



## Dzawada'enuxw First Nation

CMHC Housing Program

March 31, 2021

Kali Friday, CPA, CA, CAFM

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March 16, 2022

Dzawada'enuxw First Nation  
#32 U'Kwa Nalis Road  
Kingcome Inlet, BC V0N 2B0

PRIVATE AND CONFIDENTIAL

Dear Ms. Dawson:

RE: Fiscal Year-end March 31, 2021

We have completed our audit of the CMHC financial statements of Dzawada'enuxw First Nation ("the Program") for the year ended March 31, 2021 and enclose the following:

**FINANCIAL STATEMENTS**

1. One digital copy of the March 31, 2021 audited CMHC financial statements.

**OTHER ENCLOSURES**

1. One copy of our Audit Findings report including our Independence Communication letter.
2. One copy of the Representation Letter.
3. One copy of the year-end journal entries as previously reviewed and approved by you and one copy of the closing trial balance for your records. Please ensure that these journal entries are posted to your general ledger, the general ledger is properly closed and your accumulated surplus balance agrees to the enclosed financial statements.

Your records are being returned at this time. All records and documents should be retained in safekeeping for a minimum of seven years in the event that the Canada Revenue Agency demands them for audit purposes. This seven-year period is by Statute and, even after this time, the Canada Revenue Agency's permission to destroy records should be obtained.

We thank you for appointing our Firm as your auditors. Please contact us at any time if you have questions on accounting, finance, tax or other general business concerns. We would also be pleased to discuss our suite of services with your friends and business associates. We appreciate your business and any referrals you may make to our Firm.

If you have any questions or comments, or if we can be of additional assistance, please feel free to contact me at (250) 734-4376.

Sincerely,



Kali Friday, CPA, CA, CAFM  
Partner, Indigenous Services

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Financial Statements**  
*March 31, 2021*

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
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*For the year ended March 31, 2021*

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# Independent Auditor's Report

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To the Members of Dzawada'enuxw First Nation and Canada Mortgage and Housing Corporation:

## Opinion

We have audited the financial statements of the Dzawada'enuxw First Nation - CMHC Social Housing, which comprise the statement of financial position as at March 31, 2021, and the statements of revenues, expenses and accumulated surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Dzawada'enuxw First Nation - CMHC Social Housing for the year ended March 31, 2021, are prepared, in all material respects, in accordance with the financial reporting provisions of Section 95 of the funding agreements between the Dzawada'enuxw First Nation (the "First Nation") and the 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 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 Use

We draw attention to Note 2 to 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 with CMHC. 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 used by parties other than the First Nation and CMHC. Our opinion is not modified in respect of this matter.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 95 of the funding agreements between the First Nation and CMHC, 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.

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 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 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.

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.

Nanaimo, British Columbia

March 7, 2022

*MNP LLP*

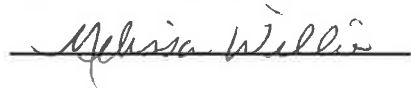
Chartered Professional Accountants

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Statement of Financial Position**

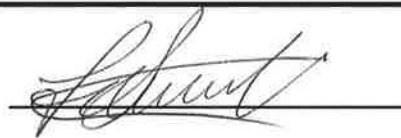
*As at March 31, 2021*

	2021	2020
<b>Assets</b>		
Cash	262,021	260,442
CMHC subsidy receivable	15,476	1,170
CMHC supplemental funding receivable (Note 3)	71,802	-
Restricted cash - replacement reserve (Note 4)	28,112	28,112
Fixed assets (Note 5)	463,923	479,026
	<b>841,334</b>	<b>768,750</b>
<b>Liabilities</b>		
Accounts payable and accruals	4,525	4,559
Security deposits	2,250	2,250
Deferred revenue	115,124	115,124
Due to Dzawada'enuxw First Nation operations (Note 6)	592,598	558,545
Long-term debt (Note 7)	10,972	26,078
	<b>725,469</b>	<b>706,556</b>
<b>Contingency (Note 8)</b>		
<b>Accumulated surplus (Note 9)</b>	<b>115,865</b>	<b>62,194</b>

Approved on behalf of Chief and Council



Chief



Councillor

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Statement of Revenue, Expenses and Accumulated Surplus**  
*For the year ended March 31, 2021*

