



Tla-o-qui-aht First Nation

2021 Audit Findings

Report to Council

March 31, 2021

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OVERVIEW

We are pleased to submit to you this Audit Findings Report (the "Report") for discussion of our audit of the consolidated financial statements of Tla-o-qui-aht First Nation and its subsidiaries (the "Nation") as at March 31, 2021 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of Council.

As auditors, we report to the members on the results of our examination of the consolidated financial statements of the Nation as at and for the year ended March 31, 2021. The purpose of this Report is to assist you, as members of Council, in your review of the results of our audit.

This Report is intended solely for the information and use of Council and management and should not be distributed to or used by any other parties than these specified parties.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

ENGAGEMENT STATUS

We have completed our audit of the consolidated financial statements of the Nation which has been carried out in accordance with Canadian generally accepted auditing standards and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Receipt of the signed management representation letter;
- Discussion of subsequent events with Council;
- Council's review and approval of the consolidated financial statements.

No significant limitations were placed on the scope or timing of our audit.

INDEPENDENT AUDITOR'S REPORT




We expect to have the above procedures completed and to release our Independent Auditor's Report on July 29, 2021.







Unless unforeseen complications arise, our Independent Auditor's Report will provide opinion to the members of the Nation. The matters disclosed in the Independent Auditor's Report are discussed further in the relevant sections of the Report.

AUDIT REPORTING MATTERS

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the consolidated financial statements considered separately.

SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

AREA	COMMENTS
 CHANGES FROM AUDIT SERVICE PLAN	There were no deviations from the Audit Service Plan previously presented to you.
 FINAL MATERIALITY	Final materiality used for our audit was \$400,000 for March 31, 2021, and \$400,000 for March 31, 2020.
 IDENTIFIED OR SUSPECTED FRAUD	While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.

AREA	COMMENTS
 IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS	Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the consolidated financial statements.
 MATTERS ARISING IN CONNECTION WITH RELATED PARTIES	No significant matters arose during the course of our audit in connection with related parties of the Nation.
 GOING CONCERN	No events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern.
 AUDITOR'S VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES, ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES	<p>The application of Canadian public sector accounting standards allows and requires the Nation to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.</p> <p>As auditors, we are uniquely positioned to provide open and objective feedback regarding your Nation's accounting practices.</p> <p>The accounting policies used by the Nation are appropriate and have been consistently applied.</p>
 FINANCIAL STATEMENT DISCLOSURES	The disclosures made in the notes to the consolidated financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the consolidated financial statements.
 MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT	There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.

SIGNIFICANT RISK AREAS AND RESPONSES

OTHER AREAS

AREA	COMMENTS
AUDITOR INDEPENDENCE	We confirm to Council that we are independent of the Nation. Our letter to Council discussing our independence is included as part of the additional materials attached to this report.
MANAGEMENT REPRESENTATIONS	We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.

AREA	COMMENTS
SUMMARY OF SIGNIFICANT DIFFERENCES	Some significant differences were proposed to management with respect to the March 31, 2021 consolidated financial statements.

SUMMARY OF SIGNIFICANT DIFFERENCES

SIGNIFICANT UNADJUSTED DIFFERENCES

DIFFERENCES NOTED AND ITEMS AFFECTED	BALANCE SHEET	EARNINGS
Prior year interest on Winchie loan was not recorded. As a result, expenses in the current year were understated and opening surplus overstated	\$ 108,653	\$ (108,653)
Prior year interest on CMHC mortgages was not recorded. As a result the current year expenses are overstated and the opening surplus understated	\$ (107,737)	\$ 107,737
Other items	\$ (39,768)	\$ 39,768
Total Unadjusted Differences (Income Effect)		\$ 38,852

We appreciate having the opportunity to meet with you and respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,

MNP LLP

MNP LLP
Chartered Professional Accountants

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July 29, 2021

Chief and Council
Tla-o-qui-aht First Nation
1119 Pacific Rim Hwy
PO Box 18
Tofino, BC V0R 2Z0

Dear Members:

We have been engaged to audit the consolidated financial statements of Tla-o-qui-aht First Nation ("the First Nation") as at March 31, 2021 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the First Nation and its related entities or persons in financial reporting oversight roles at the First Nation and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the First Nation and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from April 1, 2020 to July 29, 2021.

We hereby confirm that MNP is independent with respect to the First Nation within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia as of July 29, 2021.

This report is intended solely for the use of Chief and Council, management and others within the First Nation and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you at our upcoming meeting. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Sincerely,



MNP LLP
Chartered Professional Accountants

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