



# HUU-AY-AHT FIRST NATION

## REQUEST FOR PROPOSAL

PREPARED FOR:

Huu-ay-aht First Nation  
Raja Narayanan, MBA, MFC, PGFP  
4644 Adelaide Street  
Port Alberni, BC  
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PREPARED BY:

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JULY 15, 2024

Chan Nowosad Boates Inc. (CNB) is pleased to submit our proposal to provide financial statement audit services for the Huu-ay-aht First Nation (the "Nation") for a three year period beginning for the year ended March 31, 2025.

Our proposed commitment to the Nation, it's employees and Executive Council is straightforward: We will provide services of the highest quality required and serve the Nation on a timely and cost-effective basis. CNB has offices located in Courtenay and Campbell River, and plan to open an office in Nanaimo in the near future - we are a short drive away and are often working in and around your community. Should you prefer to meet in person at any time - it will not be a problem. CNB will provide the expertise of a National firm, with the personalized experience and service of your local service provider. In selecting CNB you will also retain an assurance provider who is interested in being more than just your auditor - we want to be your trusted service advisor and see this as an opportunity to begin what we hope is a long term relationship. We will provide:

**Experience with First Nation Entities and Public Sector Accounting Standards (PSAS):**

CNB staff and management possess extensive experience in providing services to and working with First Nation entities that have similar reporting requirements as the Nation.

CNB is currently the auditor of the K'omoks First Nation, Da'naxda'xw First Nation, We Wai Kai Nation, Wei Wai Kum, Kwakiutl Band Council, Tlowitsis First Nation, Kwiakah First Nation, Wuikinuxv Nation, Ehattesaht First Nation, Homalco First Nation, Matsqui First Nation and Kwikwasut'inuxw Haxwa'mis First Nation. These First Nations operate comparable programs to the Nation, including but not limited to providing services to their members as well as entering into material contracts with the Provincial and Federal governments and having economic development activities ranging from carbon credits to forestry activities. We are also the auditor for a number of other diverse organizations in British Columbia that report under PSAS including over 10+ municipalities and School Districts. We also serve as auditor or consultant for multiple other First Nations economic development groups, including QXMC (Klahoose First Nation, Petroglyph Development Group (Snuneymuxw First Nation), Nunumus Management Group (Nuxalk Nation), and Haico (Haida Nation).

Transitioning to CNB will be a seamless process for the Nation as we have a strong understanding of the financial reporting requirements and the climate in which the Nation operates. We understand your operations, the financial reporting standards you report under and what you require from your auditor.

Larger firms will advertise to you their industry experts that are located out of major city centers, however, when it comes time for your audit, they will send in junior audit staff. We do this a bit differently as we have senior staff who will be working with you for the term of the audit, and engagement partners who will be available by phone at any time and will be on site and involved with the audit. Our staff consistently works with organizations like yours that require timely reporting.

**Commitment:**

We are a Vancouver Island founded and owned firm and we have an unparalleled commitment to our clients. We are committed to ensuring the highest quality of work, open and consistent communication with management and becoming involved with our clients in any way that we can. Our relationships with our clients is our number one priority.

We understand your reporting timelines and will place the utmost importance on responding to your questions right away and turn around any requests you have as quickly as possible. With a local staff of 55+ individuals, we have the resources to ensure that your timelines are always met.

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**Commitment (continued):**

We are here to answer your questions all year – not just during the year-end engagements. We treat our clients as we expect our service providers to treat us - always providing exemplary service without always looking for an opportunity to bill. Should you prefer to meet in person at any time we are happy to make the short drive to meet with you face to face.

**Value for Fees:**

CNB aims to deliver effective and efficient audits and concentrate our audit efforts on your key issues. We will pro-actively identify opportunities relating to your operations, processes and financial reporting, and work with you to provide the best possible advice and solutions. The value we provide relative to the cost is unparalleled.

We propose to provide staffing that cannot be matched. Rather than work directly with a CPA student or a 1st year CPA, we are proposing an engagement team that includes an engagement partner with 15+ years of experience and an engagement partner who will be active in the day to day work.

The audit work for the Nation will be completed by Chartered Professional Accountants who complete assurance engagements for the clients we have previously referenced. The knowledge and experience of our staff provides the Nation with the expertise required to meet its financial reporting needs in a timely and cost effective manner.

