

Financial Statements of

**BRITISH COLUMBIA ASSEMBLY
OF FIRST NATIONS**

And Independent Auditors' Report thereon

Year ended March 31, 2022

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

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Year ended March 31, 2022

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MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the British Columbia Assembly of First Nations ("BCAFN") are the responsibility of management and have been prepared in compliance with legislation, and in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The BCAFN's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The BC Regional Chief and Board members meet with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the BCAFN. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the BCAFN's financial statements.



B.C. Regional Chief



Chief of Staff



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INDEPENDENT AUDITORS' REPORT

To the Members of British Columbia Assembly of First Nations

Opinion

We have audited the financial statements of British Columbia Assembly of First Nations ("BCAFN"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the BCAFN as at March 31, 2022 and its results of operations, its changes in net financial assets and its 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. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the BCAFN in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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 BCAFN'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 BCAFN or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the 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 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 BCAFN'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 BCAFN's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the BCAFN's 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.
- 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.

Report on Other legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with the Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Prince George, Canada

September 15, 2022

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021
Financial assets:		
Cash	\$ 1,695,472	\$ 2,493,789
Accounts receivable (note 2)	1,121,328	258,341
	<u>2,816,800</u>	<u>2,752,130</u>
Liabilities:		
Accounts payable and accrued liabilities	476,554	467,938
Deferred revenue (note 3)	2,212,221	2,136,803
Long-term debt (note 4)	83,399	122,679
	<u>2,772,174</u>	<u>2,727,420</u>
Net financial assets	44,626	24,710
Non-financial assets:		
Tangible capital assets (note 5)	238,430	280,825
Prepaid expenses and deposits	13,824	17,303
	<u>252,254</u>	<u>298,128</u>
Accumulated surplus (note 6)	<u>\$ 296,880</u>	<u>\$ 322,838</u>

See accompanying notes to financial statements.

On behalf of the British Columbia Assembly of First Nations:



Director



Director

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Operations and Accumulated Surplus

Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
Revenue (note 7):			
Indigenous Services Canada ("ISC")	\$ 1,529,116	\$ 1,128,114	\$ 1,467,189
Ministry of Indigenous Relations and Reconciliation ("MIRR")	3,403,909	1,768,104	1,342,604
Assembly of First Nations ("AFN")	1,072,264	885,047	866,500
Ministry of Public Safety	-	98,563	9,542
Other income	79,574	32,203	13,650
Union of British Columbia Indian Chiefs ("UBCIC")	-	14,500	69,450
Environment and Climate Change Canada ("ECCC")	93,775	93,775	-
Ministry of Forests, Lands, Natural Resource Operations and Rural Development ("MFLNRORD")	83,333	32,693	-
Women and Gender Equality Canada ("WAGE")	-	28,488	-
Total revenue	6,261,971	4,081,487	3,768,935
Expenses (note 7):			
Administration	1,753,884	1,542,338	1,364,555
Cultural events	305,661	211,984	281,606
Legislation	1,962,651	797,557	735,450
Policy development	2,261,548	1,555,566	1,403,131
Total expenses	6,283,744	4,107,445	3,784,742
Annual deficit	\$ (21,773)	\$ (25,958)	\$ (15,807)
Accumulated surplus, beginning of year	322,838	322,838	338,645
Accumulated surplus, end of year	\$ 301,065	\$ 296,880	\$ 322,838

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Change in Net Financial Assets

Year ended March 31, 2022, with comparative information for 2021

	Budget	2022	2021
Annual deficit	\$ (21,773)	\$ (25,958)	\$ (15,807)
Acquisition of tangible capital assets	-	(8,052)	(10,681)
Amortization of tangible capital assets	-	50,447	61,703
	-	42,395	51,022
Use of prepaid expenses and deposits	-	3,479	1,766
	-	3,479	1,766
Change in net financial assets	(21,773)	19,916	36,981
Net financial assets (debt), beginning of year	24,710	24,710	(12,271)
Net financial assets, end of year	\$ 2,937	\$ 44,626	\$ 24,710

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (25,958)	\$ (15,807)
Items not involving cash:		
Amortization	50,447	61,703
	24,489	45,896
Change in non-cash operating assets and liabilities:		
Accounts receivable	(862,987)	427,757
Accounts payable and accrued liabilities	8,616	(149,873)
Deferred revenue	75,418	33,805
Prepaid expenses and deposits	3,479	1,766
	(750,985)	359,351
Capital activities:		
Acquisition of tangible capital assets	(8,052)	(10,681)
	(8,052)	(10,681)
Financing activities:		
Repayment of long-term debt	(39,280)	(35,214)
(Decrease) increase in cash	(798,317)	313,456
Cash, beginning of year	2,493,789	2,180,333
Cash, end of year	\$ 1,695,472	\$ 2,493,789

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements

Year ended March 31, 2022

British Columbia Assembly of First Nations ("BCAFN") was incorporated as a non-reporting society under the Society Act (British Columbia) on April 2, 2003 and is a Political Territorial Organization that represents the 203 First Nations in British Columbia.

