

TEETL'IT GWICH'IN COUNCIL

Fort McPherson, NT

CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended March 31, 2015



Teetl'it Gwich'in Council

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"The mandate of the Teetl'it 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

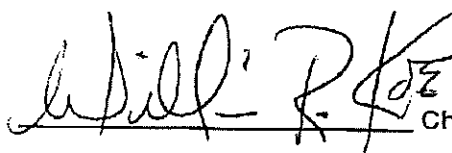
The accompanying consolidated financial statements of Teetl'it Gwich'in Council are the responsibility of management.

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

Fort McPherson, NT
July 21, 2015



PAUL TEOH
Chartered Accountants

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, 2015, 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, 2015, 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.

Chartered Accountant


Calgary, Alberta
July 21, 2015

TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2015	2014
		(Restated)
Financial Assets		
Cash	\$ 660,795	\$ 441,531
Accounts receivable	6,426	166,924
Contributions receivable (note 2)	64,545	171,783
Receivable from related party (note 3)	273,901	288,159
Long term Investments (note 4)	366,764	280
Total Financial Assets	1,372,431	1,068,677
Liabilities		
Accounts payable and accrued liabilities	60,936	96,882
Contributions payable (note 5)	21,605	21,233
Deferred contributions (note 6)	49,069	31,301
Total Liabilities	131,610	149,416
Net Financial Assets	1,240,821	919,261
Non-Financial Assets		
Tangible capital assets (note 7)	690,286	1,053,821
Prepaid expenses and deposits	3,462	7,404
Total Non-Financial Assets	693,748	1,061,225
Accumulated Surplus (note 8)	\$ 1,934,569	\$ 1,980,486

Approved on behalf of the Council:

 Councillor

 Councillor

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

TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2015	2015	2014
	Budget	Actual	Actual (Restated)
Revenue			
Contributions:			
- Aboriginal Affairs and Northern Development Canada	\$ 196,317	\$ 299,956	\$ 442,317
- Government of Canada	-	4,160	6,397
- Government of NWT	-	309,215	590,030
- Gwich'in Tribal Council	-	20,000	131,475
- Others	-	-	62,347
Other revenue and recoveries	-	27,015	54,234
Earnings from investment	-	3,507	85
Add opening deferred revenue	-	31,301	44,824
Less closing deferred revenue	-	(49,019)	(31,301)
	196,317	646,135	1,300,408
Expenditure			
Advertising and promotion	-	-	1,643
Administration	-	13,755	1,500
Amortization	-	98,121	39,015
Bad debts (recovered)	-	20,758	(4,138)
Bank charges and interest	2,500	900	1,829
Community events	-	2,538	13,774
Capital purchases	-	-	26,320
Contracted services	-	131,261	77,431
Contributions repaid	-	12,225	53,547
Equipment rental	-	-	27,190
Field trips and land activities	500	55,660	64,516
Freight and postage	-	103	667
Honoraria	16,800	19,960	45,037
Insurance	8,642	6,583	9,998
Loss on disposal of capital assets	-	-	7,139
Materials and supplies	-	62,484	52,294
Meeting and workshop	-	2,293	14,603
Miscellaneous	-	-	4,567
Office	12,093	2,264	14,139
Professional fees	26,000	21,379	133,527
Rent and property taxes	4,900	7,528	51,838
Repairs and maintenance	1,000	539	154
Telephone and Internet	12,000	5,490	9,796
Training and scholarships	-	-	12,958
Travel and accommodation	-	11,731	17,614
Utilities	-	7,579	5,515
Wages and benefits	101,308	208,901	436,688
	185,743	692,052	1,119,161
Annual Surplus (Deficit)	10,574	(45,917)	181,247
Accumulated Surplus, beginning of year	1,980,486	1,980,486	1,799,239
Accumulated Surplus, end of year	\$ 1,991,060	\$ 1,934,569	\$ 1,980,486