	2021	2020
<b>Revenue</b>		
Canada Mortgage and Housing Corporation	15,476	28,221
Rental income	48,790	56,232
Administration fees	5,800	5,500
	<b>70,066</b>	89,953
<b>Expenses</b>		
Insurance	16,562	14,778
Amortization	15,102	37,515
Repairs and maintenance	10,081	16,258
Replacement reserve allocation (Note 4)	4,913	4,913
Professional fees	4,800	4,725
Administration	2,774	10,627
Interest on long term debt	467	1,136
	<b>54,699</b>	89,952
<b>Annual surplus of revenue over expenses</b>	<b>15,367</b>	1
<b>Transfers</b>		
CMHC adjustment	-	7,478
Transfers to replacement reserve (Note 4)	38,305	(19,280)
<b>Accumulated surplus, beginning of year</b>	<b>62,193</b>	73,994
<b>Accumulated surplus, end of year</b>	<b>115,865</b>	62,193

The accompanying notes are an integral part of these financial statements

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Statement of Cash Flows**  
*For the year ended March 31, 2021*

	<b>2021</b>	<b>2020</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors		
Canada Mortgage and Housing Corporation	-	28,221
Rental revenue received	-	65,407
Cash paid to suppliers	<b>(17,368)</b>	<b>(27,946)</b>
	<b>(17,368)</b>	65,682
<b>Financing activities</b>		
Change in amounts due to Dzawada'enuxw First Nation	<b>34,053</b>	10,556
Repayment of long-term debt	<b>(15,106)</b>	<b>(37,515)</b>
	<b>18,947</b>	<b>(26,959)</b>
<b>Increase in cash resources</b>	<b>1,579</b>	38,723
<b>Cash resources, beginning of year</b>	<b>260,442</b>	221,719
<b>Cash resources, end of year</b>	<b>262,021</b>	260,442

*The accompanying notes are an integral part of these financial statements*

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

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**1. Operations**

The purpose of Dzawada'enuxw First Nation CMHC Social Housing Program (the "Program") is to administer a housing program for members of the First Nation. The Program assists in obtaining and managing the repayment of mortgages. It coordinates the building of homes and maintains funds to provide repairs and maintenance. The First Nation receives a subsidy from the Canada Mortgage and Housing Corporation (CMHC) and shortfalls are funded by the First Nation. To qualify for the subsidy from CMHC, the First Nation is required to collect income verification data from occupants and adjust rents accordingly.

**2. Basis of presentation and significant accounting policies**

These financial statements are the representation of management, prepared in accordance with the financial reporting provisions of Sections 95 of the funding agreements between Dzawada'enuxw First Nation and CMHC.

***Basis of presentation***

These financial statements include only the operations of Dzawada'enuxw First Nation CMHC Program Housing Projects that are funded by CMHC and are administered by Dzawada'enuxw First Nation. They do not include revenue, expenses, assets or liabilities related to other operations of the Dzawada'enuxw First Nation.

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.

***Fixed 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 building and equipment purchased from loans insured by CMHC at a rate equal to the annual principal reduction of the loan. A replacement reserve is maintained to provide for future asset replacement.

***Replacement reserve fund***

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.

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**3. CMHC Supplemental Funding**

On March 31, 2021, CMHC provided approval for supplemental funding due to the COVID-19 pandemic. The total approved fund amount is \$71,208 is receivable at March 31, 2021. The amount is restricted to be deposited into the replacement reserve and to be solely used for the purpose of financing repairs, maintenance, and capital replacement items. As of March 31, 2021, \$34,441 of these funds have been spent.

**4. Replacement Reserve**

Pre 1997 phases

Under the terms of the agreements with CMHC, the replacement reserve account is to be credited in the amount of \$4,913 (2020 - \$4,913) 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.

At year end, the funds in the replacement reserves consisted of the following:

	2021	2020
<b>Pre 1997 Program</b>		
Reserve funds opening balance	19,119	38,398
Annual allocation from operations	4,913	4,913
Recovery of approved expenditures	(38,409)	(16,714)
Risk provision subsidy adjustment	-	(7,478)
CMHC supplemental funding (Note 3)	71,802	-
	<b>57,425</b>	<b>19,119</b>

At year-end, the replacement reserve was underfunded by \$29,313 (2020 - adequately funded).

