

**TEETL'IT GWICH'IN COUNCIL**  
Fort McPherson, NT

**CONSOLIDATED  
FINANCIAL STATEMENTS**

For the Year ended March 31, 2014



## Teetl'it Gwich'in Council

**P.O. Box 30  
Fort McPherson, NT  
XOE 0JO**

**Phone: (867) 952-2330  
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*"The mandate of the Tetlit Gwich'in Council is to promote and encourage a healthy traditional lifestyle through our leadership, by building positive relationships and creating opportunities for community growth"*

### MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

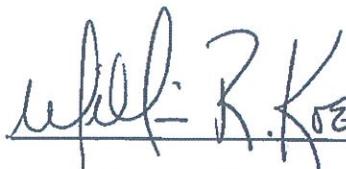
The accompanying consolidated financial statements of Teetl'it Gwich'in Council are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Teetl'it Gwich'in Council maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Teetl'it Gwich'in Council's assets are appropriately accounted for and adequately safeguarded.

Teetl'it Gwich'in Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Paul Teoh Professional Corporation in accordance with Canadian generally accepted auditing standards. Its report to the members of Teetl'it Gwich'in Council, stating the scope of its examination and opinion on the financial statements, follows.



Chief  
Mervin R. Koo

Fort McPherson, NT  
July 2, 2014



## INDEPENDENT AUDITOR'S REPORT

To the members of Teetl'it Gwich'in Council

I have audited the accompanying consolidated financial statements of Teetl'it Gwich'in Council, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Opinion**

In my opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Teetl'it Gwich'in Council as at March 31, 2014, and the consolidated results of its operations, changes in net financial assets and cash flows of the year then ended in accordance with Canadian public sector accounting standards.

### **Other Matter**

The comparative figures have been audited by other auditors.

Chartered Accountant

Calgary, Alberta  
July 2, 2014

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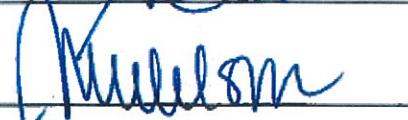


**TEETL'IT GWICH'IN COUNCIL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

March 31,	2014	2013
<b>Financial Assets</b>		
Cash	\$ 441,531	\$ 746,450
Accounts receivable	172,074	343,317
Contributions receivable (note 2)	166,633	5,417
Receivable from related party (note 3)	288,159	277,484
Long term Investments (note 4)	280	195
<b>Total Financial Assets</b>	<b>1,068,677</b>	<b>1,372,863</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	96,880	81,564
Contributions payable (note 5)	21,233	17,558
Deferred contributions (note 6)	473,482	543,785
<b>Total Liabilities</b>	<b>591,595</b>	<b>642,907</b>
<b>Net Financial Assets</b>	<b>477,082</b>	<b>729,956</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	1,053,821	610,492
Prepaid expenses and deposits	7,404	16,609
<b>Total Non-Financial Assets</b>	<b>1,061,225</b>	<b>627,101</b>
<b>Accumulated Surplus (note 8)</b>	<b>\$ 1,538,307</b>	<b>\$ 1,357,057</b>

Approved on behalf of the Council:

 Councillor

 Councillor

The accompanying notes and schedules are an integral part of these financial statements.