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,	2015	2015	2014
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ 10,574	\$(45,917)	\$ 181,247
Acquisition of tangible capital assets	-	(25,460)	(546,263)
Proceeds on sale of tangible capital assets	-	290,874	-
Amortization of tangible capital assets	-	98,121	39,015
Loss (gains) on sale of tangible capital assets	-	-	7,139
Decrease (increase) in prepaid expenses and deposits	-	3,942	9,205
Increase (Decrease) in Net Financial Assets	10,574	321,560	(309,657)
Net Financial Assets, beginning of year	919,261	919,261	1,228,918
Net Financial Assets, end of year	\$ 929,835	\$ 1,240,821	\$ 919,261

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

TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2015	2014
Operating Activities		
Cash receipts from contributions	\$ 928,132	\$ 1,296,828
Cash payments to suppliers and employees	(625,563)	(1,044,809)
	302,569	252,019
Financing Activities		
Decrease (decrease) in long term investments	(362,977)	-
Decrease (increase) in receivable from related party	14,258	(10,675)
	(348,719)	(10,675)
Capital Transactions		
Purchase of tangible capital assets	(25,460)	(546,263)
Proceeds on disposal of tangible capital assets	290,874	-
	265,414	(546,263)
Net Increase (Decrease) in Cash	219,264	(304,919)
Cash, beginning of year	441,531	746,450
Cash, end of year	\$ 660,795	\$ 441,531

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

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

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 the Chartered Professional Accountants of Canada.

(b) Reporting Entity

The consolidated financial statements includes the accounts of Teetl'it Gwich'in Council and its subsidiary and associated companies using the modified equity method:

	Percentage Owned
Tetlit Zheh Development Corporation	100%
Gwich'in Investment Limited Partnership	25%

(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

March 31, 2015

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:

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
Community lodge	10%	Declining Balance
Portable kitchen	10%	Declining Balance

(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

March 31, 2015

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, 2015

2. Contributions Receivable

	2015	2014
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
Central System Upgrade Amend #5 - 2013/14	2,395	23,945
Summer Students Amend #2 - 2013/14	3,003	3,003
Employee Benefits Amend #1 - 2013/14	2,399	23,992
Core Operating (Political and Social Development)		
Amend #4 - 2013/14	16,804	16,804
Central System Amend #7 - 2014/15	24,839	-
Employee Benefits Amend #2 - 2014/15	1,398	-
Summer Students Amend #5 - 2014/15	3,140	-
Strategic Plan & Election Code Amend #4 2014/15	3,000	-
Government of NWT:		
Biomass Heating - 2013/14	-	89,147
Take-a-kid Harvesting - 2011/12	1,150	1,150
Caribou Hunt - 2012/13	4,000	4,000
Government of Canada:		
Band Manager Meeting - 2013/14	-	2,212
Others:		
Inuvialuit Agreement in Principle - 2013/14	-	2,113
	\$ 64,545	\$ 171,783

3. Receivable from Related Party

	2015	2014
Tetlit Gwich'in Council - common control	\$ 273,901	\$ 288,159

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, 2015

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, 2014.

	2014	2013
Financial Position		
Current assets	\$ 2,436	\$ 2,202
Non-current assets	1,207,048	1,125,334
Total assets	1,209,484	1,127,536
Current liabilities	(50,377)	(45,601)
Total partners' equity	\$ 1,159,107	\$ 1,081,935
Financial Performance		
Revenue	\$ 81,714	\$ 334,760
Expenses	(4,542)	(4,541)
Net earnings (loss)	\$ 77,172	\$ 330,219
Net earnings attributable to the Council	\$ 20	\$ 85
Total partners' equity attributable to the Council	\$ 300	\$ 280

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

4. Long Term Investments (Continued)

The Council owns 100% of Tetlit Zheh Development Corporation, a private company incorporated under the Business Corporation Act of Northwest Territories on October 28, 2014. The Corporation's principal activities are business management and investment activities.

The following summarizes the financial position and results of operations of the Corporation as at and for the year ended March 31, 2015.