We look forward to what we hope is a long standing relationship with the Nation. Please do not hesitate to contact us if you have any questions or require additional information.

Yours very truly,

Chan Nowosad Boates Inc.



Derek Lamb, CPA, CA

Partner

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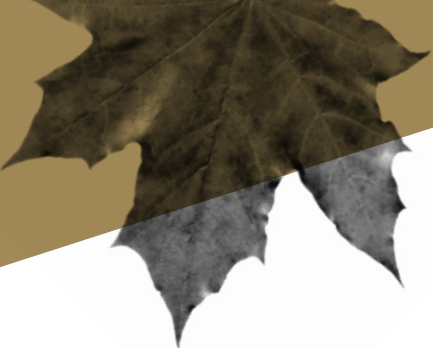


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## FIRM PROFILE

## FIRM PROFILE

Chan Nowosad Boates Inc. (CNB) is located in Campbell River and Courtenay and has been serving clients in British Columbia since 1983. Our clients are located all over BC from Haida Gwaii to Salt Spring Island, Bella Bella, Kelowna, Vancouver and Victoria. CNB remains a British Columbia focused firm with a significant focus being placed on giving back to the community and region that has given us so much. Our leadership and employees are based on Vancouver Island, located throughout the Campbell River & Courtenay/Comox area.

Our team includes a Chartered Business Valuator (CBV) and other specialists - from Estates to First Nation taxation, Excise Tax matters to Non-Resident services - services that you find with National firms, but at a local Vancouver Island owned and operated firm.



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## FIRM QUALIFICATIONS

We think that it is important to address the perception of a locally operated firm. While we are not a National firm or tied to a National group, we have **55+ full time professionals**, who possess a wide range of skills and experiences that allow us to offer a wide range of services. Those professionals also provide us with the resources to ensure deadlines are always met and provide our clients immediate responses to any questions or queries they may have.

Delivering on our engagements with exceptional service and meeting set deadlines is something our firm prides ourselves on, and something that has allowed us to grow from 2 to 45+ full time employees and 6 partners. We have the resources to ensure that deadlines are not only met, but the deliverables are provided well before the deadline.

Our clients have never missed a deadline as a result of a delay on our part. We live and work in the same community that our clients do. Not delivering on a deadline or service and damaging our reputation is not an option for us. We have team members who are CPA, CA's and auditors at our firm with 10-20 years of auditing experience. This team has always allowed us to meet our deadlines when servicing other organizations.

We appreciate your needs and the importance you place on staff continuity as well.

The continuity of staff is important in maintaining the consistent high level of service and efficiency in our assurance engagements. Our firm benefits from the fact that our employees are deeply rooted in the community. Our staff turnover rates are minimal and do not compare to those of larger firms. We believe it is easier to pay someone what they are worth than to be stuck offering a salary in a salary range for a position - so our staff turnover is minimized. However, should a senior employee on our engagement team leave the firm, it is our commitment to you that we will communicate this to management as soon as practically possible, as well as provide a list of qualified replacements to management to select their replacement from. We are here to serve you, and if you are not satisfied, then we are not doing our job.



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## A STORY OF OUR COMMITMENT TO OUR CLIENTS

We see our engagements with our clients as being more than simply providing an opinion, but also a relationship with your management, Board and the community that you operate in.

Each year we provide free tax clinics to prepare individual tax returns for low income community members of our clients at no cost, providing them from Alert Bay to Fort Rupert to Sayward and Tahsis. We work with and sponsor a number of Societies and sports teams throughout the coast of BC, including Kwakiutl, We Wai Kai and Dzawada'enuxw (Kingcome) soccer teams and the Nuxalk U17 basketball team (pictured).

During December 2014, 60+ First Nation fishermen and women up the coast of British Columbia received notices from the Canada Revenue Agency (CRA) that stated that their fishing activities in their Nation's territorial waters were now considered taxable. This decision was based on a ruling in the *Pilfold Estate v. Canada* (2014 CFA) decision. In the decision, the court found that the individual, Mr. Pilfold, who was not living on reserve nor was he fishing himself. The CRA applied this ruling broadly across all First Nation fishermen and women going as far back as 20 years in some cases.