**5. Fixed Assets**

	Cost	Accumulated Depreciation	2021 Net Book Value	2020 Net Book Value
Housing	2,331,026	(1,867,103)	463,923	479,026

**6. Due to Dzawada'enuxw First Nation Operations**

The amounts due to Dzawada'enuxw First Nation are unsecured, non-interest bearing and with no specific terms of repayment.

**Dzawada'enuxw First Nation**  
**CMHC Social Housing**  
**Notes to the Financial Statements**  
*For the year ended March 31, 2021*

**7. Long-term debt**

	2021	2020
Phase 3 - Royal Bank of Canada; repaid during the year.	-	1,892
Phase 4 - Royal Bank of Canada; repayable at \$1,143 per month including interest at 2.74% per annum; matures on January 1, 2022; secured by guarantee of Indigenous Services Canada.	<b>10,972</b>	24,186
	<b>10,972</b>	26,078

**8. Contingency**

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

**9. Accumulated surplus**

Accumulated surplus consists of the following:

	2021	2020
<b>Pre-1997 On-Reserve Program</b>		
Replacement reserve ( <i>Note 4</i> )	<b>57,425</b>	19,119
CMHC adjustment	-	7,478
Contributed surplus	<b>453,033</b>	453,033
Accumulated deficit	<b>(394,593)</b>	(417,436)
	<b>115,865</b>	62,194

**10. Economic dependence**

Dzawada'enuxw First Nation is economically dependent on the subsidies it receives from Canada Mortgage and Housing Corporation (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 agreements that have been made with CMHC.



## Independent Practitioner's Reasonable Assurance Report on Compliance

To Canadian Mortgage and Housing Corporation:

We have undertaken a reasonable assurance engagement of Dzawada'enuxw First Nation CMHC Social Housing Program's compliance as at March 31, 2021, with the criteria established to fund and maintain special accounts for the subsidy surplus reserve and the replacement reserve by clauses 4(7-11) and 15 of the First Nation's Operating Agreement with CMHC. We have also audited the Dzawada'enuxw First Nation's compliance with the criteria established to calculate rent by clause 2(5) of the First Nation's Operating Agreement with CMHC in respect of verification of the incomes and application of rent-to-income ratios, as well as verification of the Annual Project Data Report by clause 13(5)(d) of the First Nation's Operating Agreement as set out in CMHC Pre 1997 On-Reserve Program Reporting Requirements.

### *Management's Responsibility*

Management is responsible for Dzawada'enuxw First Nation's compliance with the specified requirements. Management is also responsible for such internal control as management determines necessary to enable Dzawada'enuxw Nation's compliance with the specified requirements.

### *Our Responsibility*

Our responsibility is to express a reasonable assurance opinion on Dzawada'enuxw First Nation's compliance based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3531, *Direct Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the entity complied with the specified requirements, in all significant respects.

Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a significant instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered significant if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about the entity's compliance with the specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of significant non-compliance, whether due to fraud or error.

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

### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the Code of Professional Conduct, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Basis of Qualified Conclusion*

Based on the procedures performed and the evidence obtained, we were able to verify that Dzawada'enuxw First Nation had not adequately funded the replacement reserve. The replacement reserve was underfunded by \$29,313 at March 31, 2021.

### *Qualified Conclusion*

In our opinion, except for the effect of the matter described in the Basis of Qualified Conclusion section of our report, Dzawada'enuxw First Nation complied with the specified requirements set out in the CMHC Pre 1997 On-Reserve Program Reporting Requirements, during the period April 1, 2020 to March 31, 2021, in all significant respects.

We do not provide a legal opinion on Dzawada'enuxw First Nation's compliance with the specified requirements.

Nanaimo, British Columbia  
March 7, 2022

*MNP<sub>LLP</sub>*

**Chartered Professional Accountant**



## **Dzawada'enuxw First Nation**

2021 CMHC Audit Findings  
Report to the Audit Committee  
March 31, 2021

Kali Friday, CPA, CA, CAFM  
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## OVERVIEW

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the financial statements of Dzawada'enuxw First Nation (the "CMHC Program") as at March 31, 2021 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Audit Committee.

