

**Chippewas of the Thames Section 95 Social Housing Operation**

**Financial Statements**

**March 31, 2025**

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**INDEPENDENT AUDITOR'S REPORT**

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To the Chief and Council and Members of Chippewas of the Thames First Nation and the Canada Mortgage Housing Corporation:

*Opinion*

We have audited the accompanying financial statements of Chippewas of the Thames Section 95 Social Housing Operation (the "Operation"), which comprise the statement of financial position as at March 31, 2025, and the statements of revenue and expenses, reserves, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Operation as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with the funding agreement between Chippewas of the Thames Section 95 Social Housing Operation 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 Operation 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 those 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*

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 Operation to comply with the 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 chief and council and members of Chippewas of the Thames First Nation and CMHC and should not be used by any other parties.

*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 disclosed in note 1 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.

In preparing the financial statements, management is responsible for assessing the Operation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Operation or to cease operations, or has no realistic alternative but to do so.

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

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*Jeremy A. Giles CPA, CA      Lissa Savage CPA, CA, CPA (Illinois)*

*Mark Snyders CPA, CA      Dillon O'Henly CPA, CA*

*James B. MacNeill FCPA, FCA, CFP (Counsel)      Robert F. Edmundson CPA, CA (Retired)*

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**INDEPENDENT AUDITOR'S REPORT (continued)**

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*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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

London, Ontario  
March 9, 2026

*MacNeill Edmundson*  
PROFESSIONAL CORPORATION  
CHARTERED PROFESSIONAL ACCOUNTANTS  
Authorized to practice public accounting by  
The Chartered Professional Accountants of Ontario

**Chippewas of the Thames Section 95 Social Housing Operation**  
**Statement of Financial Position**

March 31	2025 (\$)	<i>(restated)</i> 2024 (\$)
<b>Assets</b>		
<b>Current Assets</b>		
Cash- Operating fund	547,475	338,513
Restricted cash- Replacement reserve (note 2)	602,666	567,698
Rent receivable	254,018	231,618
CMHC subsidy receivable	17,227	10,693
	1,421,386	1,148,522
<b>Fixed Assets</b> (note 4)	<b>2,895,980</b>	<b>2,021,093</b>
	<b>4,317,366</b>	<b>3,169,615</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	30,635	13,477
Security deposits	7,185	7,185
Due to Chippewas of the Thames First Nation (note 5)	1,776,103	1,473,029
Current portion of long-term debt (note 6)	158,565	109,142
	1,972,488	1,602,833
<b>Long-Term Debt</b> (note 6)	<b>2,346,348</b>	<b>1,663,830</b>
	<b>4,318,836</b>	<b>3,266,663</b>
<b>Net Assets</b>		
Operating fund	(681,538)	(630,613)
Replacement reserve (note 2)	537,123	533,565
Operating reserve (note 3)	-	-
Contributed surplus (note 7)	142,945	-
	(1,470)	(97,048)
	<b>4,317,366</b>	<b>3,169,615</b>

Approved on behalf of Chief and Council:

\_\_\_\_\_, Chief

\_\_\_\_\_, Councilor

## Chippewas of the Thames Section 95 Social Housing Operation

### Statement of Revenues and Expenditures

Year ended March 31	2025	(restated) 2024
	(\$)	(\$)
<b>Revenues</b>		
CMHC subsidy	206,728	128,317
Rental income	170,120	138,570
	<u>376,848</u>	<u>266,887</u>
<b>Operating Expenses</b>		
Amortization	151,559	118,044
Loan interest	88,550	32,994
Administration fees	73,409	45,601
Insurance	39,793	25,194
Addition to replacement reserve (note 2)	30,240	26,320
Repairs and maintenance	29,416	16,530
Professional fees	12,500	11,300
Interest and bank charges	1,290	963
Utilities	1,016	-
	<u>427,773</u>	<u>276,946</u>
<b>Excess (Deficiency) of Revenues over Expenses</b>	<b>(50,925)</b>	<b>(10,059)</b>
<b>Operating Deficit</b> , beginning of year	<b>(630,613)</b>	<b>(620,554)</b>
<b>Operating Deficit</b> , end of year	<b>(681,538)</b>	<b>(630,613)</b>

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## Chippewas of the Thames Section 95 Social Housing Operation

