

METLAKATLA FIRST NATION
FINANCIAL STATEMENTS
MARCH 31, 2017

METLAKATLA FIRST NATION
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MARCH 31, 2017

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METLAKATLA FIRST NATION

YEAR ENDED MARCH 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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


The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include some amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Metlakatla First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Nation's assets are appropriately accounted for and adequately safeguarded.

The Nation is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Chief and Council review the Nation's financial statements and recommend their approval. The Chief and Council meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Chief and Council take this information into consideration when approving the financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The financial statements have been audited by Carlyle Shepherd & Co. in accordance with Canadian generally accepted auditing standards on behalf of the Members. Carlyle Shepherd & Co. has full access to Chief and Council.



Chief



Councillor



INDEPENDENT AUDITOR'S REPORT

TO THE METLAKATLA FIRST NATION

Report on the Financial Statements

We have audited the statement of financial position of the Metlakatla First Nation as at March 31, 2017 and the statements of financial activities, cash flows and changes in net financial assets for the year then ended and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted the audit in accordance with Canadian generally accepted auditing standards. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2017 and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

Prince Rupert, BC
July 5, 2017



METLAKATLA FIRST NATION
STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash	6,257,522	4,152,888
Marketable securities (note 1)	3,020,294	2,040,067
Accounts receivable (note 2)	484,757	3,562,078
Ottawa Trust funds (note 5)	<u>947,829</u>	<u>928,003</u>
	<u>10,710,402</u>	<u>10,683,036</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals (note 3)	742,175	700,364
Deferred revenue (note 4)	<u>9,707</u>	<u>1,549,063</u>
	<u>751,882</u>	<u>2,249,427</u>
NET FINANCIAL ASSETS	<u>9,958,520</u>	<u>8,433,609</u>
NON-FINANCIAL ASSETS		
Inventory (note 1)	254,166	254,166
Prepaid expenses (note 6)	47,914	50,227
Property and equipment (notes 1 and 7)	<u>22,573,768</u>	<u>20,703,370</u>
	<u>22,875,848</u>	<u>21,007,763</u>
	<u>32,834,368</u>	<u>29,441,372</u>
FIRST NATION POSITION		
Operating surplus (note 8)	9,312,771	7,809,999
Equity in property and equipment (note 9)	22,573,768	20,703,370
Ottawa Trust Funds (note 5)	<u>947,829</u>	<u>928,003</u>
	<u>32,834,368</u>	<u>29,441,372</u>

CONTINGENT LIABILITY (note 10)

APPROVED ON BEHALF OF COUNCIL

 Chief Councilor
 Executive Director

 CFO
 Councilor

METLAKATLA FIRST NATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31, 2017

	Unaudited Budget 2017 \$	2017 \$	2016 \$
REVENUE			
INAC	2,722,596	5,448,442	3,294,894
First Nations Health Authority	441,763	472,197	447,599
Ottawa Trust Funds	-	19,826	20,786
Province of BC	1,909,302	2,621,603	552,749
Other	<u>1,093,189</u>	<u>4,594,697</u>	<u>2,451,195</u>
	<u>6,166,850</u>	<u>13,156,765</u>	<u>6,767,223</u>
EXPENDITURE			
Administration	1,895,348	900,816	1,553,567
Capital	2,816,470	1,203,774	965,231
Community Health	516,719	350,722	399,562
Education	831,299	917,014	707,337
Other	4,429,762	6,100,730	2,490,502
Social Services	<u>306,828</u>	<u>290,713</u>	<u>254,093</u>
	<u>10,796,426</u>	<u>9,763,769</u>	<u>6,370,292</u>
REVENUE OVER EXPENDITURE	-4,629,576	3,392,996	396,931
OPENING POSITION	<u>29,441,372</u>	<u>29,441,372</u>	<u>29,044,441</u>
CLOSING POSITION	<u>24,811,796</u>	<u>32,834,368</u>	<u>29,441,372</u>

METLAKATLA FIRST NATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2017

	2017	2016
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	3,392,996	396,931
Amortization	1,025,300	963,207
Accounts receivable	3,077,321	-2,548,007
Accounts payable and accruals	41,811	-1,334,786
Deferred revenue	-1,539,356	1,510,905
Marketable securities	-980,227	-38,772
Prepaid expenses	2,313	17,181
Ottawa trust funds	<u>-19,826</u>	<u>-20,786</u>
	<u>5,000,332</u>	<u>-1,054,127</u>
FINANCING ACTIVITIES		
Bank loans	<u>-</u>	<u>-428,086</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-2,895,698</u>	<u>-1,655,521</u>
CHANGE IN CASH	2,104,634	-3,137,734
OPENING CASH BALANCE	<u>4,152,888</u>	<u>7,290,622</u>
CLOSING CASH BALANCE	<u>6,257,522</u>	<u>4,152,888</u>