As auditors, we report to the members on the results of our examination of the financial statements of the CMHC Program as at and for the year ended March 31, 2021. The purpose of this Report is to assist you, as members of the Audit Committee, in your review of the results of our audit.

This Report is intended solely for the information and use of Council and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

## ENGAGEMENT STATUS

We have completed our audit of the financial statements of the CMHC Program which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Chief and Council review and approval of the financial statements.

No significant limitations were placed on the scope of our audit.

## INDEPENDENT AUDITOR'S REPORT

We expect to have the above procedure completed and to release our Independent Auditor's Report on March 7, 2022.




Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the members of the CMHC Program. A draft copy of our proposed Independent Auditor's Report has been included with this report. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.


Our Independent Practitioner's Reasonable Assurance Report on Compliance will provide a qualified opinion to the members of the CMHC program due to the replacement reserve being underfunded by \$29,313 at March 31, 2021.

## AUDIT REPORTING MATTERS

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

### SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

AREA	COMMENTS
 <b>CHANGES FROM AUDIT SERVICE PLAN</b>	There were no deviations from the Audit Service Plan previously presented to you.
 <b>FINAL MATERIALITY</b>	Final materiality used for our audit was \$20,000 for March 31, 2021, and \$14,700 for March 31, 2020.
 <b>FINANCIAL STATEMENT DISCLOSURES</b>	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in

AREA	COMMENTS
	the financial statements.
 <b>REPLACEMENT RESERVE</b>	The replacement reserve is underfunded at March 31, 2021 by \$29,313.

#### OTHER AREAS

AREA	COMMENTS
<b>AUDITOR INDEPENDENCE</b>	We confirm to the Audit Committee that we are independent of the CMHC Program. Our letter to the Audit Committee discussing our independence is included as part of the additional materials attached to this report.
<b>MANAGEMENT REPRESENTATIONS</b>	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.
<b>SUMMARY OF SIGNIFICANT DIFFERENCES</b>	One significant difference was proposed to management with respect to the March 31, 2021 financial statements.

#### SUMMARY OF SIGNIFICANT DIFFERENCES

#### SIGNIFICANT UNADJUSTED DIFFERENCES

DIFFERENCES NOTED AND ITEMS AFFECTED	BALANCE SHEET	EARNINGS
Repairs related to non CMHC section 95 homes were included in the CMHC Housing department. Expenses overstated, Due to First Nation understated.	\$ 10,081	\$ (10,081)
<b>Total Unadjusted Differences (Income Effect)</b>		<b>\$ (10,081)</b>

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

*MNP LLP*

**MNP LLP**  
Chartered Professional Accountants

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## Independence Communication



March 7, 2022

Chief and Council  
Dzawada'enuxw First Nation  
#32 U'Kwa Nalis Road  
Kingcome Inlet, BC V0N 2B0

Dear Sirs/Mesdames:

We have been engaged to audit the financial statements of Dzawada'enuxw First Nation ("the First Nation") as at March 31, 2021 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the First Nation and its related entities or persons in financial reporting oversight roles at the First Nation and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the First Nation and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from April 1, 2020 to March 7, 2022.

We hereby confirm that MNP is independent with respect to the First Nation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of March 7, 2022.

This report is intended solely for the use of Chief and Council, management and others within the First Nation and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,

MNP LLP  
Chartered Professional Accountants

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Dzawada'enuxw First Nation  
#32 U'Kwa Nalis Road  
Kingcome Inlet, BC V0N 2B0

March 7, 2022

MNP LLP  
Suite 400 MNP Place  
345 Wallace Street  
Nanaimo, British Columbia V9R 5B6

To Whom It May Concern:

In connection with your audit of the financial statements of Dzawada'enuxw First Nation's CMHC Social Housing Program ("the Program") as at March 31, 2021 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

#### **Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated January 26, 2021, for the preparation and fair presentation of the Program's financial statements in accordance with the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC and Dzawada'enuxw First Nation and CMHC are the specified users of the financial statements. We acknowledge that these statements are not the Program's general purpose financial statements, and have been prepared on the basis described in the notes. We believe that the financial statements are complete and prepared, in all material respects, in accordance with the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Program's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC, and are applied consistently throughout the financial statements.
4. We have disclosed to you all significant assumptions used in making accounting estimates and judgments, and believe they are reasonable.
5. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.



6. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. A summary of these differences has been attached to this written representation.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC.
8. All events or transactions that have occurred subsequent to the statement of financial position and for which the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
9. We further acknowledge the following items related specifically to COVID-19:
  - We have assessed the impact of COVID-19 on the Program's operations and have provided you all information relevant to the impact it has had and/or is anticipated to have on the Program's operations.
  - We have made available to you all source documentation requested, whether in original or scanned/electronic format. Where information has been provided in scanned/electronic format, it has been accurately reproduced.
  - All events or transactions that have occurred subsequent to the statement of financial position and for which the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.
10. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC.
11. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of the financial reporting provisions of the funding agreement between Dzawada'enuxw First Nation and CMHC have been adjusted or disclosed as appropriate.
12. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.
13. All assets, wherever located, to which the Program had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.
14. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.
15. All restricted cash has been appropriately designated and separated from operating funds.
16. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.
17. All long-term debt has been appropriately recorded in the financial statements. All payments and accrued interest has been accounted for.
18. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Program is not entitled to the proceeds.

## Information provided

1. We have responded fully to all inquiries made to us and have made available to you:
  - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements and minutes of the meetings of and resolutions of Chief and Council held throughout the year to the present date as well as summaries of recent meetings for which minutes have not yet been prepared;
  - Additional information that you have requested from us for the purpose of your audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Program and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated December 2, 2020 is still applicable to the prior year's financial statements and comparatives, and no matters have arisen that require restatement of those financial statements and comparatives.
10. There are no discussions with your firm's personnel regarding employment with the Program.

## Professional Services

1. We acknowledge the engagement letter dated January 26, 2021, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Program's audit.

Sincerely,

Dzawada'enuxw First Nation

e-Signed by Robin Dawson  
2022-03-16 19:56:29:29 GMT

Signature

Band Manager

Title

# Dzawada'enuxw First Nation

Year End: March 31, 2021

Adjusting Journal Entries

Date: 01/04/2020 To 31/03/2021

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
1	31/03/2021	Royal Bank Mtg 08182115-003	2460	NN. 2	25.54			
1	31/03/2021	Interest	6100	NN. 2		25.54		
To adjust loan balance to actual per loan confirmation from RBC.								
2	31/03/2021	Due to Band	2800	CO2. S		4,800.00		
2	31/03/2021	Professional Fees	6780	CO2. S	4,800.00			
To accrue audit fees paid by the Nation for the current year.								
3	31/03/2021	Due to Band	2800			158,528.30		
3	31/03/2021	Revenue-CMHC-Other	4565		158,528.30			
To adjust CMHC Emergency Repair Program funding to the Nation. Funding is for non-CMHC housing.								Projected
4	31/03/2021	AR CMHC	1300	20. 4	71,802.00			
4	31/03/2021	Funded Reserve	2700	20. 4		71,802.00		
4	31/03/2021	Supplemental CMHC funding	4561	20. 4		71,802.00		
4	31/03/2021	Supplemental CMHC funding	4561	20. 4	71,802.00			
To record additional CMHC funding receivable.								
5	31/03/2021	Funded Reserve	2700		34,441.35			
5	31/03/2021	Renovations-Social Housing#16	7005			3,168.00		
5	31/03/2021	Renovations - Lulu Webber	7009			5,704.00		
5	31/03/2021	Renovations - SH18 WillieM	7010			9,101.10		
5	31/03/2021	Renovations - SH RobertaS	7037			4,776.00		
5	31/03/2021	Renovations - SH LeanneM	7038			6,001.25		
5	31/03/2021	Renovations - Emily Willie	7040			5,691.00		
To reallocate expenses related to CMHC supplementary funding for renovations.								
6	31/03/2021	AR CMHC	1300	20. 1		1,169.58		
6	31/03/2021	CMHC Subsidy	4560	20. 1	1,169.58			
To adjust revenue and accounts receivable for prior year suspended amount included in revenue.								
					342,568.77	342,568.77		
Net Income (Loss)			53,671.45					