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# TEETL'IT GWICH'IN COUNCIL

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2014	2014	2013
	Budget	Actual	Actual
<b>Revenue</b>			
Contributions:			
- Aboriginal Affairs and Northern Development Canada	\$ 364,344	\$ 442,317	\$ 978,145
- Government of Canada	-	6,397	7,542
- Government of NWT	-	590,030	420,944
- Gwich'in Tribal Council	-	131,475	18,300
- Others	-	62,347	19,039
Other revenue and recoveries	-	54,235	59,182
Earnings from investment	-	85	194
Add opening deferred revenue	-	543,785	46,327
<u>Less closing deferred revenue</u>	<u>-</u>	<u>(473,482)</u>	<u>(543,785)</u>
	364,344	1,357,189	1,005,888
<b>Expenditure</b>			
Advertising and promotion	-	3,143	-
Administration	-	-	1,170
Amortization	-	95,795	31,752
Bad debts (recovered)	-	(4,138)	3,016
Bank charges and interest	1,000	1,829	1,734
Community events	-	23,774	11,734
Capital purchases	-	-	(32,003)
Contracted services	-	73,323	39,395
Contributions repaid	-	53,546	3,121
Equipment rental	8,500	27,190	23,922
Field trips and land activities	200	89,621	16,613
Freight and postage	-	43	593
Honoraria	16,800	45,037	70,674
Insurance	6,500	9,998	7,886
Loss on disposal of capital assets	-	7,139	-
Materials and supplies	-	48,239	112,066
Meeting and workshop	-	14,605	60,095
Miscellaneous	-	4,566	54,957
Office	14,200	14,139	16,812
Professional fees	5,000	133,527	38,006
Rent and property taxes	50,700	51,838	53,260
Repairs and maintenance	-	154	1,524
Telephone and Internet	9,500	9,796	18,931
Training and scholarships	-	12,958	(5,000)
Travel and accommodation	-	17,614	61,997
Utilities	-	5,515	7,022
<u>Wages and benefits</u>	<u>265,778</u>	<u>436,688</u>	<u>477,679</u>
	378,178	1,175,939	1,076,956
<b>Annual Surplus (Deficit)</b>	<b>(13,834)</b>	<b>181,250</b>	<b>(71,068)</b>
<b>Accumulated Surplus, beginning of year</b>	<b>1,357,057</b>	<b>1,357,057</b>	<b>1,428,125</b>
<b>Accumulated Surplus, end of year</b>	<b>\$ 1,343,223</b>	<b>\$ 1,538,307</b>	<b>\$ 1,357,057</b>

The accompanying notes and schedules are an integral part of these financial statements.

# TEETL'IT GWICH'IN COUNCIL

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2014	2014	2013
	Budget	Actual	Actual
<b>Annual Surplus (Deficit)</b>	<b>\$ ( 13,834)</b>	<b>\$ 181,250</b>	<b>\$ ( 71,068)</b>
Acquisition of tangible capital assets	-	( 546,263)	( 523,791)
Amortization of tangible capital assets	-	95,795	31,752
Loss (gains) on sale of tangible capital assets	-	7,139	-
Decrease (increase) in prepaid expenses and deposits	-	9,205	733
<b>Increase (Decrease) in Net Financial Assets</b>	<b>( 13,834)</b>	<b>( 252,874)</b>	<b>( 562,374)</b>
<b>Net Financial Assets, beginning of year</b>	<b>729,956</b>	<b>729,956</b>	<b>1,292,330</b>
<b>Net Financial Assets, end of year</b>	<b>\$ 716,122</b>	<b>\$ 477,082</b>	<b>\$ 729,956</b>

**TEETL'IT GWICH'IN COUNCIL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended March 31,	2014	2013
<b>Operating Activities</b>		
Cash receipts from contributions	\$ 1,296,828	\$ 1,598,631
Cash payments to suppliers and employees	( 1,044,809)	( 981,453)
	252,019	617,178
<b>Financing Activities</b>		
Decrease (increase) in receivable from related party	( 10,675)	40,995
	( 10,675)	40,995
<b>Capital Transactions</b>		
Purchase of tangible capital assets	( 546,263)	( 523,791)
	( 546,263)	( 523,791)
<b>Net Increase (Decrease) in Cash</b>	( 304,919)	134,382
<b>Cash, beginning of year</b>	746,450	612,068
<b>Cash, end of year</b>	\$ 441,531	\$ 746,450

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2014

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The Teetl'it Gwich'in Council (the "Council"), operating as the Tetlit Gwich'in Band is an Indian band which represents the Gwich'in people in Fort McPherson area in the Mackenzie Delta of the Northwest Territories. The Council is registered under the *Indian Act* and is exempt for income tax purposes under Section 149 of the *Income Tax Act*. All funds are to develop, strengthen and promote traditional occupations of the Gwich'in people in Fort McPherson.

### 1. Significant Accounting Policies

#### (a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Canadian Institute of Chartered Accountants.

#### (b) Reporting Entity

The consolidated financial statements includes the accounts of Teetl'it Gwich'in Council and Gwich'in Investment Limited Partnership, which was accounted for using the modified equity method.

#### (c) Revenue Recognition

Revenues are normally accounted for in the year in which the transactions or events occur that give rise to the revenue if the collection of the amount to be received is reasonably assured.