The fishermen and women were provided with no option but to appeal the CRA ruling. They were faced with the option of going to Tax Court to challenge the decision OR accepting the ruling and being found to be owing the taxes stated. Of the 60+ First Nation fishermen and women who received this letter, approximately 25 of them were our clients. For some of them having to pay 20 years of back taxes would have bankrupted them.

Understanding that dealing with this on their own would be costly, as each would have to engage a tax lawyer and file their appeal to Tax Court, as well that 60 voices together carries much more weight than a single voice or 5 voices, we worked with our clients at no cost to identify the other individuals who had received this letter.

We organized multiple meetings and information sessions attended by 40+ individuals at a time, identified a qualified Vancouver tax lawyer to handle the case and provided those options to the members as well as lobbied for and obtained funding to hire those lawyers for the 60+ individuals effected. The appeals to the Tax Court of Canada were filed by one lawyer. The weight of these filings and organization of the appeals to the Tax Court of Canada were such that rather than partake in 60+ individual trials, the Justice Department reviewing their cases has set criteria for the exemption of tax on fishing income and associated EI-reaching settlements with over 40+ individuals and instructing the CRA to set up a special group to deal with First Nation fishing tax returns and ensuring that they are not assessed as taxable when the required criteria are met.

We did not charge our clients or the individuals affected by this. We performed the activities described above at no cost. They were members of our community and of the clients that we serve, and their success in this matter impacts the success, prosperity and growth of their communities and the businesses in those communities.



## EDUCATION

**We are strong believers in education.** We have participated in the local School District 72, North Island College and other community-based career colleges on the job training programs.

A partner of our firm, Derek Lamb, CPA, CA, is the former Chair of North Island College and is the former Audit Committee Chair while another partner, Danna Chan, CPA, CA, marks the Certified Final Examination (CFE), formerly the Uniformed Final Exam (UFE), for CPA Canada annually. We are one of the two firms on the North Island who were previously approved to train CA students with an unrestricted auditing designation and are currently an approved training office for up to 15 CPA students.

Recently, CNB furthered their commitment to education by donating \$125,000 to North Island College to enable greater access to post-secondary education for those in remote areas and to improve access to technology and \$10,000 to those achieving the highest mark in their accounting classes.

We constantly encourage our staff to better educate themselves.

The firm holds an annual best practices update to ensure that staff are familiar with updates to accounting and auditing standards as well as holding multiple annual professional development sessions for our staff and clients. We have held several of these sessions that we have invited all of our clients to.

Our people are always learning. It is the only way that we can continue to deliver the same level of service and quality to our clients that we expect from our service providers.

## PROFILES OF PROPOSED ENGAGEMENT TEAM

We are proposing to provide you with an engagement team that meets your organization's needs and understands your organization like no other firm. We are proposing to provide two engagement partners who will be active in overseeing the audit.

Our proposed engagement team also primarily works on assurance engagements and understands the assurance and reporting process, allowing us to complete the engagement efficiently and pass on that efficiency to you through our proposed fee.

Please see the subsequent pages for details of our proposed engagement team leads.

## DEREK LAMB CPA, CA

### Engagement Partner

Derek will act as one of the two engagement partners. He will review the financial statements and all other reports including the audit findings reports as well as all communications with management and the Board of Directors to ensure that the form and content adhere to the firm's highest standards. Derek will also be actively involved in the audit, committing to being on site for the audit as required.

Derek has extensive experience on assurance engagements, both locally and during his time with KPMG as an audit / assurance manager, working solely on assurance engagements prior to coming to the Island and is now the assurance practice partner of our firm. Derek presently sits on the public practice committee for CPABC, and was awarded the CPABC Early Achievement Award in 2020. Derek's extensive experience and training in assurance engagements allows for an efficient and well thought out approach that minimizes the time commitment required for audits.

### Contact Derek:

Tel: 250 286 0744

Email: [derek@cnbcpa.ca](mailto:derek@cnbcpa.ca)

## GABY MARTIN CPA

Engagement Partner

Gaby will act as one of the two engagement partners. In her role as engagement partner, Gaby will review the financial statements and all other reports and assist with the engagement as required, oversee the audit team, and act as a point of contact for the CFO and finance team.