### Statement of Reserves

Year ended March 31	2025	(restated) 2024
	(\$)	(\$)
<b>Replacement Reserve</b>		
Replacement reserve, beginning of year (note 2)	533,565	481,561
Allocations for the year (note 2)	45,968	26,320
Interest income (note 2)	30,240	45,114
Transfers from fund (expenditures) (note 2)	(72,650)	(19,430)
Replacement reserve, end of the year	<u>537,123</u>	<u>533,565</u>
<b>Operating Reserve</b>		
Operating reserve, beginning of year (note 3)	-	-
Allocations for the year (note 3)	-	-
Interest income (note 3)	-	-
Operating reserve, end of the year	<u>-</u>	<u>-</u>

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# Chippewas of the Thames Section 95 Social Housing Operation

## Statement of Cash Flows

Year ended March 31	2025 (\$)	<i>(restated)</i> 2024 (\$)
<b>Cash Flows From (Used in) Operating Activities</b>		
Excess (deficiency) of revenues over expenditures - Operating Fund	(50,925)	(10,059)
Add back amortization	151,559	118,044
	<b>100,634</b>	107,985
Net change in non-cash operational balances		
Accounts receivable	(22,400)	(29,146)
CMHC subsidy receivable	(6,534)	-
Accounts payable and accrued liabilities	12,500	-
	<b>(16,434)</b>	(29,146)
<b>Cash Flows From (Used in) Operating Activities</b>	<b>84,200</b>	78,839
<b>Cash Flows From (Used in) Financing Activities</b>		
Proceeds of long-term debt (note 4)	883,500	-
Repayments of long-term debt (note 4)	(200,982)	(110,099)
Advances from (to) Chippewas of the Thames First Nation (note 5)	357,154	96,694
Advances from (to) replacement reserve fund (note 2)	(31,410)	-
Additions of contributed surplus (note 7)	142,945	-
	<b>1,151,207</b>	(13,405)
<b>Cash Flows From (Used in) Capital Activities</b>		
Acquisition of fixed assets	(1,026,445)	-
<b>Change in Cash during Year</b>	<b>208,962</b>	65,434
<b>Cash Resources, beginning of Year</b>	<b>338,513</b>	273,079
<b>Cash Resources, end of Year</b>	<b>547,475</b>	338,513

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# Chippewas of the Thames Section 95 Social Housing Operation

## Notes to the Financial Statements

March 31, 2025

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### Operations

The Chippewas of the Thames Section 95 Social Housing Operation is an unincorporated division of the Chippewa of the Thames First Nation and provides residential housing units to members of the First Nation community. The Operation receives funding from the Canada Mortgage and Housing Corporation under section 56.1 of the *National Housing Act* and is not subject to income tax. The statements include all units under CMHC Account #18633792, a Post-1996 Operation, as follows:

Phase 001 - 6 Units, established 1997

Phase 003 - 13 Units, established 2013

Phase 004 - 4 Units, established 2015

Phase 005 - 4 Units, established 2019

Phase 006 - 4 Units, established 2025

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### 1. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting principles that are required by Canada Mortgage Housing Corporation ("CMHC"). The basis of accounting used in these financial statements differs from Canadian Public Sector Accounting Board ("PSAB") principles in order to conform to the requirements of the operating agreement with the Canada Mortgage and Housing Corporation, as described below:

- i) Amortization of property purchased with CMHC funds is recognized in an equal amount to the mortgage principal repaid each year. This differs from PSAB which allocates the cost of the asset over its estimated useful life.
- ii) The replacement reserve account is funded by an annual charge against surplus of revenue over expenses as opposed to an appropriation of surplus. The Operation is currently funding the replacement reserve in a separate bank account. PSAB required transfers between funds to be reported as a change in equity and not as expenses.

#### (a) Fixed Assets

Property is stated at cost less accumulated amortization. Amortization is provided on buildings at a rate equal to the annual principal reduction of the mortgage. Major repairs and replacements are charged directly against the replacement reserve account.

#### (b) Impairment of Long-Lived Assets

The organization reviews long-lived assets; it's buildings, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When indicators of the impairment exist, and the carrying value is greater than the net recoverable value, an impairment loss is recognized to the extent that the fair value is below carrying value.

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# Chippewas of the Thames Section 95 Social Housing Operation

## Notes to the Financial Statements

March 31, 2025

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### 1. Summary of Significant Accounting Policies (continued)

#### (c) Use of Estimates

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

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary and permitted by CMHC guidelines. Accounts payable and accrued liabilities are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to year end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in surplus of revenue over expenses in the years in which they become known.

#### (d) Revenue Recognition

Rental income is recognized as revenue in the year received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

#### (e) Financial Instruments

The Operation's financial instruments consist of accounts receivable, accounts payable, long-term debt, replacement reserve and operating reserve funds. Unless otherwise noted, it is management's opinion that the Operation is not exposed to significant interest, currency, or market risk arising from these financial instruments. The fair values of these financial statements approximate their carrying values, unless otherwise noted.

