

METLAKATLA FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2020

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METLAKATLA FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

YEAR ENDED MARCH 31, 2020

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.

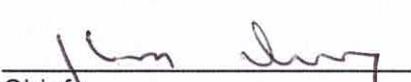
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include some amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems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

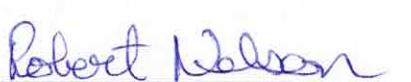
The Metlakatla First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Nation's assets are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


Robert Nelson
Councillor


Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

TO THE METLAKATLA FIRST NATION

Opinion

We have audited the financial statements of Metlakatla First Nation, which comprise the statement of financial position as at March 31, 2020 and the statements of financial activities, cash flows and changes in net financial assets 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 Nation as at March 31, 2020 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. We are independent of the 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.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 based on these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit.

Responsibilities of Management and Council 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 of material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 conditions exist that do not allow for the going concern basis to be used.

The Council is responsible for overseeing the Nation's financial reporting process.

Prince Rupert, BC
October 16, 2020

Carlyle Shepherd & Co.

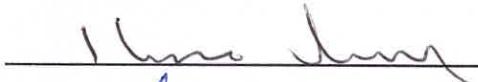
METLAKATLA FIRST NATION

STATEMENT OF FINANCIAL POSITION

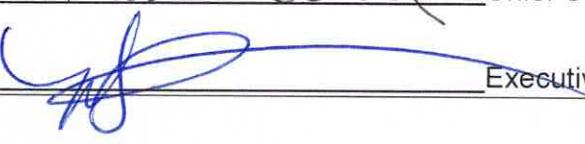
MARCH 31

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	6,772,178	10,327,138
Marketable securities (note 1)	2,778,566	3,146,114
Accounts receivable (note 3)	2,285,449	1,285,849
Ottawa Trust funds (note 6)	<u>158,060</u>	<u>156,850</u>
	<u>11,994,253</u>	<u>14,915,951</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals (note 4)	671,621	1,260,180
Deferred revenue (notes 1 and 5)	<u>72,000</u>	<u>285,000</u>
	<u>743,621</u>	<u>1,545,180</u>
NET FINANCIAL ASSETS	<u>11,250,632</u>	<u>13,370,771</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (note 8)	58,812	51,995
Property and equipment (notes 1 and 7)	<u>26,310,154</u>	<u>24,413,840</u>
	<u>26,368,966</u>	<u>24,465,835</u>
	<u>37,619,598</u>	<u>37,836,606</u>
FIRST NATION POSITION		
Operating surplus (note 9)	11,151,384	13,265,916
Equity in property and equipment (note 10)	26,310,154	24,413,840
Ottawa Trust Funds (note 6)	<u>158,060</u>	<u>156,850</u>
	<u>37,619,598</u>	<u>37,836,606</u>

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

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 Executive Director

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



METLAKATLA FIRST NATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget 2020	2020	2019
	\$	\$	\$
REVENUE			
Indigenous Services Canada	2,988,860	4,104,629	6,144,318
First Nations Health Authority	667,184	696,926	718,795
BC FN Gaming Revenue Sharing LP	-	687,686	-
Province of British Columbia	270,452	899,388	498,431
Ottawa Trust funds	-	1,210	427
Marketable securities income (loss)	-	-324,525	83,899
Other	<u>1,243,209</u>	<u>1,769,596</u>	<u>2,469,914</u>
	<u>5,169,705</u>	<u>7,834,910</u>	<u>9,915,784</u>
EXPENDITURE			
Administration	840,219	791,685	602,934
Community Health	677,690	596,233	523,861
Education	1,156,192	973,809	940,841
Elder Investment Fund	215,000	182,480	152,139
Lands Management	422,056	250,451	308,004
Public Works and Capital	523,306	1,629,447	1,290,489
Social Services	296,684	377,335	334,236
Strategic Initiatives	<u>1,324,225</u>	<u>3,250,478</u>	<u>1,875,679</u>
	<u>5,455,372</u>	<u>8,051,918</u>	<u>6,028,183</u>
REVENUE OVER EXPENDITURE	-285,667	-217,008	3,887,601
OPENING POSITION	<u>37,836,606</u>	<u>37,836,606</u>	<u>33,949,005</u>
CLOSING POSITION	<u>37,550,939</u>	<u>37,619,598</u>	<u>37,836,606</u>

CARLYLE SHEPHERD & CO.

