

Financial Statements of

**TETLIT GWICH'IN**  
(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Year ended March 31, 2017

## **TETLIT GWICH'IN (OPERATING AS TEETL'IT GWICH'IN COUNCIL)**

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### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying financial statements of Tetlit Gwich'in (operating as Teetl'it Gwich'in Council) (the "Council") are the responsibility of management.

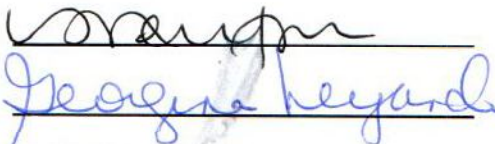
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it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

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

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. This responsibility is carried out principally through the Council's Finance Committee.

The Finance Committee, comprised of Council members, reviews the Council's financial statements and recommends their approval to Council. The Finance Committee meets periodically with Management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters, and financial reporting issues to satisfy themselves that each party is properly discharging their responsibilities, and to review financial statements and the external auditors' report. The Finance Committee reports its findings to the Council for consideration when approving the financial statements for issuance to the Members. The Finance Committee also considers, for review by Council and approval by the members, the engagement of the external auditor.

The financial statements have been audited by the independent firm KPMG LLP in accordance with Canadian generally accepted auditing standards. Their report to the members of the Council, stating the scope of their examination and opinion on the financial statements, follows.



Fort McPherson, NT  
August 16, 2017

Band Manager

Finance Officer



KPMG LLP  
2200, 10175 - 101 Street  
Edmonton AB T5J 0H3  
Canada  
Tel 780-429-7300  
Fax 780-429-7379

## INDEPENDENT AUDITORS' REPORT

To the Members of Tetlit Gwich'in, operating as Teetl'it Gwich'in Council

We have audited the accompanying financial statements of Tetlit Gwich'in (operating as Teetl'it Gwich'in Council), which comprise the statement of financial position as at March 31, 2017, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tetlit Gwich'in (operating as Teetl'it Gwich'in Council) as at March 31, 2017, and its results of operations, its changes in net financial assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Comparative Information*

The financial statement of Tetlit Gwich'in (operating as Teetl'it Gwich'in Council) as at and for the year ended March 31, 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on July 25, 2016.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

August 16, 2017  
Edmonton, Canada

# **TETLIT GWICH'IN**

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

## Financial Statements

Year ended March 31, 2017

## Financial Statements

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# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

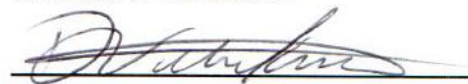
## Statement of Financial Position

March 31, 2017, with comparative information for 2016

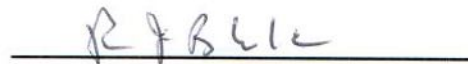
	2017	2016
Financial assets:		
Cash and cash equivalents	\$ 149,672	\$ 736,296
Investments and marketable securities (note 2)	300,136	-
Accounts receivable (note 10)	197,932	100,862
Due from Tetlit Gwich'in Council (note 3)	283,595	278,778
Investment in Gwich'in Investments Limited Partnership (note 4)	170	258
Investment in Tetlit Zheh Development Corporation (note 5)	306,695	336,033
	1,238,200	1,452,227
Liabilities:		
Accounts payable and accrued liabilities	75,236	92,185
Deferred revenue (note 6)	88,254	63,484
Contributions and transfers repayable (note 7)	72,096	33,578
	235,586	189,247
Net financial assets	1,002,614	1,262,980
Non-financial assets:		
Prepaid expenses and deposits	6,679	6,064
Tangible capital assets (note 8)	46,449	64,959
	53,128	71,023
Accumulated surplus (note 9)	\$ 1,055,742	\$ 1,334,003

See accompanying notes to financial statements.

On behalf of the Council:



Councillor



Councillor

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2017, with comparative information for 2016

	Budget	2017	2016
Revenues:			
Government transfers and other contributions:			
Government of Canada	\$ 389,536	\$ 391,698	\$ 403,591
Government of the Northwest Territories	401,721	399,871	317,430
Gwich'in Tribal Council	-	1,300	6,929
Other contributions and transfers	-	28,144	39,709
Net amounts recognized (deferred)	-	(24,770)	(14,465)
Contribution and transfer repayments	-	(38,518)	(11,973)
	791,257	757,725	741,221
Interest income	-	357	-
Gain on disposal of tangible capital assets	-	2,090	-
	791,257	760,172	741,221
Expenses:			
Salaries and benefits	399,048	401,520	289,264
Contracted services	-	116,555	500
Materials and supplies	42,858	45,219	28,878
Rent and property taxes	900	38,125	12,205
Professional fees	63,818	30,162	54,587
Amortization of tangible capital assets	-	8,971	16,979
Honoraria	10,050	25,575	23,363
Travel and accommodation	19,163	60,980	6,066
Office	29,217	7,695	14,497
Telephone and internet	-	8,982	8,704
Meeting and workshop	-	13,687	27,014
Interest and bank charges	-	5,640	991
Donations	35,000	36,055	39,009
Training and scholarships	-	5,424	4,123
Repairs and maintenance	-	1,879	2,351
Contributions to other organizations	185,203	150,225	164,000
Utilities	6,000	18,314	11,343
Administration	-	-	13,754
Insurance	-	9,304	4,022
Bad debts (recovered)	-	16,289	3,398
	791,257	1,000,601	725,048
Annual surplus (deficiency) before the undernoted	-	(240,429)	16,173
Equity in loss of investments:			
Gwich'in Investments Limited Partnership (note 4)	-	(88)	(42)
Tetlit Zheh Development Corporation (note 5)	-	(37,744)	(8,350)
Transfer of tangible capital assets to			
Tetlit Gwich'in Council (note 8)	-	-	(608,347)
Annual deficiency	-	(278,261)	(600,566)
Accumulated surplus, beginning of year	1,334,003	1,334,003	1,934,569
Accumulated surplus, end of year	1,334,003	\$ 1,055,742	\$ 1,334,003

