,376
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$322 including capital and interest at the rate of 1.88%, maturing in 2032, renewable in February 2027	<b>28,098</b>	31,397
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$482 including capital and interest at the rate of 2.27%, maturing in 2037, renewable in April 2027	<b>65,100</b>	69,357
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$515 including capital and interest at the rate of 2.27%, maturing in 2042, renewable in April 2027	<b>91,600</b>	95,651
Subtotal carried forward	<b>\$ 1,096,537</b>	\$ 1,180,207

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**NOTES TO FINANCIAL STATEMENTS**

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<b>6. LONG-TERM DEBT (continued)</b>	<b>2024</b>	<b>2023</b>
Subtotal carried forward from previous page	\$ 1,096,537	\$ 1,180,207
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$340 including capital and interest at the rate of 3.04%, maturing in 2032, renewable in June 2027	29,216	32,357
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$312 including capital and interest at the rate of 3.29%, maturing in September 2027	12,352	15,629
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$690 including capital and interest at the rate of 3.70%, maturing in 2042, renewable in December 2027	112,119	116,192
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$361 including capital and interest at the rate of 3.81%, maturing in 2033, renewable in March 2028	32,512	35,552
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$630 including capital and interest at the rate of 3.52%, maturing in 2038, renewable in May 2028	84,404	88,988
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$1,194 including capital and interest at the rate of 3.96%, maturing in 2038, renewable in July 2028	156,859	-
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$321 including capital and interest at the rate of 5.00%, maturing in August 2028	15,257	18,378
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$1,427 including capital and interest at the rate of 4.66%, maturing in 2038, renewable in November 2028	182,180	-
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$441 including capital and interest at the rate of 3.58%, maturing in 2033, renewable in January 2029	42,922	46,851
Subtotal carried forward	\$ 1,764,358	\$ 1,534,154



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**NOTES TO FINANCIAL STATEMENTS**  
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**6. LONG-TERM DEBT (continued)**

	2024	2023
Subtotal carried forward from previous page	\$ 1,764,358	\$ 1,534,154
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$296 including capital and interest at the rate of 3.84%, maturing in February 2029	15,922	18,986
Loan secured by a first mortgage on buildings, repayable by monthly instalments of \$974 including capital and interest at the rate of 3.84%, maturing in 2034, renewable in April 2029	97,776	106,568
	<u>\$ 1,878,056</u>	<u>\$ 1,659,708</u>
Current portion to be paid during the year	134,954	120,451
	<u>\$ 1,743,102</u>	<u>\$ 1,539,257</u>

Estimated long-term debt principal repayments to be made during the next five years are :

2025 : \$134,954  
 2026 : \$135,023  
 2027 : \$135,677  
 2028 : \$137,148  
 2029 : \$136,103