CHARTERED PROFESSIONAL ACCOUNTANTS

METLAKATLA FIRST NATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	-217,008	3,887,601
Amortization	505,377	540,849
Accounts receivable	-999,600	121,120
Accounts payable and accruals	-588,559	643,634
Deferred revenue	-213,000	70,000
Marketable securities	367,548	-45,122
Inventory	-	218,970
Prepaid expenses	-6,817	-19,526
Ottawa Trust funds	<u>-1,210</u>	<u>-427</u>
	<u>-1,153,269</u>	<u>5,417,099</u>
INVESTING ACTIVITIES		
Property and equipment additions	-2,405,008	-1,088,265
Property and equipment disposals	<u>3,317</u>	<u>-</u>
	<u>-2,401,691</u>	<u>-1,088,265</u>
CHANGE IN CASH	-3,554,960	4,328,834
OPENING CASH BALANCE	<u>10,327,138</u>	<u>5,998,304</u>
CLOSING CASH BALANCE	<u>6,772,178</u>	<u>10,327,138</u>

METLAKATLA FIRST NATION

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2020	2019
	\$	\$
Revenue over expenditure	-217,008	3,887,601
Amortization	505,377	540,849
Inventory	-	218,970
Prepaid expenses	-6,817	-19,526
Property and equipment additions	-2,405,008	-1,088,265
Property and equipment disposals	3,317	-
 CHANGE IN NET FINANCIAL ASSETS	 -2,120,139	 3,539,629
 OPENING NET FINANCIAL ASSETS	 13,370,771	 9,831,142
 CLOSING NET FINANCIAL ASSETS	 11,250,632	 13,370,771

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES

a) Fund Accounting

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

b) Property and Equipment

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

Buildings	2.22%
Infrastructure	1.5%
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 reported in the period which 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 these estimates.

e) Financial Instruments

Financial assets and liabilities are reported at market value at the 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, 2020

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$2,714,492).

2. CASH

	2020	2019
	\$	\$
Unrestricted	6,611,848	10,166,808
Restricted – Letter of Guarantee	<u>160,330</u>	<u>160,330</u>
	<u>6,772,178</u>	<u>10,327,138</u>

3. ACCOUNTS RECEIVABLE

	2020	2019
	\$	\$
Indigenous Services Canada	183,101	43,718
Grassy Bay Services	12,301	-
Government of Canada	7,532	3,155
Housing	37,506	32,840
Metlakatla Development Corporation	1,628,846	1,041,896
Metlakatla Stewardship Society	1,938	25,057
Metlakatla Treaty	41,043	17,073
School District #52 (Prince Rupert)	102,320	-
Trade and Other	<u>300,527</u>	<u>151,775</u>
	<u>2,315,114</u>	<u>1,315,514</u>
Allowance for doubtful accounts	<u>29,665</u>	<u>29,665</u>
	<u>2,285,449</u>	<u>1,285,849</u>

METLAKATLA FIRST NATION

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MARCH 31, 2020

4. ACCOUNTS PAYABLE AND ACCRUALS

	2020	2019
	\$	\$
Trade and other	602,616	1,197,902
Wages and benefits	<u>69,005</u>	<u>62,278</u>
	<u>671,621</u>	<u>1,260,180</u>

5. DEFERRED REVENUE

	2020	2019
	\$	\$
Coast Conservation Endowment Fund	-	200,000
First Nations Land Management	<u>72,000</u>	<u>85,000</u>
	<u>72,000</u>	<u>285,000</u>

6. OTTAWA TRUST FUNDS

Indigenous Services Canada 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 the consent of the Minister of ISC.

	Revenue	Capital	Total
	\$	\$	\$
Opening balance	2,194	154,656	156,850
Interest and other	<u>1,210</u>	<u>-</u>	<u>1,210</u>
Closing balance	<u>3,404</u>	<u>154,656</u>	<u>158,060</u>

METLAKATLA FIRST NATION

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MARCH 31, 2020

7. PROPERTY AND EQUIPMENT

	Cost					Accumulated Amortization					Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Current Provision	Disposals	Closing Balance	2020	2019		
Infrastructure	20,741,591	2,390,404	-	23,131,995	4,510,128	224,982	-	4,735,110	18,396,885	16,231,463		
Buildings	9,962,016	14,604	-	9,976,620	2,336,918	169,601	-	2,506,519	7,470,101	7,625,098		
Vehicles	846,941	-	12,656	834,285	570,369	54,652	9,339	615,682	218,603	276,572		
Equipment	897,482	-	-	897,482	616,775	56,142	-	672,917	224,565	280,707		
	32,448,030	2,405,008	12,656	34,840,382	8,034,190	505,377	9,339	8,530,228	26,310,154	24,413,840		

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2020

8. PREPAID EXPENSES

	2020	2019
	\$	\$
Legal retainer	15,815	15,815
Post-secondary living allowances	16,136	14,200
Social assistance allowances	11,693	9,246
Other	15,168	12,734
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	58,812	51,995