The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The situation continues to be dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on BCAFN is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows and working capital levels, which may also potentially have a direct impact on the operating results and financial position of BCAFN in the future.

1. Basis of presentation and significant accounting policies:

These financial statements include the assets, liabilities and results of operations of BCAFN. The financial statements of the BCAFN are prepared by management in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, which encompasses the following principles:

(a) Revenue recognition:

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements and contracts. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as deferred revenue in the year of receipt and classified as such on the summary statement of financial position.

Government transfers are recognized as revenues in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria is met, and reasonable estimates of the amounts can be made. If the transfer contains stipulations that create a liability, the transfer is recognized as revenue in the period in which the liability is extinguished.

Donations and other revenue are recognized when the cash is received.

(b) Deferred revenue:

Deferred revenue represents grants and other fees which have been collected, but for which the related expenses or services have yet to be incurred or performed. These amounts will be recognized as revenues in the fiscal year the services are performed or related expenses incurred.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

1. Basis of presentation and significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Contributed tangible capital assets are recorded at fair value at the time of the donation with a corresponding amount recorded as revenue. Expenses for repairs and maintenance that do not materially add to the useful life or service potential of the asset are not capitalized, but expensed as incurred. The cost, less residual value, of the tangible capital assets, excluding land, are amortized over their estimated useful lives as follows:

Asset	Basis	Rate
Building	Straight-line	10 years
Furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	5 years

Additions during the year have been amortized using the above annual rates prorated for the month of purchase. Assets under construction are not amortized until the asset is available for productive use. When a tangible capital asset no longer contributes to BCAFN's ability to provide services, its carrying amount is written down to its residual value.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period.

Items subject to such estimates include the carrying amount of accounts receivable, tangible capital assets, and accounts payable and accrued liabilities. Actual results could differ from these estimates.

(e) Pension plan:

BCAFN contributes to a private defined contribution pension plan. Contributions are expensed as incurred.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

2. Accounts receivable:

Accounts receivable by funding source is summarized as follows:

	2022	2021
AFN	\$ 328,350	\$ 82,250
ISC	243,013	-
ECCC	93,775	-
MFLNRORD	83,333	-
MIRR	-	6,000
Province of British Columbia	227,000	-
UBCIC	14,500	69,450
GST rebate receivable	127,738	96,589
Other	3,619	3,943
Due from employees	-	109
	<u>\$ 1,121,328</u>	<u>\$ 258,341</u>

3. Deferred revenue:

Deferred revenue consists of the following:

	2022	2021
ISC	\$ 401,002	\$ 119,543
MIRR	1,309,986	1,876,802
Ministry of Public Safety	141,895	140,458
AFN	272,577	-
MFLNRORD	50,640	-
Ministry of Energy, Mines and Low Carbon	12,035	-
WAGE	24,086	-
	<u>\$ 2,212,221</u>	<u>\$ 2,136,803</u>

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

4. Long-term debt:

	2022	2021
Royal Bank of Canada term loan, repayable in blended monthly payments of \$3,325 plus interest at prime rate + 0.50% per annum, maturing May 2022.	\$ 83,399	\$ 122,679
	\$ 83,399	\$ 122,679

In the event that the bank renews the term of the loan upon maturity, principal repayments over the next 3 years are approximately as follows:

2023	\$	39,900
2024		39,900
2025		3,599
	\$	83,399

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

5. Tangible capital assets:

2022	Leasehold improvements	Furniture & equipment	Computer equipment	Building	Total
Cost:					
Balance, beginning of year	\$ 70,546	\$ 65,356	\$ 211,762	\$ 191,251	\$ 538,915
Additions	-	766	7,286	-	8,052
Balance, end of year	70,546	66,122	219,048	191,251	546,967
Accumulated amortization:					
Balance, beginning of year	\$ 27,777	\$ 34,773	\$ 151,044	\$ 44,496	\$ 258,090
Amortization	8,554	6,209	21,009	14,675	50,447
Balance, end of year	36,331	40,982	172,053	59,171	308,537
Net book value	\$ 34,215	\$ 25,140	\$ 46,995	\$ 132,080	\$ 238,430

2021	Leasehold improvements	Furniture & equipment	Computer equipment	Building	Total
Cost:					
Balance, beginning of year	\$ 70,546	\$ 59,624	\$ 206,813	\$ 191,251	\$ 528,234
Additions	-	5,732	4,949	-	10,681
Balance, end of year	70,546	65,356	211,762	191,251	538,915
Accumulated amortization:					
Balance, beginning of year	\$ 17,085	\$ 28,365	\$ 122,747	\$ 28,190	\$ 196,387
Amortization	10,692	6,408	28,297	16,306	61,703
Balance, end of year	27,777	34,773	151,044	44,496	258,090
Net book value	\$ 42,769	\$ 30,583	\$ 60,718	\$ 146,755	\$ 280,825

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

6. Accumulated surplus:

	2022	2021
Unrestricted surplus	\$ 58,450	\$ 42,013
Invested in tangible capital assets	238,430	280,825
	<u>\$ 296,880</u>	<u>\$ 322,838</u>

7. Segmented information:

Segmented information has been identified based upon lines of service provided by the BCAFN. BCAFN services are provided by departments and their activities are reported by functional area in the body of the financial statements. Certain lines of service that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(i) Administration:

Administration provides the functions of corporate administration, finance, human resources, legislative services, and any other functions not categorized to a specific department that are required for carrying out the BCAFN's mandate and supports our adherence to the BC Societies Act.