Gaby works directly with a number of First Nations and Municipalities in their annual audit engagements. She also assists public sector clients through the provision of advisory and consulting services surrounding the preparation for their audit, review of accounting policies and in contract CFO roles overseeing their business entities. She has a strong understanding of the common financial practices and significant risks and challenges faced by public sector entities.

Contact Gaby:

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# PROPOSED AUDIT STRATEGY

Our audit approach will be risk based and in accordance with Canadian Auditing Standards. As a firm we are vigilant ensuring our audits comply with the changing regulations and applicable professional standards.

We understand the Nation, the users of its financial statements and the climate and area in which it operates. We understand and appreciate the level of scrutiny that the financial statements of the Nation undergo by the community and its members. It is this understanding that allows us to tailor an audit approach that is not only efficient, but also identifies and addresses key risks that are common for organizations such as yours. We will not be a burden; we will work with you through the audit process, working together through any issues and understanding your goals and desired position. We will work with you to add value, bringing forward proposed accounting treatments that benefit the Nation in its reporting.

Performing audits to an exceptional quality standard is our priority. Our audit methodology focuses on substantive procedures as well as the evaluation of risks and the controls around identified risks. Our substantive based audit approach and the extent of our substantive testing is altered by the effectiveness of the identified controls over key risk areas that are identified during our risk assessment process.

During the risk assessment process, we will document and walk through your internal controls and may identify areas that would improve your financial reporting. Those areas identified would first be discussed with management prior to presentation to Executive Council.

Computer assisted audit techniques and the programs that facilitate them will also be employed to conduct an efficient audit. The software programs we use include IDEA, which we use to extract data from client's files and organize it in a meaningful way for audit and sampling purposes. This program will not only convert data from any program into ASCII format and extract and sort statistical samples, but it is also a powerful and effective tool that allows us to perform analytical procedures on the data, including required audit procedures over journal entries.

## Materiality:

During our audit we will set materiality based on guidance provided in the Canadian Auditing Standards as well as our understanding of the Nation and interests of the users of the financial statements.

Provided our understanding of the Nation and its operations, we would propose a materiality of 3% of total revenues in the period of audit.

Our audit misstatement posting threshold, being the threshold that we set for reporting identified differences to management and Executive Council, would be set at 5% of our identified materiality.

## PROPOSED AUDIT STRATEGY (CONTINUED)

### Materiality (continued):

We are basing the initial materiality on the understanding that the Nation has an overall assessed risk of low to moderate as well as the understanding that the operations of the Nation are reasonably consistent with prior years, and there are no unusual estimates or judgments included as part of the financial statements beyond those previously disclosed.

The material revenue of the Nation is easily substantiated and the transactions that it engages in are not overly complex in terms of accounting treatment based on our review of the financial statements (i.e. limited estimates and judgments).

Please note that upon the completion of audit planning activities, including walk-throughs of processes and controls, the above noted assessment of risk, and resulting basis for materiality could be revised as is seen to be necessary.

Although we have proposed a basis for materiality and our audit posting threshold above, as one of the primary users of the financial statements, we are very open to any comments or questions that management or Executive Council may have. We are also open to adjusting our proposed materiality should management or Executive Council wish to lower it for specific accounts or financial statement line items.

### Our Approach to Misstatements and Audit Differences:

During our audit work, if we believe we have identified a misstatement that is above our posting threshold, we will discuss the error immediately with management. We know that often we may be missing a piece of information, or management simply has to do a bit of additional research on it to determine whether it is in fact a misstatement. It is critical to us that we bring it forward as soon as possible and discuss it with management. Our job is not only to be your auditors, but also work with management and your staff as effectively as possible. The only way that we can do that is by having open communication with management at all times.

Our audit team will prepare and send a weekly (and sometimes daily), update to management, identifying any outstanding items as well as outstanding issues.

At the completion of the audit, we are required by the Canadian Auditing Standards to provide a summation of the identified uncorrected audit misstatements to management and Executive Council.

## PROPOSED AUDIT STRATEGY (CONTINUED)

### Control Testing and Evaluation:

Subsequent to identifying key areas of risk, which we will discuss with management, we will review those areas and the financial information that they encompass. We will identify if there are appropriate controls with which we can rely upon and test the operation of to reduce the audit risk to an appropriate level that reduces the required substantive testing or eliminates the need for it in its entirety.

Once we have identified a control that operates within the identified risk area, we will test the design and implementation of the control, performing a walk-through as well as documenting our understanding of the control.

