

METLAKATLA FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2021

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



**METLAKATLA FIRST NATION
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MARCH 31, 2021**

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METLAKATLA FIRST NATION

YEAR ENDED MARCH 31, 2021

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, 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.

John Davis
Chief

Arlita Frost
Councillor

**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, 2021 and the statements of financial activities, changes in net financial assets 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 Nation as at March 31, 2021 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 are responsible for overseeing the Nation's financial reporting process.

Prince Rupert, BC
September 17, 2021

Carlyle Shepherd & Co.

METLAKATLA FIRST NATION

STATEMENT OF FINANCIAL POSITION

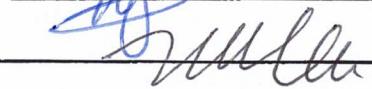
MARCH 31

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	6,845,346	6,772,178
Marketable securities (note 1)	3,345,357	2,778,566
Accounts receivable (note 3)	2,382,999	2,285,449
Ottawa trust funds (note 6)	<u>157,914</u>	<u>158,060</u>
	<u>12,731,616</u>	<u>11,994,253</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals (note 4)	408,462	671,621
Deferred revenue (notes 1 and 5)	<u>30,000</u>	<u>72,000</u>
	<u>438,462</u>	<u>743,621</u>
NET FINANCIAL ASSETS		
	<u>12,293,154</u>	<u>11,250,632</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (note 8)	61,012	58,812
Property and equipment (notes 1 and 7)	<u>28,053,313</u>	<u>26,310,154</u>
	<u>28,114,325</u>	<u>26,368,966</u>
	<u>40,407,479</u>	<u>37,619,598</u>
FIRST NATION POSITION		
Operating surplus (note 9)	12,196,252	11,151,384
Equity in property and equipment (note 10)	<u>28,053,313</u>	<u>26,310,154</u>
Ottawa Trust Funds (note 6)	<u>157,914</u>	<u>158,060</u>
	<u>40,407,479</u>	<u>37,619,598</u>

APPROVED ON BEHALF OF COUNCIL

 Chief Councillor

 Executive Director

 CFO

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



METLAKATLA FIRST NATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2021	2020
		\$	\$
REVENUE			
Indigenous Services Canada	3,219,104	5,055,699	4,104,629
First Nations Health Authority	667,184	796,835	696,926
BC First Nations Gaming Revenue Sharing	-	740,073	687,686
Province of British Columbia	1,051,452	1,350,038	847,952
Ottawa Trust Funds	-	4,022	1,210
Marketable securities income (loss)	130,000	610,374	-324,525
Other	407,263	1,309,012	1,821,032
	<u>5,475,003</u>	<u>9,866,053</u>	<u>7,834,910</u>
EXPENDITURE			
Administration	1,011,456	709,863	791,685
Community Health	680,750	495,015	596,233
Education	1,150,979	950,100	973,809
Elder Investment Fund	215,000	179,941	182,480
Lands Management	373,846	227,537	250,451
Public Works and Capital	580,062	1,253,945	1,629,447
Social Services	380,479	292,471	377,335
Strategic Initiatives	1,341,146	2,969,300	3,250,478
	<u>5,733,718</u>	<u>7,078,172</u>	<u>8,051,918</u>
REVENUE OVER EXPENDITURE	-258,715	2,787,881	-217,008
OPENING POSITION	<u>37,619,598</u>	<u>37,619,598</u>	<u>37,836,606</u>
CLOSING POSITION	<u>37,360,883</u>	<u>40,407,479</u>	<u>37,619,598</u>

METLAKATLA FIRST NATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2021	2020
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	2,787,881	-217,008
Amortization / loss on disposal	690,692	508,694
Accounts receivable	-97,550	-999,600
Accounts payable and accruals	-263,159	-588,559
Deferred revenue	-42,000	-213,000
Marketable securities	-566,791	367,548
Prepaid expenses	-2,200	-6,817
Ottawa Trust Funds	146	-1,210
	<hr/>	<hr/>
	2,507,019	-1,149,952
INVESTING ACTIVITIES		
Property and equipment additions	<hr/> -2,433,851	<hr/> -2,405,008
CHANGE IN CASH		
	73,168	-3,554,960
OPENING CASH BALANCE		
	<hr/> 6,772,178	<hr/> 10,327,138
CLOSING CASH BALANCE		
	<hr/> 6,845,346	<hr/> 6,772,178

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

	2021	2020
	\$	\$
Revenue over expenditure	2,787,881	-217,008
Amortization / loss on disposal	690,692	508,694
Prepaid expenses	-2,200	-6,817
Property and equipment additions	<u>-2,433,851</u>	<u>-2,405,008</u>
 CHANGE IN NET FINANCIAL ASSETS	 1,042,522	 -2,120,139
 OPENING NET FINANCIAL ASSETS	 <u>11,250,632</u>	 <u>13,370,771</u>
 CLOSING NET FINANCIAL ASSETS	 <u>12,293,154</u>	 <u>11,250,632</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2021

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%
Infrastructure - Docks	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 or is earned.

