

TEETL'IT GWICH'IN COUNCIL
Fort McPherson, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2016



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, 2016, 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, 2016, 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 25, 2016





TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2016	2015
Financial Assets		
Cash	\$ 736,296	\$ 660,795
Accounts receivable	47,679	80,149
Contributions receivable (note 2)	54,284	64,545
Receivable from related party (note 3)	278,778	273,901
Total Financial Assets	1,117,037	1,079,390
Liabilities		
Accounts payable and accrued liabilities	93,287	134,708
Contributions repayable (note 4)	33,578	21,605
Deferred contributions (note 5)	63,484	49,019
Total Liabilities	190,349	205,332
Net Financial Assets	926,688	874,058
Non-Financial Assets		
Investments (note 6)	336,292	366,764
Tangible capital assets (note 7)	64,959	690,285
Prepaid expenses and deposits	6,064	3,462
Total Non-Financial Assets	407,315	1,060,511
Accumulated Surplus (note 8)	\$ 1,334,003	\$ 1,934,569

Approved on behalf of the Council:

 Councillor

 Councillor

The accompanying notes and schedules are an integral part of these consolidated financial statements. 3.

TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2016	2016	2015
	Budget	Actual	Actual
Revenue			
Contributions:			
- Aboriginal Affairs and Northern Development Canada	\$ 209,961	\$ 387,581	\$ 304,116
- Government of Canada	-	16,010	-
- Government of NWT	-	317,430	309,215
- Gwich'in Tribal Council	-	6,929	20,000
Other revenue and recoveries	-	39,709	27,015
Earnings (loss) from investment	-	(8,392)	3,507
Add opening deferred revenue	-	49,019	31,301
Less closing deferred revenue	-	(63,484)	(49,019)
	209,961	744,802	646,135
Expenditure			
Administration	-	13,754	4,700
Amortization	-	16,979	98,121
Bad debts (recovered)	-	3,398	20,758
Bank charges and interest	600	991	898
Contracted services	-	-	11,261
Contributions repaid	-	11,973	12,225
Donations	-	1,864	-
Field trips and land activities	500	37,455	48,538
Freight and postage	-	-	763
Honoraria	19,800	23,363	26,159
Insurance	1,645	4,022	6,583
Materials and supplies	-	26,195	62,747
Meeting and workshop	5,000	193,562	8,246
Office	9,700	16,373	3,335
Professional fees	1,000	54,587	141,379
Rent and property taxes	12,000	12,205	7,528
Repairs and maintenance	-	2,351	539
Telephone and Internet	10,000	7,018	4,419
Training and scholarships	-	4,123	-
Travel and accommodation	-	6,066	17,371
Utilities	5,000	11,343	7,579
Wages and benefits	143,338	289,399	208,902
	208,583	737,021	692,051
Annual Surplus (Deficit)	1,378	7,781	(45,916)
Assets Transfer (note 9)	-	(608,347)	-
Accumulated Surplus, beginning of year	1,934,569	1,934,569	1,980,485
Accumulated Surplus, end of year	\$ 1,935,947	\$ 1,334,003	\$ 1,934,569

The accompanying notes and schedules are an integral part of these consolidated financial statements. 4.

TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2016	2016	2015
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ 1,378	\$ 7,781	\$(45,916)
Acquisition of tangible capital assets	-	-	(25,460)
Proceeds on sale of tangible capital assets	-	-	290,874
Amortization of tangible capital assets	-	16,979	98,121
Decrease (increase) in investments	-	30,472	(366,484)
Decrease (increase) in prepaid expenses and deposits	-	(2,602)	3,942
Increase (Decrease) in Net Financial Assets	1,378	52,630	(44,923)
Net Financial Assets, beginning of year	874,058	874,058	918,981
Net Financial Assets, end of year	\$ 875,436	\$ 926,688	\$ 874,058

The accompanying notes and schedules are an integral part of these consolidated financial statements. 5.

TEETL'IT GWICH'IN COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2016	2015
Operating Activities		
Cash receipts from contributions	\$ 810,390	\$ 928,132
Cash payments to suppliers and employees	(752,092)	(625,563)
	58,298	302,569
Financing Activities		
Decrease (decrease) in long term investments	22,080	(362,977)
Decrease (increase) in receivable from related party	(4,877)	14,258
	17,203	(348,719)
Capital Transactions		
Purchase of tangible capital assets	-	(25,460)
Proceeds on disposal of tangible capital assets	-	290,874
	-	265,414
Net Increase (Decrease) in Cash	75,501	219,264
Cash, beginning of year	660,795	441,531
Cash, end of year	\$ 736,296	\$ 660,795

The accompanying notes and schedules are an integral part of these consolidated financial statements. 6.

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

(d) 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.

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

1. Significant Accounting Policies (Continued)

(e) 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.

(f) 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

(g) 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.

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

1. Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

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.

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.

(h) Allocation of Expenditure

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

(i) 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.

