

Vohora LLP
CPAs & Business Advisors

METLAKATLA FIRST NATION

FINANCIAL STATEMENTS

MARCH 31, 2023



**METLAKATLA FIRST NATION
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MARCH 31, 2023**

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METLAKATLA FIRST NATION

YEAR ENDED MARCH 31, 2023

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 Vohora LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. Vohora LLP has full access to Chief and Council.

Robert Nelson
Chief

Charlene McLean
Councillor

CFO MWU

INDEPENDENT AUDITOR'S REPORT

To the Council of Metlakatla First Nation

Opinion

We have audited the financial statements of Metlakatla First Nation (the Nation), which comprise the statement of financial position as at March 31, 2023, 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, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

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 Nation in accordance with 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.

Other Matter

The financial statements for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those financial statements on October 24, 2022.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, 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 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 management either intends to liquidate the Nation or to cease operations, or has no realistic alternative but to do so.

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

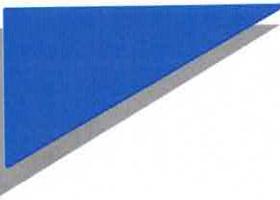
INDEPENDENT AUDITOR'S REPORT (continued)

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 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 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 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 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.



Vohora LLP
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INDEPENDENT AUDITOR'S REPORT (continued)

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
December 20, 2023

Vohora LLP
Chartered Professional Accountants

METLAKATLA FIRST NATION

STATEMENT OF FINANCIAL POSITION

MARCH 31

	2023	2022
	\$	\$
FINANCIAL ASSETS		
Cash (note 2)	11,867,911	10,572,135
Marketable securities (note 1)	3,818,020	4,053,412
Accounts receivable (note 3)	2,279,531	2,068,636
Ottawa trust funds (note 4)	<u>159,340</u>	<u>158,457</u>
	<u>18,124,802</u>	<u>16,852,640</u>
FINANCIAL LIABILITIES		
Accounts payable and accruals (note 5)	641,485	529,233
Deferred revenue (notes 1 and 6)	<u>30,000</u>	<u>25,000</u>
	<u>671,485</u>	<u>554,233</u>
NET FINANCIAL ASSETS	<u>17,453,317</u>	<u>16,298,407</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (note 8)	55,365	80,866
Property and equipment (notes 1 and 7)	<u>28,306,466</u>	<u>27,501,931</u>
	<u>28,361,831</u>	<u>27,582,797</u>
	<u>45,815,148</u>	<u>43,881,204</u>
FIRST NATION POSITION		
Operating surplus (note 9)	17,349,342	16,220,816
Equity in property and equipment (note 10)	28,306,466	27,501,931
Ottawa Trust Funds (note 4)	<u>159,340</u>	<u>158,457</u>
	<u>45,815,148</u>	<u>43,881,204</u>

APPROVED ON BEHALF OF COUNCIL

Robert Nelson Chief Councillor

Shawn Miller Executive Director
Shawn Miller CFO

METLAKATLA FIRST NATION

STATEMENT OF FINANCIAL ACTIVITIES

YEAR ENDED MARCH 31

	Unaudited Budget	2023	2023	2022
	\$	\$	\$	\$
REVENUE				
Indigenous Services Canada	3,456,204	4,435,225	4,280,556	
First Nations Health Authority	704,121	786,882	832,812	
BC First Nations Gaming Revenue Sharing	450,000	743,472	421,959	
Province of British Columbia	531,952	783,848	619,225	
First Nations Education Steering Committee	-	63,518	87,920	
Ottawa Trust Funds	-	7,003	5,217	
Marketable securities income	180,000	178,974	808,739	
Other	<u>827,126</u>	<u>1,796,324</u>	<u>2,446,199</u>	
	<u>6,149,403</u>	<u>8,795,246</u>	<u>9,502,627</u>	
EXPENDITURE				
Administration	941,737	937,323	761,564	
Community Health	1,219,676	603,834	557,165	
Education	1,095,295	1,036,878	926,092	
Elder Investment Fund	95,000	143,568	155,510	
Lands Management	369,751	300,801	212,430	
Public Works and Capital	703,819	1,239,232	1,249,891	
Social Services	451,055	413,096	366,238	
Strategic Initiatives	<u>1,463,492</u>	<u>2,186,570</u>	<u>1,800,012</u>	
	<u>6,339,825</u>	<u>6,861,302</u>	<u>6,028,902</u>	
REVENUE OVER EXPENDITURE	-190,422	1,933,944	3,473,725	
OPENING POSITION	<u>43,881,204</u>	<u>43,881,204</u>	<u>40,407,479</u>	
CLOSING POSITION	<u>43,690,782</u>	<u>45,815,148</u>	<u>43,881,204</u>	