METLAKATLA FIRST NATION
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2017

	Unaudited Budget 2017	2017	2016
	\$	\$	\$
Revenue over expenditure	4,683,578	3,392,996	396,931
Amortization	963,207	1,025,300	963,207
Prepaid expenses	-	2,313	17,181
Property and equipment additions	<u>-2,220,470</u>	<u>-2,895,698</u>	<u>-1,655,521</u>
Change in net financial assets	3,426,315	1,524,911	-278,202
Opening net financial assets	<u>8,433,609</u>	<u>8,433,609</u>	<u>8,711,811</u>
Closing net financial assets	<u>11,859,924</u>	<u>9,958,520</u>	<u>8,433,609</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

These financial statements have been prepared using the fund accounting method and guidelines issued by Indigenous and Northern Affairs Canada (INAC) which include compliance with Canadian public sector accounting standards.

b) Property and Equipment

Property and equipment are reported at cost and amortized using the declining balance method at the following annual rates:

Buildings	4%
Infrastructure	4%
Vehicles	20%
Equipment	20%

Purchases costing more than \$5,000 are capitalized.

c) Recognition of Revenue and Expenditures

Revenue is recognized as it becomes receivable under the terms of the contractual funding arrangements.

Other revenue is reported in the period which the goods are sold or services rendered.

Expenditures are recorded in the period when the goods are received or services delivered

d) Use of Estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

e) Financial Instruments

Financial assets and liabilities are reported at market value at date of acquisition except for marketable securities which are reported at market value at year end. It is management's opinion that the Nation's financial instruments are not exposed to significant interest rate, liquidity, market or other price risks except for marketable securities.

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES continued

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$2,572,165).

g) Inventory

Inventory is reported at the lesser of cost and net realizable value.

2. ACCOUNTS RECEIVABLE

	2017	2016
	\$	\$
INAC	150,473	150,000
Government of Canada	4,319	22,234
Housing	77,250	65,025
Metlakatla Development Corporation	295,680	1,785,233
Province of BC	-	1,500,000
Trade and Other	<u>34,285</u>	<u>92,651</u>
	562,007	3,615,143
Allowance for doubtful accounts	<u>77,250</u>	<u>53,065</u>
	<u>484,757</u>	<u>3,562,078</u>

3. ACCOUNTS PAYABLE

	2017	2016
	\$	\$
Trade and other	692,349	631,585
Wages and benefits	<u>49,826</u>	<u>68,779</u>
	<u>742,175</u>	<u>700,364</u>

METLAKATLA FIRST NATION

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MARCH 31, 2017

4. DEFERRED REVENUE

	2017	2016
	\$	\$
Province of BC	-	1,500,000
Other	<u>9,707</u>	<u>49,063</u>
	<u>9,707</u>	<u>1,549,063</u>

5. OTTAWA TRUST FUNDS

INAC holds funds in trust for the Nation. These funds are designated as revenue or capital funds as is required by the Indian Act. The Nation is permitted to expend its revenue fund for any purpose that will promote the general progress and welfare of the Nation and its members. The expenditure of capital funds must be for projects of a capital nature and requires approval via member referendum.

	Revenue	Capital	Total
	\$	\$	\$
Opening balance	773,347	154,656	928,003
Interest and other	<u>19,826</u>	<u>-</u>	<u>19,826</u>
Closing balance	<u>793,173</u>	<u>154,656</u>	<u>947,829</u>

6. PREPAID EXPENSES

	2017	2016
	\$	\$
Legal retainer	15,815	15,815
Post-secondary living allowances	26,959	7,157
Social assistance allowances	3,172	1,496
Specific claims research	-	20,000
Other	<u>1,968</u>	<u>5,759</u>
	<u>47,914</u>	<u>50,227</u>

METLAKATLA FIRST NATION

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MARCH 31, 2017

7. PROPERTY AND EQUIPMENT

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance \$	Additions \$	Closing Balance \$	Opening Balance \$	Current Provision \$	Closing Balance \$	2017 \$	2016 \$
Infrastructure	17,535,731	2,576,653	20,112,384	3,405,704	644,129	4,049,833	16,062,551	14,130,027
Buildings	7,838,212	14,036	7,852,248	1,747,588	243,625	1,991,213	5,861,035	6,090,624
Vehicles	514,530	100,000	614,530	395,026	23,901	418,927	195,603	119,504
Equipment	<u>731,468</u>	<u>205,009</u>	<u>936,477</u>	<u>368,253</u>	<u>113,645</u>	<u>481,898</u>	<u>454,579</u>	<u>363,215</u>
	<u>26,619,941</u>	<u>2,895,698</u>	<u>29,515,639</u>	<u>5,916,571</u>	<u>1,025,300</u>	<u>6,941,871</u>	<u>22,573,768</u>	<u>20,703,370</u>