	2015	2014
Financial Position		
Current assets	\$ 83,439	\$ -
Equipment	8,465	-
Total assets	91,904	-
Current liabilities	(81,527)	-
Total shareholder's equity	\$ 10,377	\$ -
Financial Performance		
Revenue	\$ 87,596	\$ -
Expenses	(77,319)	-
Net earnings (loss)	\$ 10,277	\$ -
Net earnings attributable to Council	\$ 10,277	\$ -
Investments:		
Investment at cost	\$ 100	\$ -
Receivable from Corporation	362,877	-
Accumulated equity earnings	3,487	-
Investment in Corporation	\$ 366,464	\$ -
Total investments	\$ 366,764	\$ 280

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

5. Contributions Repayable

	2015	2014
Aboriginal Affairs and Northern Development Canada:		
Employee Benefits Amend #1 - 2013/14	\$ -	\$ 11,645
Central System Amend #5 - 2013/14	-	208
Employee Benefits Amend #2 - 2014/15	5,947	-
Strategic Plan & Election Code Amend #4 - 2014/15	6,278	-
Gwich'in Tribal Council:		
Community Wellness Plan - 2013/14	2,597	2,597
Government of NWT:		
Employment Officer - 2012/13	165	165
Justice Coordinator - 2013/14	6,618	6,618
	\$ 21,605	\$ 21,233

6. Deferred Contributions

	2015	2014
		(Restated)
Aboriginal Affairs and Northern Development Canada:		
Treaty Allowance	\$ 1,870	\$ -
Government of NWT:		
Summer Students	47,199	23,197
Other Revenue and Recoveries		
Summer Students - 2013/14	-	8,104
	\$ 49,069	\$ 31,301

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

7. Tangible Capital Assets

	Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
Cost					
Lands	\$ 280,000	\$ -	\$(255,000)	\$ -	\$ 25,000
Automotive equipment	48,927	-	-	-	48,927
Community heating	567,796	-	-	-	567,796
Computer equipment	2,742	-	-	25,460	28,202
Field equipment	105,942	(51,250)	-	-	54,692
Internet system	171,915	-	-	-	171,915
Community lodge	57,499	-	-	-	57,499
Office equipment	21,645	-	-	-	21,645
Portable kitchen	113,734	-	-	-	113,734
Total	\$ 1,370,200	\$ -	\$(306,250)	\$ 25,460	\$ 1,089,410

	Balance, beginning of year	Write- downs	Disposals	Current Charge	Balance, end of year
Accumulated Amortization					
Automotive equipment	\$ 28,549	\$ -	\$ -	\$ 6,113	\$ 34,662
Community heating	56,780	-	-	56,779	113,559
Computer equipment	1,600	-	-	7,980	9,580
Field equipment	61,346	(15,375)	-	2,616	48,587
Internet system	152,135	-	-	5,934	158,069
Community lodge	-	-	-	5,750	5,750
Office equipment	15,969	-	-	1,575	17,544
Portable kitchen	-	-	-	11,373	11,373
Total	\$ 316,379	\$ -	\$(15,375)	\$ 98,120	\$ 399,124

	Balance, beginning of year	Balance, end of year
Net Book Value	\$ 1,053,821	\$ 690,286

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

8. Accumulated Surplus (Deficit)

	2015	2014
Unrestricted		
General Operating Fund	\$ 877,519	\$ 926,385
Investment Fund	366,764	280
Equity in Tangible Capital Assets	690,286	1,053,821
	<u>\$ 1,934,569</u>	<u>\$ 1,980,486</u>

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

During the year ended March 31, 2013, the Council received contributions from the Government of NWT for the construction of biomass community heating. In previous years, these contributions were recorded as deferred contributions and amortized to contribution revenue.

During the year ended March 31, 2015, the Council has decided to record these contributions as revenue in the year they were received. As a result, the comparative figures for deferred contributions were reduced by \$442,181 and the general operating fund was increased by the same amount.

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

11. Related Party Transactions

	2015	2014
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

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.

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

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.

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.