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Preparer CNW 07/02/2022	Detailed KF 18/02/2022	Supervisory KF 18/02/2022
Peer	Tax	Printed by

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# Dzawada'enuxw First Nation

Year End: March 31, 2021

## Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Rep 03/20	%Chg
<b>*** Unassigned Accounts ***</b>	<b>0.00</b>	<b>0.00</b>	<b>-1.00</b>	<b>-1.00</b>	<b>1.00</b>	<b>-200</b>
9999 plug account	0.00	0.00	-1.00	-1.00	1.00	-200
<b>A Cash</b>	<b>290,133.32</b>	<b>0.00</b>	<b>0.00</b>	<b>290,133.32</b>	<b>288,554.26</b>	<b>1</b>
1030 RB#100-419-1 Soc.Hous.Oper.	262,021.26	0.00	0.00	262,021.26	260,442.20	1
1110 RB #127-901-7 Replace.Reserve	28,112.06	0.00	0.00	28,112.06	28,112.06	0
<b>C Accounts Receivable</b>	<b>134,421.66</b>	<b>70,632.42</b>	<b>-117,776.04</b>	<b>87,278.04</b>	<b>1,169.58</b>	<b>7362</b>
1270 Accounts Rec-Soc.Housing	117,776.04	0.00	-117,776.04	0.00	0.00	0
1300 AR CMHC	16,645.62	70,632.42	-71,802.00	15,476.04	1,169.58	1223
1301 AR Suppl. Funding CMHC	0.00	0.00	71,802.00	71,802.00	0.00	0
<b>P Tangible Capital Assets</b>	<b>13,879.54</b>	<b>0.00</b>	<b>450,043.74</b>	<b>463,923.28</b>	<b>479,025.52</b>	<b>-3</b>
1625 Opening bal. Social Housing	2,331,026.00	0.00	0.00	2,331,026.00	2,331,026.00	0
1675 Acc Amort - Social Hsg	-2,317,146.46	0.00	450,043.74	-1,867,102.72	-1,852,000.48	1
<b>BB Accounts Payable and Accrued Li</b>	<b>-6,750.00</b>	<b>0.00</b>	<b>-25.05</b>	<b>-6,775.05</b>	<b>-6,808.80</b>	<b>0</b>
2020 A/P Social Housing	-4,500.00	0.00	0.00	-4,500.00	-4,500.00	0
2100 Security Deposits	-2,250.00	0.00	0.00	-2,250.00	-2,250.00	0
2200 Interest Accrual	0.00	0.00	-25.05	-25.05	-58.80	-57
<b>JJ Related Party Balances &amp; Transac</b>	<b>-784,351.81</b>	<b>-163,328.30</b>	<b>355,082.51</b>	<b>-592,597.60</b>	<b>-558,545.35</b>	<b>6</b>
2800 Due to Band	-784,351.81	-163,328.30	355,082.51	-592,597.60	-558,545.35	6
<b>KK Deferred Revenue &amp; Restricted Cr</b>	<b>-115,123.93</b>	<b>0.00</b>	<b>0.00</b>	<b>-115,123.93</b>	<b>-115,123.93</b>	<b>0</b>
2721 Deferred Revenue-Social Housing	-115,123.93	0.00	0.00	-115,123.93	-115,123.93	0
<b>NN Debt</b>	<b>-10,997.98</b>	<b>25.54</b>	<b>0.00</b>	<b>-10,972.44</b>	<b>-26,078.28</b>	<b>-58</b>
2440 Royal Bank mtg 08182115-001	0.00	0.00	0.00	0.00	-1,892.28	-100
2460 Royal Bank Mtg 08182115-003	-10,997.98	25.54	0.00	-10,972.44	-24,186.00	-55
<b>VV Reserves</b>	<b>-16,438.56</b>	<b>-37,360.65</b>	<b>-3,625.45</b>	<b>-57,424.66</b>	<b>-19,119.49</b>	<b>200</b>
2700 Funded Reserve	-16,438.56	-37,360.65	-3,625.45	-57,424.66	-19,119.49	200
<b>WW Accumulated Surplus/Deficit</b>	<b>690,212.32</b>	<b>0.00</b>	<b>-694,980.83</b>	<b>-4,768.51</b>	<b>-54,875.00</b>	<b>-91</b>
3990 Surplus (Deficit)	75,920.69	0.00	-528,954.69	-453,034.00	-453,034.00	0
9500 BALANCING EQUITY FOR F/S	0.00	0.00	38,305.00	38,305.00	-19,280.00	-299
900-3990 Surplus (Deficit)	614,291.63	0.00	-204,331.14	409,960.49	417,439.00	-2
<b>20 Revenue</b>	<b>-229,763.92</b>	<b>159,697.88</b>	<b>0.00</b>	<b>-70,066.04</b>	<b>-89,953.33</b>	<b>-22</b>
4560 CMHC Subsidy	-16,645.62	1,169.58	0.00	-15,476.04	-28,221.33	-45
4565 Revenue-CMHC-Other	-158,528.30	158,528.30	0.00	0.00	0.00	0
4650 Rental Revenue	-48,790.00	0.00	0.00	-48,790.00	-56,232.00	-13
4670 DFN Social Housing Administratio	-5,800.00	0.00	0.00	-5,800.00	-5,500.00	5