METLAKATLA FIRST NATION

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MARCH 31, 2017

8. OPERATING SURPLUS

	2017	2016
	\$	\$
Administration	140,828	-183,621
Capital	340,118	166,470
Community Health	241,745	108,455
Education	288,785	280,726
Social Services	33,335	32,867
Other	<u>8,267,960</u>	<u>7,405,102</u>
	<u>9,312,771</u>	<u>7,809,999</u>

9. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 20,703,370
Equipment purchases	2,895,698
Amortization	<u>-1,025,300</u>
Closing balance	<u>\$ 22,573,768</u>

10. CONTINGENT LIABILITY

The Nation, through the L.C.H. Committee, received funding to pursue a treaty settlement. Upon settlement, \$7,441,741 is payable.

11. SEGMENT DISCLOSURE

The presentation by segment is based on the same accounting policies as described in the summary of significant accounting policies as described in note one. The following table presents the expenses incurred and the revenue generated by main object of expense and by major revenue type. The segment results for the period are as follows:

METLAKATLA FIRST NATION

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MARCH 31, 2017

11. SEGMENT DISCLOSURE continued

	Unaudited Budget 2017 \$	Administration \$	Capital \$	Community Health \$	Education \$	Other \$	Social Services \$	Total 2017 \$	Total 2016 \$
REVENUE									
Government of Canada	3,164,359	550,772	1,180,425	472,197	717,807	2,708,257	291,181	5,920,639	3,742,494
Province of BC	1,909,302	-	1,500,000	17,132	-	1,104,471	-	2,621,603	552,749
Other	<u>1,093,189</u>	<u>458,078</u>	<u>-</u>	<u>3,119</u>	<u>198,830</u>	<u>3,954,496</u>	<u>-</u>	<u>4,614,523</u>	<u>2,471,980</u>
	<u>6,166,850</u>	<u>1,008,850</u>	<u>2,680,425</u>	<u>492,448</u>	<u>916,637</u>	<u>7,767,224</u>	<u>291,181</u>	<u>13,156,765</u>	<u>6,767,223</u>
EXPENDITURE									
Allowances	367,804	-	-	-	260,474	54,562	30,703	345,739	231,836
Amortization	-	-	1,025,300	-	-	-	-	1,025,300	963,207
Purchases	2,492,845	-	115,375	-	-	12,475	-	127,850	432,552
Council remuneration and travel	385,009	-	-	-	-	365,293	-	365,293	372,087
Equipment rentals and repairs	33,600	-	-	-	-	230,728	-	230,728	298,452
Insurance	42,000	6,100	-	-	-	50,066	-	56,166	53,003
Materials and supplies	896,603	142,841	566	24,177	503,737	224,820	45,098	941,239	483,866
Member distributions	3,474,000	-	-	-	-	3,603,000	-	3,603,000	795,000
Office and other	109,595	43,058	12,694	16,964	4,853	79,255	569	157,393	104,572
Professional services	944,733	169,204	49,839	1,392	18,747	768,090	31,867	1,039,139	912,849
Telephone and utilities	114,093	29,155	-	25,114	3,268	121,659	2,960	182,156	122,292
Travel and workshops	227,956	42,078	-	11,901	2,693	51,251	4,854	112,777	209,197
Wages and benefits	<u>1,708,188</u>	<u>468,380</u>	<u>-</u>	<u>271,174</u>	<u>123,242</u>	<u>539,531</u>	<u>174,662</u>	<u>1,576,989</u>	<u>1,391,379</u>
	<u>10,796,426</u>	<u>900,816</u>	<u>1,203,774</u>	<u>350,722</u>	<u>917,014</u>	<u>6,100,730</u>	<u>290,713</u>	<u>9,763,769</u>	<u>6,370,292</u>
REVENUE OVER EXPENDITURES	-4,629,576	108,034	1,476,651	141,726	-377	1,666,494	468	3,392,996	396,931
TRANSFERS	<u>-</u>	<u>658,388</u>	<u>363,725</u>	<u>-8,436</u>	<u>8,436</u>	<u>-1,022,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
ANNUAL SURPLUS (DEFICIT)	<u>-4,629,576</u>	<u>766,422</u>	<u>1,840,376</u>	<u>133,290</u>	<u>8,059</u>	<u>644,381</u>	<u>468</u>	<u>3,392,996</u>	<u>396,931</u>