

Financial Statements of

**BRITISH COLUMBIA ASSEMBLY
OF FIRST NATIONS**

And Independent Auditor's Report thereon

Year ended March 31, 2023

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

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Year ended March 31, 2023

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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 Auditor's 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



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone 250-563-7151
Fax 250-563-5693

INDEPENDENT AUDITOR'S 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, 2023
- 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, 2023 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.

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 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 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 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.

Chartered Professional Accountants

Prince George, Canada

November 1, 2023

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Financial Position

March 31, 2023, with comparative information for 2022

	2023	2022
Financial assets:		
Cash	\$ 2,765,811	\$ 1,695,472
Accounts receivable (note 2)	2,575,455	1,121,328
	<u>5,341,266</u>	<u>2,816,800</u>
Liabilities:		
Accounts payable and accrued liabilities	724,092	476,554
Deferred revenue (note 3)	4,424,383	2,212,221
Long-term debt (note 4)	43,496	83,399
	<u>5,191,971</u>	<u>2,772,174</u>
Net financial assets	149,295	44,626
Non-financial assets:		
Tangible capital assets (note 5)	216,954	238,430
Prepaid expenses and deposits	15,101	13,824
	<u>232,055</u>	<u>252,254</u>
Accumulated surplus (note 6)	<u>\$ 381,350</u>	<u>\$ 296,880</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, 2023, with comparative information for 2022

	Budget	2023	2022
Revenue (note 7):			
Indigenous Services Canada ("ISC")	\$ 2,896,485	\$ 1,765,230	\$ 1,128,114
Ministry of Indigenous Relations and Reconciliation ("MIRR")	2,331,967	1,969,941	1,768,104
Assembly of First Nations ("AFN")	1,690,143	1,122,610	885,047
Ministry of Public Safety	420,112	203,967	98,563
Other income	394,910	606,925	32,203
Ministry of Jobs, Economic Development and Innovation ("MJEDI")	1,231,000	138,639	-
Union of British Columbia Indian Chiefs ("UBCIC")	-	-	14,500
Environment and Climate Change Canada ("ECCC")	50,000	-	93,775
Ministry of Forests, Lands, Natural Resource Operations and Rural Development ("MFLNRORD")	50,640	50,640	32,693
Women and Gender Equality Canada ("WAGE")	192,720	93,315	28,488
Total revenue	9,257,977	5,951,267	4,081,487
Expenses (note 7):			
Administration	1,680,645	1,696,637	1,542,338
Cultural events	341,684	531,105	211,984
Legislation	2,799,712	1,498,058	797,557
Policy development	4,458,436	2,140,997	1,555,566
Total expenses	9,280,477	5,866,797	4,107,445
Annual (deficit) surplus	\$ (22,500)	\$ 84,470	\$ (25,958)
Accumulated surplus, beginning of year	296,880	296,880	322,838
Accumulated surplus, end of year	\$ 274,380	\$ 381,350	\$ 296,880

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Change in Net Financial Assets

Year ended March 31, 2023, with comparative information for 2022

	Budget	2023	2022
Annual (deficit) surplus	\$ (22,500)	\$ 84,470	\$ (25,958)
Acquisition of tangible capital assets	-	(22,739)	(8,052)
Amortization of tangible capital assets	-	44,215	50,447
	-	21,476	42,395
Purchase (use) of prepaid expenses and deposits	-	(1,277)	3,479
	-	(1,277)	3,479
Change in net financial assets	(22,500)	104,669	19,916
Net financial assets, beginning of year	44,626	44,626	24,710
Net financial assets, end of year	\$ 22,126	\$ 149,295	\$ 44,626

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Statement of Cash Flows

Year ended March 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 84,470	\$ (25,958)
Items not involving cash:		
Amortization	44,215	50,447
	128,685	24,489
Change in non-cash operating assets and liabilities:		
Accounts receivable	(1,454,127)	(862,987)
Accounts payable and accrued liabilities	247,538	8,616
Deferred revenue	2,212,162	75,418
Prepaid expenses and deposits	(1,277)	3,479
	1,132,981	(750,985)
Capital activities:		
Acquisition of tangible capital assets	(22,739)	(8,052)
	(22,739)	(8,052)
Financing activities:		
Repayment of long-term debt	(39,903)	(39,280)
Increase (decrease) in cash	1,070,339	(798,317)
Cash, beginning of year	1,695,472	2,493,789
Cash, end of year	\$ 2,765,811	\$ 1,695,472

See accompanying notes to financial statements.

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements

Year ended March 31, 2023

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.

