

METLAKATLA FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2022

METLAKATLA FIRST NATION
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METLAKATLA FIRST NATION

YEAR ENDED MARCH 31, 2022

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.

A/ Alita Leask
Chief for Harold Reighton

Miranda Leight
Councillor

CFO Mullin

**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, 2022 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, 2022 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.

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.

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

Auditor's Responsibility 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 judgement and maintain professional skepticism through 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.
- 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.

Prince Rupert, BC
October 24, 2022

Carlyle Shepherd: Co.

METLAKATLA FIRST NATION
STATEMENT OF FINANCIAL POSITION

MARCH 31

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	10,572,135	6,845,346
Marketable securities (note 1)	4,053,412	3,345,357
Accounts receivable (note 3)	2,068,636	2,382,999
Ottawa trust funds (note 4)	158,457	157,914
	<u>16,852,640</u>	<u>12,731,616</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals (note 5)	529,233	408,462
Deferred revenue (notes 1 and 6)	25,000	30,000
	<u>554,233</u>	<u>438,462</u>
NET FINANCIAL ASSETS	<u>16,298,407</u>	<u>12,293,154</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (note 8)	80,866	61,012
Property and equipment (notes 1 and 7)	27,501,931	28,053,313
	<u>27,582,797</u>	<u>28,114,325</u>
	<u>43,881,204</u>	<u>40,407,479</u>
FIRST NATION POSITION		
Operating surplus (note 9)	16,220,816	12,196,252
Equity in property and equipment (note 10)	27,501,931	28,053,313
Ottawa Trust Funds (note 4)	158,457	157,914
	<u>43,881,204</u>	<u>40,407,479</u>

APPROVED ON BEHALF OF COUNCIL

Aluta Leask A/ Chief Councillor

[Signature] Executive Director

[Signature]

CFO

CARLYLE SHEPHERD & CO.
CHARTERED PROFESSIONAL ACCOUNTANTS



METLAKATLA FIRST NATION
STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED MARCH 31

	Unaudited Budget 2022 \$	2022 \$	2021 \$
REVENUE			
Indigenous Services Canada	3,184,314	4,280,556	5,055,699
First Nations Health Authority	693,873	832,812	796,835
BC First Nations Gaming Revenue Sharing	421,958	421,959	740,073
Province of British Columbia	387,952	619,225	1,350,038
First Nations Education Steering Committee	-	87,920	84,955
Ottawa Trust Funds	-	5,217	4,022
Marketable securities income	180,000	808,739	610,374
Other	424,450	2,446,199	1,224,057
	<u>5,292,547</u>	<u>9,502,627</u>	<u>9,866,053</u>
EXPENDITURE			
Administration	846,697	761,564	709,863
Community Health	695,438	557,165	495,015
Education	1,206,519	926,092	950,100
Elder Investment Fund	215,000	155,510	179,941
Lands Management	387,930	212,430	227,537
Public Works and Capital	614,923	1,249,891	1,253,945
Social Services	423,380	366,238	292,471
Strategic Initiatives	1,507,762	1,800,012	2,969,300
	<u>5,897,649</u>	<u>6,028,902</u>	<u>7,078,172</u>
REVENUE OVER EXPENDITURE	-605,102	3,473,725	2,787,881
OPENING POSITION	<u>40,407,479</u>	<u>40,407,479</u>	<u>37,619,598</u>
CLOSING POSITION	<u>39,802,377</u>	<u>43,881,204</u>	<u>40,407,479</u>

METLAKATLA FIRST NATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31

	2022	2021
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	3,473,725	2,787,881
Amortization	601,722	690,692
Accounts receivable	314,363	-97,550
Accounts payable and accruals	120,771	-263,159
Deferred revenue	-5,000	-42,000
Marketable securities	-708,055	-566,791
Prepaid expenses	-19,854	-2,200
Ottawa Trust Funds	-543	146
	<u>3,777,129</u>	<u>2,507,019</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-50,340</u>	<u>-2,433,851</u>
CHANGE IN CASH	3,726,789	73,168
OPENING CASH BALANCE	<u>6,845,346</u>	<u>6,772,178</u>
CLOSING CASH BALANCE	<u>10,572,135</u>	<u>6,845,346</u>

METLAKATLA FIRST NATION

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

YEAR ENDED MARCH 31

	2022	2021
	\$	\$
Revenue over expenditure	3,473,725	2,787,881
Amortization	601,722	690,692
Prepaid expenses	-19,854	-2,200
Property and equipment additions	<u>-50,340</u>	<u>-2,433,851</u>
 CHANGE IN NET FINANCIAL ASSETS	 4,005,253	 1,042,522
 OPENING NET FINANCIAL ASSETS	 <u>12,293,154</u>	 <u>11,250,632</u>
 CLOSING NET FINANCIAL ASSETS	 <u>16,298,407</u>	 <u>12,293,154</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2022

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.