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, 2021

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$2,755,826).

2. CASH

	2021 \$	2020 \$
Non restricted	6,685,016	6,611,848
Restricted – Letter of Guarantee	<u>160,330</u>	<u>160,330</u>
	<u>6,845,346</u>	<u>6,772,178</u>

3. ACCOUNTS RECEIVABLE

	2021 \$	2020 \$
Indigenous Services Canada	329,265	183,101
Grassy Bay Services	-	12,301
Government of Canada	5,124	7,532
Housing	42,069	37,506
Metlakatla Development Corporation	1,112,165	1,628,846
Metlakatla Stewardship Society	174	1,938
Metlakatla Treaty	32,889	41,043
School District #52 (Prince Rupert)	149,769	113,684
Trade and Other	<u>741,209</u>	<u>289,163</u>
	<u>2,412,664</u>	<u>2,315,114</u>
Allowance for doubtful accounts	<u>29,665</u>	<u>29,665</u>
	<u>2,382,999</u>	<u>2,285,449</u>

METLAKATLA FIRST NATION

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MARCH 31, 2021

4. ACCOUNTS PAYABLE AND ACCRUALS

	2021 \$	2020 \$
Trade and other	305,402	602,616
Wages and benefits	<u>103,060</u>	<u>69,005</u>
	<u>408,462</u>	<u>671,621</u>

5. DEFERRED REVENUE

	2021 \$	2020 \$
First Nations Land Management	-	72,000
Province of British Columbia	<u>30,000</u>	<u>-</u>
	<u>30,000</u>	<u>72,000</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	3,404	154,656	158,060
Interest	4,022	-	4,022
Transfer to the Nation	<u>-4,168</u>	<u>-</u>	<u>-4,168</u>
Closing balance	<u>3,258</u>	<u>154,656</u>	<u>157,914</u>

METLAKATLA FIRST NATION

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MARCH 31, 2021

7. PROPERTY AND EQUIPMENT

	Cost			Accumulated Amortization			Net Book Value		
	Opening Balance	Additions	Disposals	Closing Balance	Current Provision	Disposals	Closing Balance	2021	2020
Infrastructure	23,131,995	2,301,265	77,157	25,356,103	4,735,110	347,947	15,651	5,067,406	20,288,697
Buildings	9,976,620	-	-	9,976,620	2,506,519	165,836	-	2,672,355	7,304,265
Vehicles	834,285	105,360	10,995	928,650	615,682	64,731	10,682	669,731	258,919
Equipment	897,482	27,226	-	924,708	672,917	50,359	-	723,276	201,432
	<u>34,840,382</u>	<u>2,433,851</u>	<u>88,152</u>	<u>37,186,081</u>	<u>8,530,228</u>	<u>628,873</u>	<u>26,333</u>	<u>9,132,768</u>	<u>28,053,313</u>
									<u>26,310,154</u>

METLAKATLA FIRST NATION

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MARCH 31, 2021

8. PREPAID EXPENSES

	2021	2020
	\$	\$
Legal retainer	15,815	15,815
Post-secondary living allowances	13,037	16,136
Social assistance allowances	5,994	11,693
Other	<u>26,166</u>	<u>15,168</u>
	<u>61,012</u>	<u>58,812</u>

9. OPERATING SURPLUS

	2021	2020
	\$	\$
Administration	596,802	592,841
Community Health	897,921	605,700
Education	1,369,501	891,509
Elder Investment Fund	3,579,106	3,148,674
Lands Management	438,870	274,822
Public Works and Capital	781,500	221,855
Social Services	316,143	18,033
Strategic Initiatives	<u>4,216,409</u>	<u>5,397,950</u>
	<u>12,196,252</u>	<u>11,151,384</u>

10. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 26,310,154
Equipment purchases	2,433,851
Amortization / loss on disposal	<u>-690,692</u>
Closing balance	<u>\$ 28,053,313</u>

METLAKATLA FIRST NATION

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MARCH 31, 2021

11. COMPARATIVES

Certain comparatives have been restated to conform with current year presentation.