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, 2023

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, 2023

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

(f) Asset retirement obligation:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

On April 1, 2021, BCAFN adopted Public Accounting Standard PS 3280 - Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. Following the adoption of the standard, BCAFN did not identify any legal obligations giving rise to a liability.

2. Accounts receivable:

Accounts receivable by funding source is summarized as follows:

	2023	2022
AFN	\$ 711,830	\$ 328,350
ISC	445,000	243,013
ECCC	50,000	93,775
MFLNRORD	-	83,333
MIRR	113,500	-
Province of British Columbia	963,327	227,000
UBCIC	-	14,500
Takla Lake First Nation	68,000	-
GST rebate receivable	182,889	127,738
Other	40,553	3,619
Due from employees	356	-
	\$ 2,575,455	\$ 1,121,328

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2023

3. Deferred revenue:

Deferred revenue consists of the following:

	2023	2022
ISC	\$ 1,153,755	\$ 401,002
MIRR	549,129	1,309,986
Ministry of Public Safety	58,213	141,895
AFN	584,956	272,577
MFLNRORD	-	50,640
Ministry of Energy, Mines and Low Carbon	640,914	12,035
WAGE	99,405	24,086
MJEDI	1,190,361	-
ECCC	50,000	-
Ministry of Emergency Management and Climate Readiness	75,000	-
Other	22,650	-
	\$ 4,424,383	\$ 2,212,221

4. Long-term debt:

	2023	2022
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 2023.	\$ 43,496	\$ 83,399
	\$ 43,496	\$ 83,399

In the event that the bank renews the term of the loan upon maturity, principal repayments over the next 2 years are approximately as follows:

2024	\$	39,900
2025		3,596
	\$	43,496

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2023

5. Tangible capital assets:

2023	Leasehold improvements	Furniture & equipment	Computer equipment	Building	Total
Cost:					
Balance, beginning of year	\$ 70,546	\$ 66,122	\$ 219,048	\$ 191,251	\$ 564,967
Additions	-	1,004	21,735	-	22,739
Balance, end of year	70,546	67,126	240,783	191,251	587,706
Accumulated amortization:					
Balance, beginning of year	\$ 36,331	\$ 40,982	\$ 172,053	\$ 59,171	\$ 308,537
Amortization	6,843	5,258	18,906	13,208	44,215
Balance, end of year	43,174	46,240	190,959	72,379	352,752
Net book value	\$ 27,372	\$ 20,886	\$ 49,824	\$ 118,872	\$ 216,954

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

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2023

6. Accumulated surplus:

	2023	2022
Unrestricted surplus	\$ 164,396	\$ 58,450
Invested in tangible capital assets	216,954	238,430
	<u>\$ 381,350</u>	<u>\$ 296,880</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, 2023

7. Segmented information (continued):

2023	Administration	Cultural events	Legislation	Policy development	Total
Revenues:					
MIRR	\$ 242,842	\$ 44,968	\$ 416,410	\$ 1,265,721	\$ 1,969,941
ISC	1,054,336	167,180	358,321	185,393	1,765,230
AFN	350,000	17,250	365,311	390,049	1,122,610
Ministry of Public Safety	-	-	152,181	51,786	203,967
Ministry of Forest, Lands, Natural Resources Operations and Rural Development	-	-	50,640	-	50,640
WAGE	-	-	-	93,315	93,315
Other income	10,000	402,095	160,888	33,942	606,925
Ministry of Jobs, Economic Development and Innovation	-	-	-	138,639	138,639
Total revenues	1,657,178	631,493	1,503,751	2,158,845	5,951,267
Expenses:					
Salaries, benefits and consultants	576,303	28,350	330,500	905,033	1,840,186
Advisory, technical and professional	183,518	50,133	1,026,272	372,096	1,632,019
Office	188,115	108	8,194	244,561	440,978
Travel	208,147	5,182	34,962	165,669	413,960
Amortization	44,215	-	-	-	44,215
Meetings and assemblies	496,339	447,332	98,130	453,638	1,495,439
Total expenses	1,696,637	531,105	1,498,058	2,140,997	5,866,797
Annual surplus (deficit)	\$ (39,459)	\$ 100,388	\$ 5,693	\$ 17,848	\$ 84,470

BRITISH COLUMBIA ASSEMBLY OF FIRST NATIONS

Notes to Financial Statements (continued)

Year ended March 31, 2023

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
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, 2023

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 \$78,396 (2022 - \$67,821).

9. Employee remuneration:

For the fiscal year ending March 31, 2023, BCAFN paid total remuneration including taxable benefits of \$975,888 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, 2023.