(j) Related Party Transactions

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

2. Contributions Receivable

	2016	2015
Aboriginal Affairs and Northern Development Canada:		
Central System Upgrade Amend #6 - 2012/13	\$ -	\$ 2,417
Central System Upgrade Amend #5 - 2013/14	-	2,395
Summer Students Amend #2 - 2013/14	2,795	3,003
Employee Benefits Amend #1 - 2013/14	2,399	2,399
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	3,140
Strategic Plan & Election Code Amend #4 - 2014/15	-	3,000
Summer Students Amend #1 - 2015/16	3,380	-
Employee Benefits Amend #2 - 2015/16	2,325	-
Consultation & Policy Development		
Amend #3 - 2015/16	11,700	-
Government of NWT:		
Take-a-Kid Harvesting - 2011/12	-	1,150
Caribou Hunt - 2012/13	-	4,000
Government of Canada:		
Business Intelligence Workshop - 2015/16	11,741	-
	\$ 54,284	\$ 64,545

3. Receivable from Related Party

	2016	2015
Tetlit Gwich'in Council - common control	\$ 278,778	\$ 273,901

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, 2016

4. Contributions Repayable

	2016	2015
Aboriginal Affairs and Northern Development Canada:		
Employee Benefits Amend #2 - 2014/15	\$ 5,947	\$ 5,947
Strategic Plan & Election Code Amend #4 - 2014/15	6,278	6,278
Employee Benefits Amend #2 - 2015/16	11,973	-
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
	<u>\$ 33,578</u>	<u>\$ 21,605</u>

5. Deferred Contributions

	2016	2015
Aboriginal Affairs and Northern Development Canada:		
Treaty Allowance	\$ 1,131	\$ 1,820
Government of NWT:		
Youth Employment	62,353	47,199
	<u>\$ 63,484</u>	<u>\$ 49,019</u>

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

6. 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, 2015.

	2015	2014
Financial Position		
Current assets	\$ 2,639	\$ 2,436
Non-current assets	1,052,426	1,207,048
Total assets	1,055,065	1,209,484
Current liabilities	(55,375)	(50,377)
Total partners' equity	\$ 999,690	\$ 1,159,107
Financial Performance		
Revenue	\$(154,622)	\$ 81,714
Expenses	(4,795)	(4,542)
Net earnings (loss)	\$(159,417)	\$ 77,172
Net earnings attributable to the Council	\$(41)	\$ 20
Total partners' equity attributable to the Council	\$ 258	\$ 300

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

6. 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, 2016.

	2016	2015
Financial Position		
Current assets	\$ 71,593	\$ 83,439
Equipment	282,333	293,957
Total assets	353,926	377,396
Current liabilities	(358,689)	(373,809)
Total shareholder's equity	\$ (4,763)	\$ 3,587
Financial Performance		
Revenue	\$ 141,162	\$ 87,596
Expenses	(150,822)	(82,799)
Income taxes	1,310	(1,310)
Net earnings (loss)	\$ (8,350)	\$ 3,487
Net earnings (loss) attributable to Council	\$ (8,350)	\$ 3,487
Investments:		
Investment at cost	\$ 100	\$ 100
Receivable from Corporation	340,797	362,877
Accumulated equity earnings	(4,863)	3,487
Investment in Corporation	\$ 336,034	\$ 366,464
Total investments	\$ 336,292	\$ 366,764

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

7. Tangible Capital Assets

	Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
Cost					
Lands	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
Automotive equipment	48,927	-	-	-	48,927
Community heating	567,796	- (567,796)	-	-	-
Computer equipment	28,202	-	-	-	28,202
Field equipment	54,692	-	-	-	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	\$ 1,089,410	\$ -	\$ (739,029)	\$ -	\$ 350,381

	Balance, beginning of year	Write- downs	Disposals	Current Charge	Balance, end of year
Accumulated Amortization					
Automotive equipment	\$ 34,662	\$ -	\$ -	\$ 4,280	\$ 38,942
Community heating	113,559	- (113,559)	-	-	-
Computer equipment	9,581	-	-	5,586	15,167
Field equipment	48,587	-	-	1,832	50,419
Internet system	158,069	-	-	4,154	162,223
Community lodge	5,750	- (5,750)	-	-	-
Office equipment	17,544	-	-	1,127	18,671
Portable kitchen	11,373	- (11,373)	-	-	-
Total	\$ 399,125	\$ -	\$ (130,682)	\$ 16,979	\$ 285,422

	Balance, beginning of year	Balance, end of year
Net Book Value	\$ 690,285	\$ 64,959

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

8. Accumulated Surplus (Deficit)

	2016	2015
Unrestricted		
General Operating Fund	\$ 932,752	\$ 877,520
Investment Fund	336,292	366,764
Equity in Tangible Capital Assets	64,959	690,285
	<u>\$ 1,334,003</u>	<u>\$ 1,934,569</u>

9. Assets Transfer

During the year, the Council transferred the following assets to Tetlit Gwich'in Council, a related party by virtue of common participants, at net book value.

	Cost	Accumulated Amortization	Net Book value
Community heating	567,796	\$ 113,559	\$ 454,237
Community lodge	57,499	5,750	51,749
Portable kitchen	113,734	11,373	102,361
Total asset transfer	<u>739,029</u>	<u>\$ 130,682</u>	<u>\$ 608,347</u>

10. 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.

11. Comparative Figures

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

TEETL'IT GWICH'IN COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

12. 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 and market risks arising from these financial instruments.