9. OPERATING SURPLUS

	2020	2019
	\$	\$
Administration	592,841	518,814
Community Health	605,700	484,798
Education	891,509	462,144
Elder Investment Fund	3,148,674	3,655,679
Lands Management	274,822	217,292
Public Works and Capital	221,855	1,629,318
Social Services	18,033	69,805
Strategic Initiatives	5,397,950	6,228,066
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	11,151,384	13,265,916

10. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 24,413,840
Equipment purchases	2,405,008
Equipment disposals	-3,317
Amortization	<u>-505,377</u>
Closing balance	<u>\$ 26,310,154</u>

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, 2020

11. SEGMENT DISCLOSURE (continued)

	Unaudited Budget 2020 \$	Administration \$	Community Health \$	Education \$	Investment Fund \$	Lands Management \$	Public Works and Capital \$	Social Services \$	Strategic Initiatives \$	Total 2020 \$	Total 2019 \$
REVENUE											
Government of Canada	3,656,044	554,149	696,926	1,078,639	-	274,981	1,432,138	293,758	470,964	4,801,555	6,863,113
Province of British Columbia	270,452	-	12,868	324,536	-	-	-	40,550	521,434	895,388	498,431
BC FN Gaming Revenue Sharing LP	-	-	-	-	-324,525	-	-	-	687,686	687,686	-
Marketable securities income (loss)	1,243,209	309,456	7,340	-	-	33,000	441,657	5,500	973,853	-324,525	83,899
Other	5,169,705	863,605	717,134	1,403,175	-324,525	307,981	1,873,795	339,808	2,653,937	1,770,806	2,470,341
EXPENDITURE											
Administration and office	138,673	48,491	35,828	1,974	-	23,834	4,018	708	10,213	125,066	115,554
Advertising and communications	9,700	7,694	-	-	-	-	-	-	-	7,694	8,478
Amortization	-	-	-	-	-	-	505,377	-	-	505,377	540,849
Audit and legal	332,656	33,611	-	-	-	-	-	-	258,643	292,254	203,840
Bad debts	-	1,665	-	-	-	-	-	-	1,288	295,3	-
Basic and special needs	41,700	453	32,852	1,425	-	-	-	79,900	86	81,325	80,852
Contract services	160,900	-	-	-	-	2,166	373,964	101,369	510,890	196,404	-
Contribution to related party for land purchase	-	-	-	-	-	-	-	-	1,300,000	1,300,000	-
Council remuneration and travel	361,000	-	-	-	-	-	-	-	669,261	669,261	367,208
Indigenous Services Canada Recovery	-	-	-	-	-	-	19,542	-	14,461	34,003	-
Insurance	56,000	14,336	-	-	-	750	52,853	-	-	67,939	57,794
Local education agreement	370,000	-	-	371,407	-	-	-	-	-	371,407	348,613
Materials and supplies	82,600	446	28,781	-	-	-	26	19,628	767	49,648	61,644
Meetings and community events	303,017	177,925	85,070	197,017	-	14,406	3,386	79,241	55,194	612,239	472,971
Member distributions	180,000	-	-	-	150,000	-	-	-	-8,000	142,000	-
297,663	11,962	-	-	-	-	13,000	169,005	-	208,122	402,089	546,021
378,280	34,558	9,236	17,000	-	32,480	32,737	52,125	-	274,981	453,117	748,595
36,000	-	-	-	-	-	-	-	24,538	20,250	44,788	53,216
136,843	-	6,191	-	-	-	-	129,154	-	8,291	143,636	49,830
118,336	26,384	26,722	514	-	-	4,938	39,108	5,454	24,839	127,211	-
30,400	7,118	120	-	-	-	3,756	13,998	-	4,896	29,888	10,757
349,550	23,476	55,157	35,443	-	-	17,646	16,694	4,803	30,219	183,438	133,558
400,649	-	-	262,131	-	-	-	-	-	262,131	252,721	-
1,671,405	403,566	316,276	86,898	-	137,218	250,197	162,977	275,684	1,632,816	1,525,667	-
	5,455,372	791,685	596,233	973,809	182,480	250,451	1,629,447	377,335	3,250,478	8,051,918	6,028,183
REVENUE OVER EXPENDITURE											
TRANSFERS	-285,667	71,920	120,901	429,366	-507,005	57,530	244,348	-37,527	-596,541	-217,008	3,887,601
ANNUAL SURPLUS (DEFICIT)	-285,667	71,920	120,901	429,366	-507,005	57,530	244,348	-37,527	-596,541	-217,008	3,887,601