We would expect to perform control testing over the Financial Reporting function of the Nation (journal entries) as Canadian Auditing Standards require a presumed risk of fraud associated with financial reporting which often results in a high audit risk. We would identify controls in place over unusual (non-recurring) journal entries as well as over the review of financial information of the Nation by management and Executive Council. Should Executive Council request additional control testing beyond the test of design and implementation of each control we would be happy to discuss this further.

### Substantive Testing:

We will be performing both analytical and sampling substantive procedures around all balances that are assessed as material and where it is required to supplement the control testing already performed. We will perform analytical procedures to develop an expectation of an overall balance based on prior period amounts or other known factors which we understand to directly affect it.

We will perform sampling over all material accounts where analytical procedures do not suffice. The substantive sampling would include agreeing individual transactions selected by our accounting software to their supporting documentation as well as confirming select balances.

We will not rely on any internally generated computer reports to support our audit work unless first testing the system and its control or performing substantive procedures to test the completeness and accuracy of the report that was provided.

## PROPOSED AUDIT STRATEGY (CONTINUED)

### Fraud and Error:

As part of our audits, we will perform specific procedures to respond to the risk of fraud. We will incorporate an element of unpredictability into our audit approach, which will change from year to year and focus on an identified area where fraud could potentially occur.

As discussed we will also test journal entries made throughout the year. We will review the journal entries using computer assisted audit techniques to identify unusual entries.

Of note there is no materiality for fraud. Should we find a fraudulent transaction whether it is \$2 or \$2,000 it is our responsibility as your auditors to report it to Executive Council.

### Key Issues Faced and their Implications on the Audit:

The below table illustrates some of the key issues that we anticipate are faced by the Nation with respect to its financial reporting and the implications of those issues for the conduct of our audit.

Key Issue	Audit Implication	Audit Strategy
<b>Financial Reporting</b>	<p>The demand for accountability from the Nation's members is increasing as it continues to grow. This, coupled with the continuing changes in the accounting and reporting standards applicable to the Nation, some which we have detailed below, and the reporting requirements that come with those standards, present continuous reporting challenges for organizations like the Nation.</p> <p>It is necessary to continually review the financial statements to ensure they meet not just the standards, but the users' needs as well as communicate the message that management would like to present.</p>	<p>Review of the financial statements by the two engagement partners to ensure that the disclosures are appropriate and consistent with both the standards and users' needs.</p> <p>Confirm that management has assessed all available information relating to planned operational changes and any other possible future outcomes and scenarios.</p>
<b>PS 3280 - Asset Retirement Obligation</b>	<p>PS 3280 - Asset Retirement Obligations (ARO) is a relatively new standard first requiring implementation in the year ended March 31, 2023.</p> <p>The Nation will continually be required to analyze its tangible capital assets controlled by the Nation, and whether any of them have asset retirement obligations associated with them.</p>	<p>Review analysis prepared by management, reviewing the full listing of tangible capital assets and determining whether management's assessment is reasonable.</p> <p>We have also assisted many clients with the analysis and valuation of their AROs, a service which would be available to the Nation if requested.</p>

## PROPOSED AUDIT STRATEGY (CONTINUED)

### Key Issues Faced and their Implications on the Audit (continued):

Key Issue	Audit Implication	Audit Strategy
<b>PS 3280 - Asset Retirement Obligations (continued)</b>	Ensuring that managements analysis is reasonably accurate and that any estimated costs are consistent with industry standards.	<p>Review estimated costs associated with the asset retirement obligation, comparing them to third party documents that we have on hand.</p> <p>Share with management asset retirement obligation costs and documents that some of our public sector clients have authorized the sharing of.</p>
<b>Revenues</b>	<p>Ensuring the completeness, existence and accuracy of revenues in the statement of operations.</p> <p>Ensure that any programs with surpluses where the funding is set or otherwise restricted have the surplus funding appropriately deferred.</p>	<p>Review the controls and processes over revenues and the recording of all revenues.</p> <p>Review material contracts and funding agreements.</p> <p>Review surplus (deficit) by program and discuss significant surpluses with management.</p>
<b>Expenses</b>	<p>Ensuring the completeness, existence and accuracy of recognized expenses as well as appropriate purchase authorization, the appropriate recognition of expenses as they occur.</p> <p>Ensuring that expenses are presented in the statement of operations and program schedules are appropriately classified and coded.</p>	<p>Review of the controls and processes in place for purchases. Perform substantive testing of select expenses by vouching a sample to supporting documentation, such as invoices or agreements.</p> <p>Perform cut-off testing relating to invoices receipted subsequent to year-end or paid subsequent to year-end to verify that expenses and accounts payable are complete at year-end.</p> <p>Review expenses by program with management, discussing any unusual items or material year over year variances with management.</p>