(ii) Cultural Events:

Cultural focuses on the integration of funding initiatives that incorporate Indigenous knowledge and its role in the support of legislative and policy development. This takes a reconciliatory approach in melding Indigenous concepts into present-day systems for the betterment of all parties.

(iii) Legislation:

Legislation is responsible for policy analysis, advice, engagement and development of required information tools to inform the BC First Nations Leadership of pending and current legislation relating to specified policy such as: Children and Families, Cannabis, Recognition and Implementation of Rights Framework, and the United Nations Declaration on the Rights of Indigenous Peoples.

(iv) Policy Development:

Policy is responsible for policy analysis, advice, engagement and development of required information tools to inform the BC First Nations Leadership on issues currently facing BC First Nations requiring the revision or advancement of regional, provincial or federal policy. This has included policy review relating to: Housing, Economic Development, Climate Change, Governance, and Youth.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Segmented information (continued):

2022	Administration	Cultural events	Legislation	Policy development	Total
Revenues:					
MIRR	\$ 169,233	\$ 60,000	\$ 496,185	\$ 1,042,686	\$ 1,768,104
ISC	991,865	129,142	-	7,107	1,128,114
AFN	372,264	-	62,783	450,000	885,047
Ministry of Public Safety	-	-	98,563	-	98,563
ECCC	-	-	93,775	-	93,775
Ministry of Forest, Lands, Natural Resources Operations and Rural Development	-	-	32,693	-	32,693
UBCIC	-	-	14,500	-	14,500
WAGE	-	-	-	28,488	28,488
Other income	-	-	2,965	29,238	32,203
Total revenues	1,533,362	189,142	801,464	1,557,519	4,081,487
Expenses:					
Salaries, benefits and consultants	765,450	66,599	226,147	675,981	1,734,177
Advisory, technical and professional	154,420	72,618	531,121	448,865	1,207,024
Office	240,748	20,000	14,445	285,172	560,365
Travel	65,670	-	1,675	31,374	98,719
Amortization	50,447	-	-	-	50,447
Meetings and assemblies	265,603	52,767	24,169	114,174	456,713
Total expenses	1,542,338	211,984	797,557	1,555,566	4,107,445
Annual surplus (deficit)	\$ (8,976)	\$ (22,842)	\$ 3,907	\$ 1,953	\$ (25,958)

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

7. Segmented information (continued):

2021	Administration	Cultural Events	Legislation	Policy Development	Total
Revenues:					
MIRR	\$ 64,408	\$ -	\$ 301,943	\$ 976,253	\$ 1,342,604
ISC	988,947	132,000	166,242	180,000	1,467,189
AFN	516,500	250,000	-	100,000	866,500
Ministry of Public Safety	-	-	9,542	-	9,542
UBCIC	-	-	69,450	-	69,450
Other income	300	-	-	13,350	13,650
Total revenues	1,570,155	382,000	547,177	1,269,603	3,768,935
Expenses:					
Salaries, benefits and consultants	706,988	140,776	233,031	582,148	1,662,943
Advisory, technical and professional	167,255	118,868	468,285	446,892	1,201,300
Office	211,191	-	-	322,034	533,225
Travel	-	-	-	11,870	11,870
Amortization	61,703	-	-	-	61,703
Meetings and assemblies	217,418	21,962	34,134	40,187	313,701
Total expenses	1,364,555	281,606	735,450	1,403,131	3,784,742
Annual surplus (deficit)	\$ 205,600	\$ 100,394	\$ (188,273)	\$ (133,528)	\$ (15,807)

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2022

8. Pension:

BCAFN provides a defined contribution plan for eligible members of its staff. Members are required to contribute 6% of their basic salary. BCAFN contributes 6% and the contributions are directed to the member's contribution account. During the year, BCAFN contributed \$67,821 (2021 - \$66,208).

9. Employee remuneration:

For the fiscal year ending March 31, 2022, BCAFN paid total remuneration including taxable benefits of \$1,044,593 to 9 employees, each of whom received total annual remuneration including taxable benefits of \$75,000 or greater.

10. Credit facility:

Under its credit facility agreement with the Royal Bank of Canada dated February 2, 2016, BCAFN has an authorized revolving demand facility in the amount of \$25,000. The revolving demand facility is due on demand and bears interest at the bank's commercial prime lending rate plus 2.0%. The credit facility was not utilized as at March 31, 2022.

11. Comparative information:

Certain 2021 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. These changes do not affect prior year deficit.