16/03/2022

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<b>Preparer</b>	<b>Detailed</b>	<b>Supervisory</b>
CNW 07/02/2022	KF 07/02/2022	KF 07/02/2022
<b>Peer</b>	<b>Tax</b>	<b>Printed by</b>

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# Dzawada'enuxw First Nation

Year End: March 31, 2021

## Trial Balance

Account	Prelim	Adj's	Reclass	Rep	Rep 03/20	%Chg
<b>40 Expenses</b>	<b>34,779.36</b>	<b>-29,666.89</b>	<b>49,587.12</b>	<b>54,699.59</b>	<b>82,473.82</b>	-34
5040 Administration Overhead	2,772.69	0.00	1.00	2,773.69	10,626.97	-74
5045 Amortization	0.00	0.00	15,102.24	15,102.24	37,515.12	-60
6080 Insurance	16,562.11	0.00	0.00	16,562.11	14,778.01	12
6100 Interest	450.26	-25.54	42.53	467.25	1,135.65	-59
6340 Material & Supplies	2,180.81	0.00	0.00	2,180.81	1,515.15	44
6780 Professional Fees	0.00	4,800.00	0.00	4,800.00	4,725.00	2
7005 Renovations-Social Housing#16	0.00	-3,168.00	3,168.00	0.00	0.00	0
7009 Renovations - Lulu Webber	0.00	-5,704.00	5,704.00	0.00	0.00	0
7010 Renovations - SH18 WillieM	0.00	-9,101.10	9,101.10	0.00	0.00	0
7037 Renovations - SH RobertaS	0.00	-4,776.00	4,776.00	0.00	0.00	0
7038 Renovations - SH LeanneM	0.00	-6,001.25	6,001.25	0.00	0.00	0
7040 Renovations - Emily Willie	0.00	-5,691.00	5,691.00	0.00	0.00	0
7210 Repairs & Maintenance	7,900.49	0.00	0.00	7,900.49	14,742.92	-46
7300 Replacement Reserve Expense	4,913.00	0.00	0.00	4,913.00	4,913.00	0
8000 CMHC Adjustments	0.00	0.00	0.00	0.00	-7,478.00	-100
<b>70 Other income/expenses</b>	<b>0.00</b>	<b>0.00</b>	<b>-38,305.00</b>	<b>-38,305.00</b>	<b>19,280.00</b>	-299
8999 Transfer to replacement reserve	0.00	0.00	-38,305.00	-38,305.00	19,280.00	-299
	<u><b>0.00</b></u>	<u><b>0.00</b></u>	<u><b>0.00</b></u>	<u><b>0.00</b></u>	<u><b>0.00</b></u>	<u><b>0</b></u>
<b>Net Income (Loss)</b>	<b>194,984.56</b>			<b>53,671.45</b>	<b>-11,800.49</b>	<b>-555</b>

16/03/2022

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<b>Preparer</b>	<b>Detailed</b>	<b>Supervisory</b>
CNW 07/02/2022	KF 07/02/2022	KF 07/02/2022
Peer	Tax	Printed by

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