METLAKATLA FIRST NATION

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31

	2023	2022
	\$	\$
OPERATING ACTIVITIES		
Revenue over expenditure	1,933,944	3,473,725
Amortization	584,344	601,722
Accounts receivable	-210,895	314,363
Accounts payable and accruals	112,252	120,771
Deferred revenue	5,000	-5,000
Marketable securities	235,392	-708,055
Prepaid expenses	25,501	-19,854
Ottawa Trust Funds	-883	-543
	<u>2,684,655</u>	<u>3,777,129</u>
INVESTING ACTIVITIES		
Property and equipment additions	<u>-1,388,879</u>	<u>-50,340</u>
CHANGE IN CASH	1,295,776	3,726,789
OPENING CASH BALANCE	<u>10,572,135</u>	<u>6,845,346</u>
CLOSING CASH BALANCE	<u>11,867,911</u>	<u>10,572,135</u>

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

	2023	2022
	\$	\$
Revenue over expenditure	1,933,944	3,473,725
Amortization	584,344	601,722
Prepaid expenses	25,501	-19,854
Property and equipment additions	<u>-1,388,879</u>	<u>-50,340</u>
 CHANGE IN NET FINANCIAL ASSETS	 1,154,910	4,005,253
 OPENING NET FINANCIAL ASSETS	 <u>16,298,407</u>	<u>12,293,154</u>
 CLOSING NET FINANCIAL ASSETS	 <u>17,453,317</u>	<u>16,298,407</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2023

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, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Marketable Securities

Marketable securities classified as held for trading are reported at market value (cost \$2,836,656).

2. CASH

	2023	2022
	\$	\$
Non restricted	11,707,581	10,411,805
Restricted – Letter of Guarantee	<u>160,330</u>	<u>160,330</u>
	<u>11,867,911</u>	<u>10,572,135</u>

3. ACCOUNTS RECEIVABLE

	2023	2022
	\$	\$
Indigenous Services Canada	85,287	336,903
Grassy Bay Services	-	8,920
Government of Canada	2,027	2,027
Housing	49,704	54,679
Metlakatla Development Corporation	1,190,564	531,604
Metlakatla Stewardship Society	1,142	-
Metlakatla Treaty	15,534	13,932
School District #52 (Prince Rupert)	133,000	133,000
Trade and Other	<u>824,552</u>	<u>1,032,250</u>
	<u>2,301,810</u>	<u>2,113,315</u>
Allowance for doubtful accounts	<u>22,279</u>	<u>44,679</u>
	<u>2,279,531</u>	<u>2,068,636</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2023

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	3,801	154,656	158,457
Interest	7,003	-	7,003
Transfer to the Nation	-6,120	-	-6,120
Closing balance	<u>4,684</u>	<u>154,656</u>	<u>159,340</u>

5. ACCOUNTS PAYABLE AND ACCRUALS

	2023 \$	2022 \$
Trade and other	516,143	398,193
Wages and benefits	<u>125,342</u>	<u>131,040</u>
	<u>641,485</u>	<u>529,233</u>

6. DEFERRED REVENUE

	2023 \$	2022 \$
First Nations Education Steering Committee	-	25,000
Province of British Columbia	<u>30,000</u>	<u>-</u>
	<u>30,000</u>	<u>25,000</u>

METLAKATLA FIRST NATION

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MARCH 31, 2023

7. PROPERTY AND EQUIPMENT

	Cost						Accumulated Amortization	Net Book Value	
	Opening Balance	Additions	Disposals	Closing Balance	Current Provision	Disposals			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Infrastructure	25,356,103	1,257,896	-	26,613,999	5,408,204	333,854	-	5,742,058	20,871,941
Buildings	9,993,479	76,836	-	10,070,315	2,834,510	160,635	-	2,995,145	7,075,170
Vehicles	928,650	-	-	928,650	721,516	41,428	-	762,944	165,706
Equipment	958,189	54,147	-	1,012,336	770,260	48,427	-	818,687	193,649
	<u>37,236,421</u>	<u>1,388,879</u>	-	<u>38,625,300</u>	<u>9,734,490</u>	<u>584,344</u>	-	<u>10,318,834</u>	<u>28,306,466</u>
									<u>27,501,931</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2023

8. PREPAID EXPENSES

	2023	2022
	\$	\$
Legal retainer	15,815	15,815
Post-secondary living allowances	8,061	11,645
Social assistance allowances	15,736	12,475
Other	<u>15,753</u>	<u>40,931</u>
	<u>55,365</u>	<u>80,866</u>

9. OPERATING SURPLUS

	2023	2022
	\$	\$
Administration	968,199	612,996
Community Health	1,133,380	1,147,108
Education	2,152,544	1,855,812
Elder Investment Fund	3,843,029	4,174,833
Lands Management	656,283	573,365
Public Works and Capital	2,979,544	1,469,554
Social Services	698,936	494,136
Strategic Initiatives	<u>4,917,427</u>	<u>5,893,012</u>
	<u>17,349,342</u>	<u>16,220,816</u>