# PROPOSED AUDIT STRATEGY (CONTINUED)

## Key Deliverables:

### Audit Planning Report:

Prior to commencing the audits, we will prepare an audit planning report that will provide greater detail of our audit approach, identified risks, audit timing and staffing as well as an update on changes in accounting standards for management of the Nation and Executive Council.

The planning report will also detail our materiality and any other matters that we feel should be communicated to Executive Council.

Of note, we will provide this Audit Planning Report to management of the Nation for their comments and review prior to presenting it. It is our goal to work with management in completing the audit and the best way for us to do this is be as transparent and open as possible with them.

We anticipate providing it to management for their review in April.

### Audit Findings Report:

Upon completion of the audit, we will provide the Board with the Audit Findings Report. This report will detail the findings from our audit, as well as address the findings of all areas of significant risk identified in our planning report.

The findings report will include a management representation letter, to be signed by senior management, as well as a summary of all identified uncorrected audit misstatements.

Similar to the Audit Planning Report, we will provide the Audit Findings Report to management for their comments and discussion prior to the presentation of it to Executive Council.

# PROPOSED AUDIT STRATEGY (CONTINUED)

## Key Deliverables (continued):

### Management Letter:

Following the completion of our audit, should there be noted control weaknesses or processes which we note are not operating effectively during the audit, we will present a draft management letter to management detailing these items and our recommendations to remediate them.

Our management letter's sole purpose is to assist management in the operations of the Nation. We understand and appreciate the size of the Nation. The breakdown in a control or process is not always immediately evident given the organization's size. As a result, should we identify something; we will bring it to your attention through the management letter. Our team's experience with organizations similar to yours allows us to bring proposed responses to management for these identified matters that are practical and realistic.

### Management of Audit Work:

#### Field Work:

As it is management's preference, field work would be completed on site to ensure management is assisted with audit requests as best as possible, limiting the time commitment required for staff and management of the Nation.

If management prefers remote work, our team would prepare and send audit request lists on a daily basis, ensuring open and clear communication.

#### Management:

Gaby Martin, one of the proposed engagement partners, would be the first point of contact with management for any questions. Staff of the Nation would be dealing directly with Gaby as opposed to a manager or senior. Gaby would be available for a phone call any time, whether it is 7am or 9pm, and will provide management with a cell phone number to ensure requests or questions are responded to immediately. We understand the level of service that we desire from our service providers - and ensure that we provide that exact level of service to our clients.

Gaby would also be involved in day-to-day audit field work, overseeing audit staff throughout the engagement to ensure timely progress, quick identification of issues and efficient oversight.

## OTHER SERVICES

To ensure that the organization's staff and management stay abreast of changes in accounting principles and legislation we will be in communication with the staff and management throughout the year - in both our audit planning report and findings report we provide details on updates to PSAS. As a result of a number of memberships that our firm partakes in and the constant learning in which our staff participates, we are privy just as any large firm is to pronouncements and interpretations of pronouncements as well as example notes, financial statements, etc.

As soon as we become aware of something, we share it with our clients. You are not simply engaging us for an audit but also to act as your year round accounting service provider. We also offer and have performed a wide range of services for our clients. Some specific products offered by our firm that we have performed in the past that may be off value to you are:

### **Emergency Bookkeeping Services:**

We offer bookkeeping services for our clients ranging from data entry for sole proprietors, to monthly, quarterly and annual reporting packages of National and International multi-franchise corporations. We process payrolls for clients through Paymate, Sage Accounting Software, and payment processing through the financial institutions of our clients. Our firm adapts to the payroll and financial reporting packages that best suit our clients.

Our firm has seven bookkeepers and one partner dedicated solely to bookkeeping. We have the knowledge, flexibility and skills to meet the requirements of any sized client, no matter the uniqueness of their financial reporting.