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### 2. Replacement Reserve Fund

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$30,240 (2024 - \$26,320) 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 replacement reserve consisted of the following:

	<b>2025</b>	2024
	(\$)	(\$)
Bank savings account	<b>602,666</b>	567,698
Amounts due from (to) operating fund	<b>(65,543)</b>	(34,133)
	<b>537,123</b>	533,565

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# Chippewas of the Thames Section 95 Social Housing Operation

## Notes to the Financial Statements

March 31, 2025

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### 3. Operating Reserve Fund

Under the terms of the agreement with CMHC, any annual operating surplus may be retained in an operating reserve, to be drawn against in the event of future deficits. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation, or as may otherwise be approved by CMHC. As at March 31, 2025, there were no amounts allocated to or held in the operating reserve, due to the program being in an operating deficit.

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### 4. Fixed Assets

	Cost (\$)	Accumulated Amortization (\$)	2025 Net (\$)	2024 Net (\$)
Buildings- Phase 001	546,360	509,747	36,613	66,211
Buildings- Phase 003	1,416,072	530,732	885,340	932,735
Buildings- Phase 004	580,047	166,165	413,882	432,851
Buildings- Phase 005	665,162	91,611	573,551	587,454
Buildings- Phase 006	1,026,445	40,870	985,575	-
Furn. and equip.- Phase 001	15,206	14,187	1,019	1,842
	<b>4,249,292</b>	<b>1,353,312</b>	<b>2,895,980</b>	<b>2,021,093</b>

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### 5. Amounts Due to Chippewas of the Thames First Nation

The amount due to Chippewas of the Thames First Nation is unsecured, non-interest bearing and has no fixed terms of repayment. All transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the transacting parties.

The balance arises primarily due to Operation expenses being paid from First Nation bank accounts, as well as the First Nation receiving rental payments on behalf of the Operation.

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# Chippewas of the Thames Section 95 Social Housing Operation

## Notes to the Financial Statements

March 31, 2025

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### 6. Long Term Debt

	2025 (\$)	2024 (\$)
3.03% Phase 001 - CMHC mortgage repayable in monthly blended payments of \$2,716, due December 1, 2026.	<b>55,485</b>	85,907
3.84% Phase 003 - CMHC mortgage repayable in monthly blended payments of \$6,778, due April 1, 2029.	<b>885,340</b>	932,735
1.22% Phase 004 - CMHC mortgage repayable in monthly blended payments of \$1,928, due July 1, 2026.	<b>333,070</b>	352,039
3.84% Phase 005 - CMHC mortgage repayable in monthly blended payments of \$2,389, due April 1, 2026.	<b>388,389</b>	402,291
3.84% Phase 006 - CMHC mortgage repayable in monthly blended payments of \$6,451, due April 1, 2029.	<b>842,629</b>	-
	<b>2,504,913</b>	1,772,972
Less: Current portion of long-term debt	<b>(158,565)</b>	(109,142)
	<b>2,346,348</b>	1,663,830

Principal repayments during the next five fiscal years are as follows:

	(\$)
2026	158,565
2027	450,299
2028	116,617
2029	121,211
2030 & thereafter	1,658,221
	<b>2,504,913</b>

The loans are secured by a Ministerial Guarantee from Indigenous Services Canada and insured by CMHC.

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# Chippewas of the Thames Section 95 Social Housing Operation

## Notes to the Financial Statements

March 31, 2025

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### 7. Contributed Surplus

Contributed surplus consists of First Nation contributions towards capital spending, along with Indigenous Services Canada ("ISC") capital grants received by the Operation. At March 31, 2025, contributed surplus consisted of the following:

	2025 (\$)	2024 (\$)
Opening balance	-	-
First Nation Capital Contributions	<b>142,945</b>	-
Balance, end of the year	<b>142,945</b>	-

Current year additions relate to the First Nation's contribution to the construction of buildings that make up Phase 006. The amount represents the difference between the total construction costs of the fixed assets and the eligible loan amount provided by CMHC.

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### 8. Prior Period Restatement

In prior years, financial statements were submitted individually for each phase included under CMHC Account #18633792. In the current year, a single financial statement capturing the activity for all active phases has been prepared, and the comparative figures have been updated accordingly to align with this presentation.

Additionally, an adjustment has been made to include funds held in a restricted reserve account previously used for Phase 002, which matured in 2023. As a result, 2024 restricted reserve cash has been increased by \$228,300, and replacement reserve interest has been increased by \$14,571 to account for the funds earned in that account for the prior year.

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