10. EQUITY IN PROPERTY AND EQUIPMENT

Opening balance	\$ 27,501,931
Equipment purchases	1,388,879
Amortization	<u>-584,344</u>
Closing balance	<u>\$ 28,306,466</u>

METLAKATLA FIRST NATION

NOTES

MARCH 31, 2023

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, 2023

II. SEGMENT DISCLOSURE continued

	Unaudited Budget 2023	Administration	Community Health	Education	Elder Investment Fund	Lands Management	Public Works and Capital \$	Social Services	Strategic Initiatives	Total 2023	Total 2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE											
Indigenous Services Canada	3,456,204	815,443	1,104,146	-	283,313	1,331,946	538,459	361,918	4,435,225	4,280,556	
First Nations Health Authority	704,121	-	762,652	-	-	-	-	-	24,230	786,882	832,812
BC First Nations Gaming Revenue Sharing	450,000	-	-	-	-	-	-	-	743,472	421,959	
Province of British Columbia	531,952	-	-	-	-	-	-	-	753,848	619,225	
First Nations Education Steering Committee	-	-	-	-	-	-	-	-	63,518	-	87,920
Ottawa Trust Funds	-	7,003	-	-	-	-	-	-	-	7,003	5,217
Marketable securities income	180,000	367,210	5,000	229,463	-188,236	112,656	78,209	-	-	178,974	808,739
Other	827,126	117,866	-	-	-	-	-	-	1,253,130	1,796,324	2,446,199
	6,149,403	1,307,522	767,652	1,333,609	-188,236	395,969	1,410,155	631,977	3,136,598	8,795,246	9,502,627
EXPENDITURE											
Administration and office	103,950	67,792	14,239	110	-	22,400	6,881	4,843	32,163	148,428	128,180
Advertising and communications	29,000	5,325	-	-	-	-	-	-	-	5,325	5,321
Amortization	-	-	-	-	-	-	-	-	-	584,344	601,722
Audit and legal	230,000	31,530	-	-	-	-	-	-	37,296	68,826	489,491
Bad debts	-	-	-	-	-	-	-	-	-	-	15,014
Basic and special needs	80,700	-	-	7,050	-	-	-	-	-	126,620	84,814
Contract services	263,000	43,720	1,312	-	-	19,179	2,763	-	65,000	131,974	219,169
Council remuneration and travel	396,814	-	-	-	-	-	-	-	345,284	345,284	322,164
Ferry services	230,000	60,000	-	190,000	-	-	-	-	-	250,000	230,000
Insurance	82,000	17,866	-	-	486,832	-	-	82,585	-	-	100,451
Local education agreement	440,000	-	-	-	-	-	-	-	-	486,832	417,695
Materials and supplies	34,100	2,170	29,611	-	-	-	13,816	8,204	1,045	54,846	30,483
Meetings and community events	329,128	91,737	11,056	8,356	-	39,228	9,966	58,622	85,143	295,008	319,265
Member distributions	60,000	-	-	-	105,000	-	-	-	929,000	1,034,000	120,000
Other operating expenses	453,022	24,853	750	-	-	-	178,579	-	150,252	354,434	303,595
Professional fees	399,700	53,358	108,848	7,000	38,568	4,038	30,731	-	88,264	330,807	282,081
Rent	95,008	6,500	-	-	-	-	-	47,912	46,602	101,014	67,467
Repairs and maintenance	113,000	-	20,113	-	-	-	96,237	-	7,325	123,575	109,298
Telephone and utilities	129,480	27,777	34,664	-	-	4,947	39,461	3,594	14,863	125,306	135,109
Training	36,700	3,289	2,016	-	-	5,559	-	-	10,864	-	1,102
Travel	178,600	23,548	25,762	60,789	-	24,812	12,290	16,652	7,517	171,370	62,402
Tuition and supplies	326,600	-	-	166,785	-	-	-	-	-	166,785	195,559
Wages and benefits	2,329,023	477,858	-	355,463	109,956	-	180,638	190,579	153,699	376,816	1,845,009
	6,339,825	937,323	603,834	1,036,878	143,568	300,801	1,239,232	413,096	2,186,570	6,861,302	6,028,902
REVENUE OVER EXPENDITURE	-190,422	370,199	163,818	296,731	-331,804	95,168	170,923	218,881	950,028	1,933,344	3,473,725
TRANSFERS	-	55,062	31,111	-	-	-	-	-	1,925,615	-	-
ANNUAL SURPLUS (DEFICIT)	-190,422	314,237	132,707	296,731	-331,804	95,168	2,183,611	218,881	-975,587	1,933,344	3,473,725