Government transfers are recognized as revenues in the year in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

Funds from external parties restricted by agreements are accounted for as deferred contributions until used for the purpose specified.

Interest revenue is recorded as it is earned. Revenue from administration fees and other sources is recognized when the services are provided or the goods are sold.

#### (d) Investments

The Council's investment has been accounted for on a modified equity basis. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Council and inter-organizational transactions and balances are not eliminated.

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2014

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### 1. Significant Accounting Policies (Continued)

#### (e) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Amortization expense is recorded over the estimated useful lives of the assets, using the following method and annual rates:

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Equipment		
- Automotive	30%	Declining Balance
- Computer	30%	Declining Balance
- Field	30%	Declining Balance
- Office	30%	Declining Balance
Community heating	10%	Declining Balance
Internet system	30%	Declining Balance

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#### (f) Financial Instruments

The Council has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash is classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

# **TEETL'IT GWICH'IN COUNCIL**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2014

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### **1. Significant Accounting Policies (Continued)**

#### **(f) Financial Instruments (Continued)**

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction cost incurred on acquisition and financing costs, which are amortized using the straight line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

As the Council does not have any unrealized gains or losses, a statement of remeasurement gains and losses has not been prepared.

#### **(g) Allocation of Expenditure**

Certain common expenditure have been allocated to programs based on estimate of services provided.

#### **(h) Use of Estimates**

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

### 2. Contributions Receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada:		
Central System Upgrade Amend #6 - 2012/13	\$ 2,417	\$ 2,417
YESSA Agreement Amend #8 - 2012/13	3,000	3,000
Central System Upgrade Amend #5 - 2013/14	23,945	-
Summer Students Amend #2 - 2013/14	3,003	-
Employee Benefits Amend #1 - 2013/14	23,992	-
Core Operating (Political and Social Development)		
Amend #4 - 2013/14	16,804	-
Government of NWT:		
Biomass Heating - 2013/14	89,147	-
Government of Canada:		
Band Manager Meeting - 2013/14	2,212	-
Others:		
Inuvialuit Agreement in Principle - 2013/14	2,113	-
	<hr/> \$ 166,633	<hr/> \$ 5,417

### 3. Receivable from Related Party

	2014	2013
Tetlit Gwich'in Council - common control	\$ 288,159	\$ -
Rat River Development Corporation Ltd. - common control	-	100,000
West Delta Property Management Ltd. - common control	-	177,484
	<hr/> \$ 288,159	<hr/> \$ 277,484

Amount receivable from related party is unsecured, non-interest bearing and repayable on demand though there is no set term of repayment.

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

### 4. Long Term Investments

The Council owns 1,035 of the 4,004,150 limited partnership units in Gwich'in Investments Limited Partnership (GILP). GILP was formed on November 30, 2006 to carry a 13.34% investment in Denendeh Investments Limited Partnership. On December 31, 2007, GILP acquired a 51% interest in Mackenzie Valley Construction Ltd. for \$4,000,000.

The following summarizes the financial position and results of operations of GILP as at and for the year ended December 31, 2013.

	2013	2012
<b>Financial Position</b>		
Current assets	\$ 2,202	\$ 5,896
Non-current assets	1,125,334	790,574
 Total assets	 1,127,536	 796,470
Current liabilities	( 45,601)	( 44,753)
 Total partners' equity	 \$ 1,081,935	 \$ 751,717
 <b>Financial Performance</b>		
Revenue	\$ 334,760	\$ 789,906
Expenses	( 4,541)	( 20,523)
 Net earnings (loss)	 \$ 330,219	 \$ 769,383
 Net earnings attributable to the Council	 \$ 85	 \$ 195
 Total partners' equity attributable to the Council	 \$ 280	 \$ 195

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

### 5. Contributions Repayable

	2014	2013
Aboriginal Affairs and Northern Development Canada:		
Employee Benefits Amend #1 - 2013/14	\$ 11,645	\$ 2,009
Central System Amend #5 - 2013/14	208	-
Strategic Planning - 2012/13	-	3,818
Gwich'in Tribal Council:		
Linking Community Resources - 2012/13	-	11,566
Community Wellness Plan - 2013/14	2,597	-
Government of NWT:		
Employment Officer - 2012/13	165	165
Justice Coordinator - 2013/14	6,618	-
	<hr/> \$ 21,233	<hr/> \$ 17,558