We understand and appreciate that this may not be a current need of your organization but should an unexpected event occur where the organization finds itself in need of a part time or temporary bookkeeper, we have the capacity and experience to step in and assist as required.

Independence is preserved with clients when financial information is compiled and the client maintains influence over the financial information. The client approves all adjusting entries, financial reports and maintains decision making responsibilities over the financial details.

### **Cost Audits:**

In the past we have performed a wide range of cost audits for our clients, including but not limited to cost audits for CMHC, DFO and other funders, working with the client to ensure that the information is presented accurately.

### **Process and Control Review:**

This involves documenting for management specific organizational processes as they actually occur, and if required, noting control deficiencies and recommendations to remediate those noted deficiencies.



## OTHER SERVICES (CONTINUED)

### Advisory Services and Consulting Service:

From assistance with proposal writing to contract Controller or CFO duties to help with financial plans and budgeting to assistance with forecasting, we offer a wide range of services that assist our clients with their day to day operations as well as with and in areas of growth. Having a staff of 45+ team members locally allows us access to a wide range of skills and experience, while also enabling us to have the capacity to take on a project on short term notice and complete it and turn it around very quickly.

### Excise Tax Services:

Our firm has a dedicated professional that we draw on for any assistance with any GST / PST matters, with over 25+ years of experience in the field. We understand that you do not have a GST / PST expert - and as a Nation may not believe one to be necessary. If you ever have a quick question regarding an excise tax matter, be it with respect to a Reason Code 1 or 8 return, or PST and carbon tax exemptions for an LLP, we are happy to work with you to answer it as quickly as possible and at no cost. Should the matter be more nuanced and require a report to management on the issue we are certainly capable of completing that on an as needed basis.

### Valuation and Business Acquisition Services

Having a team member that is a Chartered Business Valuator (CBV) - one of only a few on Vancouver Island - and that works with First Nation clients in reviewing and assessing potential business acquisitions - who understands everything from the debt facilities that are available to a Nation or Nation owned entity to how various returns on a business are contrasted often against various other investment opportunities Nations have available to them allows us to provide a service that is unmatched locally on Vancouver Island.

### Fees for Additional Services

We can provide a fixed fee quote, providing the Nation with cost certainty, or alternatively an estimate to not exceed a set amount, for which we would charge hourly for and provide a detail of our time.

Our hourly rates for our services are noted below.

Bookkeeper / Accounting Technician	\$125 - \$150
CPA Student	\$150 - \$175
CPA / CBV	\$250 - \$275
Partner	\$300



# OUR COMMITMENT TO YOU

## PROPOSED AUDIT TIMELINE

We take a great deal of pride in having always met our client's timelines. To achieve the proposed timeline, our audit requests and questions must be responded to in a timely manner. Our proposed timelines with respect to the Nation's audit are:

Interim Audit Field Work	November
Provide Audit Planning Report	April
Year End Audit Field Work	May
Provide Draft Financial Statements and Audit Findings Report to management	Early July
Approval of Financial Statements by Executive Council	Early July

## PROPOSED ALL INCLUSIVE AUDIT FEES

We know we would add value to you as your service provider. Our team has gained significant experience with organizations like your own, working with larger firms over the years as well as locally throughout British Columbia. Because of this, we are able to provide the service, knowledge and experience that we have gained and continue to build on, at a much lower hourly rate and cost to you.

The below quoted fee is considered to be an all in fee, with the exception of two upcoming unique events which we will detail further below, and any travel. The below fee is inclusive of all staffing costs, be it for the audits, presentation to Executive Council or for a phone call or meeting throughout the year as required. There will be no extra billings or surprise bills.

Based on our estimated hours and our desire to work with and further our relationship with the Nation, our proposed fixed fee, for a three year term is noted below. Note that we have provided a three year fee quote with the understanding that the operations of the Nation are not materially different from prior periods, that the Nation provide supporting audit working papers and support for the notes to the financial statements.