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, 2022

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$2,781,106).

2. CASH

	2022 \$	2021 \$
Non restricted	10,411,805	6,685,016
Restricted – Letter of Guarantee	<u>160,330</u>	<u>160,330</u>
	<u>10,572,135</u>	<u>6,845,346</u>

3. ACCOUNTS RECEIVABLE

	2022 \$	2021 \$
Indigenous Services Canada	336,903	329,265
Grassy Bay Services	8,920	-
Government of Canada	2,027	5,124
Housing	54,679	42,069
Metlakatla Development Corporation	531,604	1,112,165
Metlakatla Stewardship Society	-	174
Metlakatla Treaty	13,932	32,889
School District #52 (Prince Rupert)	133,000	149,769
Trade and Other	<u>1,032,250</u>	<u>741,209</u>
	2,113,315	2,412,664
Allowance for doubtful accounts	<u>44,679</u>	<u>29,665</u>
	<u>2,068,636</u>	<u>2,382,999</u>

METLAKATLA FIRST NATION

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MARCH 31, 2022

4. 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	3,258	154,656	157,914
Interest	5,217	-	5,217
Transfer to the Nation	<u>-4,674</u>	<u>-</u>	<u>-4,674</u>
Closing balance	<u>3,801</u>	<u>154,656</u>	<u>158,457</u>

5. ACCOUNTS PAYABLE AND ACCRUALS

	2022 \$	2021 \$
Trade and other	398,193	305,402
Wages and benefits	<u>131,040</u>	<u>103,060</u>
	<u>529,233</u>	<u>408,462</u>

6. DEFERRED REVENUE

	2022 \$	2021 \$
First Nations Education Steering Committee	25,000	-
Province of British Columbia	<u>-</u>	<u>30,000</u>
	<u>25,000</u>	<u>30,000</u>

METLAKATLA FIRST NATION

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MARCH 31, 2022

7. PROPERTY AND EQUIPMENT

	Cost			Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Current Provision	Closing Balance	
	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure	25,356,103	-	-	25,356,103	5,067,406	340,798	5,408,204	19,947,899
Buildings	9,976,620	16,859	-	9,993,479	2,672,355	162,155	2,834,510	7,158,969
Vehicles	928,650	-	-	928,650	669,731	51,785	721,516	207,134
Equipment	924,708	33,481	-	958,189	723,276	46,984	770,260	187,929
	37,186,081	50,340	-	37,236,421	9,132,768	601,722	9,734,490	27,501,931
								28,053,313

METLAKATLA FIRST NATION

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MARCH 31, 2022

8. PREPAID EXPENSES

	2022 \$	2021 \$
Legal retainer	15,815	15,815
Post-secondary living allowances	11,645	13,037
Social assistance allowances	12,475	5,994
Other	40,931	26,166
	<u>80,866</u>	<u>61,012</u>

9. OPERATING SURPLUS

	2022 \$	2021 \$
Administration	612,996	596,802
Community Health	1,147,108	897,921
Education	1,855,812	1,369,501
Elder Investment Fund	4,174,833	3,579,106
Lands Management	573,365	438,870
Public Works and Capital	1,469,554	781,500
Social Services	494,136	316,143
Strategic Initiatives	5,893,012	4,216,409
	<u>16,220,816</u>	<u>12,196,252</u>

10. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 28,053,313
Equipment purchases	50,340
Amortization	<u>-601,722</u>
Closing balance	<u>\$ 27,501,931</u>

METLAKATLA FIRST NATION

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MARCH 31, 2022

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:

12. SEGMENT DISCLOSURE continued

METLAKATLA FIRST NATION

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MARCH 31, 2022

	Unaudited Budget 2022	Administration	Community Health	Education	Investment Fund	Elder	Lands Management	Public Works and Capital	Social Services	Strategic Initiatives	Total 2022	Total 2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE												
Indigenous Services Canada	3,184,314	577,747	-	1,159,772	-	-	280,508	1,314,090	437,388	511,051	4,280,556	5,055,699
First Nations Health Authority	693,873	-	832,812	-	-	-	-	-	-	-	832,812	796,835
BC First Nations Gaming Revenue Sharing	421,958	-	-	-	-	-	-	-	-	421,959	421,959	740,073
Province of British Columbia	387,952	-	-	-	-	-	-	-	30,000	589,225	619,225	1,350,038
First Nations Education Steering Committee	-	-	-	-	-	-	-	-	82,060	5,860	87,920	84,955
Ottawa Trust Funds	-	5,217	-	-	-	-	-	-	-	-	5,217	4,022
Marketable securities income	180,000	57,502	-	-	751,237	-	-	-	-	-	808,739	610,374
Other	424,450	110,233	-	252,631	-	-	78,667	45,400	5,000	1,954,268	2,446,199	1,224,057
	5,292,547	750,699	832,812	1,412,403	751,237	-	359,175	1,359,490	554,448	3,482,363	9,502,627	9,866,053
EXPENDITURE												
Administration and office	102,140	71,670	19,867	2,513	-	-	6,552	4,786	5,247	17,545	128,180	180,255
Advertising and communications	9,500	5,321	-	-	-	-	-	-	-	-	5,321	6,251
Amortization	-	-	-	-	-	-	-	601,722	-	-	601,722	690,692
Audit and legal	252,200	31,112	-	-	-	-	8,559	-	-	449,820	489,491	255,602
Bad debts	-	-	-	-	-	-	-	15,014	-	-	15,014	-
Basic and special needs	80,700	-	-	2,075	-	-	-	-	82,739	-	84,814	90,799
Contract services	271,800	5,146	12,850	-	-	-	14,627	49,541	45,266	91,739	219,169	148,564
Contribution to related party for Land Purchase	-	-	-	-	-	-	-	-	-	-	-	535,592
Council remuneration and travel	391,085	-	-	-	-	-	-	-	-	322,164	322,164	300,742
Ferry services	230,000	40,000	-	190,000	-	-	-	-	-	-	230,000	230,000
Insurance	66,000	11,751	-	417,695	-	-	-	71,677	-	-	83,428	67,073
Local education agreement	440,000	-	-	-	-	-	-	-	-	-	417,695	433,929
Materials and supplies	32,531	563	23,587	-	-	-	-	3,640	2,381	312	30,483	84,748
Meetings and community events	412,895	74,345	31,269	2,782	-	-	5,260	3,726	24,275	177,608	319,265	174,010
Member distributions	180,000	-	-	-	120,000	-	-	-	-	-	120,000	1,008,000
Other operating expenses	268,222	7,859	6,553	-	-	-	-	-	-	148,065	303,595	299,148
Professional fees	273,692	2,540	91,190	7,000	35,510	-	1,253	141,118	-	144,588	282,081	252,251
Rent	90,808	-	-	-	-	-	-	-	30,507	36,960	67,467	65,923
Repairs and maintenance	148,000	-	619	-	-	-	-	-	-	1,985	109,298	96,424
Telephone and utilities	122,580	29,004	30,720	-	-	-	5,816	106,694	3,106	31,917	135,109	135,215
Training	33,200	-	-	147	-	-	895	-	-	60	1,102	6,087
Travel	156,550	5,169	6,027	37,505	-	-	1,338	6,455	1,982	3,926	62,402	55,878
Tuition and supplies	401,600	-	-	195,559	-	-	-	-	-	-	195,559	187,756
Wages and benefits	1,934,146	477,084	334,483	70,816	-	-	168,130	210,972	170,735	373,323	1,805,543	1,773,233
	5,897,649	761,564	557,165	926,092	155,510	-	212,430	1,249,891	366,238	1,800,012	6,028,902	7,078,172
REVENUE OVER EXPENDITURE	-605,102	-10,865	275,647	486,311	595,727	-	146,745	109,599	188,210	1,682,351	3,473,725	2,787,881
TRANSFERS	-	-	-	-	-	-	-	-	-	-	-	-
ANNUAL SURPLUS (DEFICIT)	-605,102	-10,865	275,647	486,311	595,727	-	146,745	109,599	188,210	1,682,351	3,473,725	2,787,881