### 6. Deferred Contributions

	2014	2013
Aboriginal Affairs and Northern Development Canada:		
Treaty Allowance	\$ -	\$ 1,859
YESSA Board	-	30,000
Government of NWT:		
ENR - Biomass	442,181	498,961
Summer Students - 2013/14	23,197	12,965
Other Revenue and Recoveries		
Summer Students - 2013/14	8,104	-
	<hr/> \$ 473,482	<hr/> \$ 543,785

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

### 7. Tangible Capital Assets

		Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
<b>Cost</b>						
Lands	\$ 25,000	\$ -	\$ -	-	\$ 255,000	\$ 280,000
Automotive equipment	53,957	( 5,030)	-	-	-	48,927
Community heating	499,016	-	-	-	68,780	567,796
Computer equipment	69,493	( 66,751)	-	-	-	2,742
Field equipment	56,550	( 1,858)	-	-	51,250	105,942
Internet system	315,158	( 143,243)	-	-	-	171,915
Lodge	-	-	-	-	57,499	57,499
Office equipment	22,593	( 948)	-	-	-	21,645
Portable kitchen	-	-	-	-	113,734	113,734
<b>Total</b>	<b>\$ 1,041,767</b>	<b>\$ ( 217,830)</b>	<b>\$ -</b>	<b>\$ 546,263</b>	<b>\$ 1,370,200</b>	
 <b>Accumulated Amortization</b>						
Automotive equipment	\$ 24,703	\$ ( 4,888)	\$ -	-	\$ 8,734	\$ 28,549
Community heating	-	-	-	-	56,780	56,780
Computer equipment	61,860	( 60,749)	-	-	489	1,600
Field equipment	43,668	( 1,435)	-	-	19,113	61,346
Internet system	286,901	( 143,143)	-	-	8,377	152,135
Lodge	-	-	-	-	-	-
Office equipment	14,143	( 376)	-	-	2,202	15,969
Portable kitchen	-	-	-	-	-	-
<b>Total</b>	<b>\$ 431,275</b>	<b>\$ ( 210,591)</b>	<b>\$ -</b>	<b>\$ 95,695</b>	<b>\$ 316,379</b>	
 <b>Net Book Value</b>						
		<b>Balance, beginning of year</b>				<b>Balance, end of year</b>
<b>Net Book Value</b>	<b>\$ 610,492</b>					<b>\$ 1,053,821</b>

# TEETL'IT GWICH'IN COUNCIL

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

### 8. Accumulated Surplus (Deficit)

	2014	2013
Unrestricted		
General Operating Fund	\$ 484,206	\$ 746,370
Investment Fund	280	195
<b>Equity in Tangible Capital Assets</b>	<b>1,053,821</b>	<b>610,492</b>
	<b>\$ 1,538,307</b>	<b>\$ 1,357,057</b>

### 9. Economic Dependence

The Council receives a major portion of its revenue from the Aboriginal Affairs and Northern Development Canada of the Government of Canada and the Government of NWT. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

### 10. Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

### 11. Related Party Transactions

	2014	2013
The Council's transactions with related parties during the year are summarized as follows:		
West Delta Property Management Ltd. - common control - Rent and property taxes (office rent)	\$ 47,728	\$ 50,874

The transactions are in the normal course of operations and are measured at the exchange amount, being the amount of considerations established and agreed to by both parties.

### 12. Capital Management

The Council's capital is composed of its working capital. The Council's objectives in managing capital are to safeguard the Council's ability to operate as a going concern and have adequate cash flows so that it can continue to provide services in accordance to contribution agreements with funding agencies. To maintain adequate working capital, the Council monitors its expenditure in accordance with contribution cash flows from funding agencies.

# **TEETL'IT GWICH'IN COUNCIL**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2014

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### **13. Financial Instruments and Risk Management**

The Council's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Council is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Council's non-compliance to the contribution agreements. The Council manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Liquidity Risk - Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council manages liquidity risk through the management of its capital structure.

Unless otherwise noted, it is management's opinion that the Council is not exposed to other significant interest, currency or credit risks arising from these financial instruments.