Our audit fee is also inclusive of any questions that the Nation and its management may have throughout the year, whether they are audit/PSAS related or payroll or GST related. We understand that the capacity of organizations like yours may not allow you to have a payroll expert or a GST expert on staff full time - we do, and they are available to you throughout the year at no cost should you have a question at any time. **We also do not charge an administrative fee on top of our proposed audit fee.**

## OUR COMMITMENT TO YOU (CONTINUED)

### PROPOSED ALL INCLUSIVE AUDIT FEES (continued):

Meetings with management and Executive Council related to the audit are included within the below quoted fees. We are providing you with cost certainty for the next three fiscal years.

The year over year increase provided has been limited solely to a 5% inflationary increase.

<b>Period 1</b> March 31, 2025	\$79,900
<b>Period 2</b> March 31, 2026	\$83,900
<b>Period 3</b> March 31, 2027	\$88,000

The above audit fee is provided on the basis that the audit team will be performing the audit work on site for three weeks (one at interim, two at year end). Should management determine that the audit field work be performed off-site as a remote audit, the above fee would be reduced by \$2,500 per week (\$7,500 price reduction annually).

### Preparation of Financial Statements:

The proposed audit fee above is provided on the basis that we will prepare the Nation's consolidated financial statements. Should you determine prior to the commencement of the audit that your team will prepare them, we would reduce the above noted fees by \$2,500 annually.

### Travel

Travel time will be billed for our staff members at their hourly chargeable rates.

We will charge for our direct travel costs only on a recovery basis. Travel is inclusive of any hotels, meals, and mileage.

There will be no markup on any travel charged back to you. We will provide all of the supporting receipts / invoices for any travel expenses that are charged back.

Meals will be charged based on actual amounts spent and not on a daily meal rate. Mileage will be charged at rates approved for the respective year by the Treasury Board.

# OUR COMMITMENT TO YOU (CONTINUED)

## SCHEDULE 1 - AUDIT FEE MATRIX

The following schedule outlines a detailed estimate of hours required for specific audit tasks for the Nation's annual audit engagement, as well as the annual all-inclusive audit fee based on the hourly rates for the audit team:

Audit Task	Estimated Hours			
	Juniors	Senior	Manager	Partners
Interim Audit	32	32	24	12
Planning	2	2	6	4
Journal Entry Testing & Controls	0	8	0	0
Audit Work - Assets	24	24	12	2
Audit Work - Liabilities	24	24	12	2
Audit Work - Income Statement	24	24	6	2
Financial Statements	12	24	12	2
Closing Tasks	2	2	4	2
Review	4	4	4	6
Meetings / Communications	2	2	4	4
<b>Total Hours</b>	<b>126</b>	<b>146</b>	<b>84</b>	<b>36</b>
<b>Hourly Rate</b>	<b>\$150</b>	<b>\$200</b>	<b>\$250</b>	<b>\$300</b>
	<b>\$18,900</b>	<b>\$29,200</b>	<b>\$21,000</b>	<b>\$10,800</b>
<b>Total All-Inclusive Audit Fee</b>				<b>\$79,900</b>

THE EXPERTISE OF A  
NATIONAL FIRM

THE PERSONAL  
APPROACH OF A  
COMMUNITY BASED  
FIRM



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CHAN NOWOSAD BOATES  
CHARTERED PROFESSIONAL ACCOUNTANTS



## APPENDIX A - REFERENCES

Below are references of clients which CNB has performed financial audit services in the last five years, with operations or financial reporting similar to the Nation.

### We Wai Kai Nation (Cape Mudge)

Contact: Ronnice Krug, CPA, CGA  
 Position: Chief Financial Office  
 Telephone: 250 914 1891  
 E-mail: [ronnice.krug@wewaikai.com](mailto:ronnice.krug@wewaikai.com)  
 Address: 690 Headstart Cres, Campbell River, BC, V9H 1P9

### Wei Wai Kum (Campbell River Indian Band)

Contact: Moe Imran, CPA, CGA  
 Position: CFO  
 Telephone: 250 286 6949  
 E-mail: [moeimran@weiwaikum.ca](mailto:moeimran@weiwaikum.ca)  
 Address: 1650 Old Spit Road, Campbell River, BC, V9W 3E8

### Ehattlesaht First Nation

Contact: Rose-Ann Michael  
 Position: Financial Controller  
 Telephone: 250 761 4155  
 E-mail: [accounting@ehatis.ca](mailto:accounting@ehatis.ca)  
 Address: 11 Khenkous Pl, Zeballos, BC, V0P 2A0