12. 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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13. SEGMENT DISCLOSURE continued

MARCH 31, 2021

	Unaudited Budget 2021	Administration	Community Health	Education	Elder Investment Fund	Lands Management	Public Works and Capital	Social Services	Strategic Initiatives	Total 2021	Total 2020
REVENUE											
Indigenous Services Canada	3,219,104	541,756	-	1,114,746	-	277,750	1,692,355	571,759	857,353	5,055,699	4,104,629
First Nations Health Authority	667,184	-	796,835	-	-	-	-	-	-	796,835	696,926
BC First Nations Gaming Revenue Sharing	-	-	-	-	-	-	-	-	-	740,073	687,686
Province of British Columbia	1,051,452	-	-	-	-	-	750,000	30,000	570,038	1,360,038	847,952
Ottawa Trust Funds	4,032	-	-	-	-	-	-	-	-	4,022	1,210
Marketable Securities Income (loss)	130,000	-	-	-	610,374	-	-	-	-	610,374	-324,525
Other	407,263	142,819	-	313,345	-	126,104	-	49,710	2,500	674,534	1,309,012
	<u>5,475,003</u>	<u>688,597</u>	<u>796,835</u>	<u>1,428,091</u>	<u>610,374</u>	<u>403,834</u>	<u>2,492,055</u>	<u>604,269</u>	<u>2,841,998</u>	<u>9,866,053</u>	<u>7,834,910</u>
EXPENDITURE											
Administration and office	180,676	46,071	22,540	1,889	-	12,475	6,559	560	32,610	122,704	125,066
Advertising and communications	9,500	6,251	-	-	-	-	690,692	-	-	6,251	7,094
Amortization / loss on disposal	-	34,534	-	-	-	9,105	-	-	-	690,692	508,694
Audit and legal	267,500	-	-	-	-	-	-	-	211,963	255,802	292,254
Bad debts	80,700	-	-	1,750	-	-	-	-	-	-	-2,953
Basic and special needs	178,900	812	12,850	-	-	27,559	30,901	-	-	76,402	148,564
Contract services	-	-	-	-	-	-	-	-	535,592	535,592	510,890
Contribution to related party for Land Purchase	-	-	-	-	-	-	-	-	-	-	1,300,000
Council remuneration and travel	385,000	-	-	-	-	-	-	-	300,742	300,742	689,261
Indigenous Services Canada Recovery	-	-	-	-	-	-	-	-	-	-	-34,003
Insurance	70,500	8,744	-	-	-	2,536	55,793	-	-	67,073	67,939
Local education agreement	370,000	-	-	433,929	-	-	-	-	-	433,929	371,407
Materials and supplies	32,531	1,405	69,393	-	-	-	1,643	12,307	-	84,748	49,648
Meetings and community events	569,826	101,848	30,456	190,408	-	6,141	3,576	17,510	111,622	461,561	612,239
Member distributions	180,000	-	-	-	150,000	-	-	-	858,000	1,008,000	142,000
Other operating expenses	247,563	4,723	-	-	-	-	97,337	-	197,088	299,148	398,772
Professional fees	346,730	3,538	36,000	7,000	29,941	81	7,878	-	167,813	252,251	453,177
Rent	63,400	-	-	-	-	-	-	25,990	39,933	65,923	44,788
Repairs and maintenance	156,000	-	952	-	-	-	91,250	-	4,222	96,424	143,636
Telephone and utilities	124,580	29,893	27,364	-	-	4,806	34,032	3,115	36,005	135,215	127,959
Training	33,200	6,087	-	9,072	39,073	-	131	3,948	-	6,087	29,888
Travel	161,842	-	-	-	187,756	-	-	-	3,654	55,878	183,438
Tuition and supplies	406,649	-	-	-	-	-	-	-	-	187,756	262,131
Wages and benefits	1,848,721	485,957	286,388	88,295	-	164,663	230,336	143,940	393,654	1,773,233	1,632,816
	<u>5,733,718</u>	<u>709,863</u>	<u>495,015</u>	<u>950,100</u>	<u>179,941</u>	<u>227,537</u>	<u>1,253,945</u>	<u>292,471</u>	<u>2,969,300</u>	<u>7,078,172</u>	<u>8,051,918</u>
REVENUE OVER EXPENDITURE	<u>-258,715</u>	<u>-21,266</u>	<u>301,820</u>	<u>477,991</u>	<u>430,433</u>	<u>176,297</u>	<u>1,238,120</u>	<u>311,788</u>	<u>-127,302</u>	<u>2,787,881</u>	<u>-217,008</u>
TRANSFERS											
ANNUAL SURPLUS (DEFICIT)	<u>-258,715</u>	<u>-21,266</u>	<u>301,820</u>	<u>477,991</u>	<u>430,433</u>	<u>176,297</u>	<u>1,238,120</u>	<u>311,788</u>	<u>-127,302</u>	<u>2,787,881</u>	<u>-217,008</u>