See accompanying notes to financial statements.

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

## Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	Budget	2017	2016
Annual deficiency	\$ -	\$ (278,261)	\$ (600,566)
Acquisition of tangible capital assets	-	(13,655)	-
Proceeds from disposal of tangible capital assets	-	25,284	-
Transfer of tangible capital assets to Tetlit Gwich'in Council	-	-	608,347
Gain on disposal of tangible capital assets	-	(2,090)	-
Amortization of tangible capital assets	-	8,971	16,979
	-	18,510	625,326
Increase (decrease) in prepaid expenses and deposits	-	(615)	(2,602)
Increase in net financial assets	-	(260,366)	22,158
Net financial assets, beginning of year	1,262,980	1,262,980	1,240,822
Net financial assets, end of year	\$ 1,262,980	\$ 1,002,614	\$ 1,262,980

See accompanying notes to financial statements.



# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

## Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating transactions:		
Annual deficiency	\$ (278,261)	\$ (600,566)
Items not involving cash:		
Equity in loss of Gwich'in Investments Limited Partnership	88	42
Equity in loss of Tetlit Zheh Development Corporation	37,744	8,350
Gain on disposal of tangible capital assets	(2,090)	-
Amortization of tangible capital assets	8,971	16,979
Transfer of tangible capital assets to Tetlit Gwich'in Council	-	608,347
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(97,070)	33,571
Decrease in contributions receivable	-	10,261
(Increase) decrease in due from Tetlit Gwich'in Council	(4,817)	4,715
Decrease in accounts payable and accrued liabilities	(16,949)	(52,113)
Increase in deferred revenue	24,770	14,465
Increase in contributions and transfers repayable	38,518	11,973
Increase in prepaid expenses and deposits	(615)	(2,602)
	(289,711)	53,422
Investing and capital transactions:		
Purchase of investments and marketable securities, net of proceeds	(300,136)	-
Increase (decrease) in investment in Tetlit Zheh Development Corporation	(8,406)	22,080
Acquisition of tangible capital assets	25,284	-
Proceeds from disposal of tangible capital assets	(13,655)	-
	(296,913)	22,080
Increase (decrease) in cash and cash equivalents	(586,624)	75,502
Cash and cash equivalents, beginning of year	736,296	660,794
Cash and cash equivalents, end of year	\$ 149,672	\$ 736,296
Supplemental cash flow information:		
Interest and bank charges paid	\$ 5,640	\$ 991

See accompanying notes to financial statements.

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

## Notes to Financial Statements

Year ended March 31, 2017

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Tetlit Gwich'in (the "Council") is an aboriginal organization that represents the aboriginal people of the Fort McPherson area of the Mackenzie Delta of the Northwest Territories. The Council is registered with the Government of Canada under the Indian Act and is not subject to any federal, territorial or local government taxes or similar charges. All funds are to develop, strengthen and promote traditional occupations of the Gwich'in people in Fort McPherson.

### 1. Significant accounting policies:

The financial statements of the Council have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Council are as follows:

#### (a) Revenue recognition:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except where the accruals cannot be determined with a reasonable degree of certainty or where their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation which meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources and fundraising are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Investment income is recorded as revenue in the year earned.

#### (b) Investments in government business enterprises:

The Council's investments in Gwich'in Investments Limited Partnership and Tetlit Zheh Development Corporation have been accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. 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.

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies, continued:

### (c) Cash and cash equivalents:

Cash and cash equivalents are comprised of cash and short term deposits that are highly liquid.

### (d) Tangible capital assets:

Tangible capital assets are recorded at cost and are amortized over their expected useful lives using the following method and annual rates:

Asset	Basis	Rate
Internet system	Declining balance	30%
Vehicles	Declining balance	30%
Computer and other	Declining balance	30%
Office equipment	Declining balance	30%
Field equipment	Declining balance	30%

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

The Council manages and controls various works of art and non-operational historical cultural assets. These assets are not recorded as tangible capital assets and are not amortized.

### (e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

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.

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (e) 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 costs 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 and any unrealized gain is adjusted through the statement of remeasurement gains and losses.

When the asset is sold, the unrealized gains and losses previously recognized in the statement of remeasurement gains and losses are reversed and recognized 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.

The standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

Level 1 – unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 – observable or corroborated inputs other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 – unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

### (f) Allocation of expenses:

The Council records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program. The Council allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense.

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## 1. Significant accounting policies (continued):

### (g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### (h) Budget:

The budget information has been derived from the budget approved by the Council and amended to include contribution agreements from the Government of the Northwest Territories, Government of Canada and Gwich'in Tribal Council.

### (i) Change in accounting policies:

In March 2015 the Public Sector Accounting Board issued PS2200 - Related Party Disclosures and PS3420 - Inter-entity Transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017. PS2200 - Related Party Disclosures, defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members. PS3420 - Inter-entity Transactions establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. In June 2015, the Public Sector Accounting Board issued PS 3210 - Assets, PS3320 - Contingent Assets, PS3380 - Contractual Rights and PS3430 - Restructuring Transactions. PS3210, PS3320 and PS3380 are effective for fiscal years starting on or after April 1, 2017 and PS3430 is effective for fiscal years starting on or after April 1, 2018. PS 3210 - Assets provides guidance for applying the definition of assets set out in PS1000 - Financial Statement Concepts and establishes general disclosure standards for assets. PS3320 - Contingent Assets defines and establishes disclosure standards on contingent assets. PS3380 - Contractual Rights defines and establishes disclosure standards on contractual rights. PS3430 - Restructuring Transactions provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related programs or operating responsibilities.

The Council's management is currently assessing the impact of these new accounting standards on its financial statements.

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 2. Investments and marketable securities:

Investments and marketable securities is comprised of a guarantee investment certificate earning interest at a rate of 0.5% and maturing on November 28, 2017.

## 3. Due from Tetlit Gwich'in Council:

The amount due from Tetlit Gwich'in Council is unsecured, non-interest bearing, and has no specified terms of repayment.

## 4. Investment in Gwich'in Investments Limited Partnership:

The Council owns 1,035 of 4,004,150 units in Gwich'in Investments Limited Partnership (GILP). The partnership's principal activity is to hold and investment in Denendeh Investments Limited Partnership. The following summarizes the financial position and results of operations of GILP as at and for the year ended December 31, 2016:

	2017	2016
Financial position:		
Current assets	\$ 2,916	\$ 2,639
Non-current assets	713,575	1,052,426
Total assets	716,491	1,055,065
Current liabilities	60,475	55,375
Partners' equity	656,016	999,690
Total liabilities and partners' equity	716,491	1,055,065
Share of partners' equity attributable to the Council	\$ 170	\$ 258
Results of operations:		
Revenue	\$ -	\$ -
Expenses	(343,674)	(159,417)
Total loss for the year	(343,674)	(159,417)
Loss for the year attributable to the Council	\$ (88)	\$ (42)

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 5. Investment in Tetlit Zheh Development Corporation:

The Council owns 100% of Tetlit Zheh Development Corporation, a private company incorporated under the Business Corporation Act of the 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:

	2017	2016
Financial position:		
Current assets	\$ 61,365	\$ 71,593
Non-current assets	275,289	282,333
Total assets	336,654	353,926
Current liabilities	29,959	17,893
Due to Teetl'it Gwich'in Council	349,202	340,797
Total liabilities	379,161	358,690
Total deficiency attributable to the Council	\$ (42,507)	\$ (4,764)
Results of operations:		
Revenue	\$ 217,743	\$ 141,162
Expenses	(255,487)	(150,822)
Income taxes	-	1,310
Loss for the year attributable to the Council	\$ (37,744)	\$ (8,350)

# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 6. Deferred revenue:

	2017	2016
Government of Canada:		
Band Manager and Finance Manager - wages	\$ 46,924	\$ -
Leadership and Financial Management	6,492	-
Information Management/IT	3,974	-
Treaty Allowance	1,131	1,131
Membership	1,125	-
Government of the Northwest Territories:		
Youth Employment	28,608	62,353
	\$ 88,254	\$ 63,484

## 7. Contributions and transfers repayable:

	2017	2016
Government of 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	11,973
Band employee benefits - 2016/17	963	-
Youth Employment Strategy - 2016/17	15,530	-
Planning & Risk Mgmt - Chief & Council & HR Mgmt - 2016/17	6,500	-
Government of the Northwest Territories:		
Employment Officer - 2012/13	165	165
Justice Coordinator - 2013/14	6,618	6,618
Community Wellness Plan - 2013/14	2,597	2,597
Justice Coordinator - 2016/17	2,385	-
Other	13,140	-
	\$ 72,096	\$ 33,578



# TETLIT GWICH'IN

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

## 8. Tangible capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 25,000	\$ -	\$ 25,000	\$ 25,000
Internet system	-	-	-	9,692
Vehicles	-	-	-	9,985
Computer and other	29,392	19,196	10,196	13,035
Office equipment	23,711	12,458	11,253	2,974
Field equipment	-	-	-	4,273
	\$ 78,103	\$ 31,654	\$ 46,449	\$ 64,959

In the prior year, the Council transferred certain tangible capital assets with a net book value of \$608,347 (community heating - \$454,237, community lodge - \$51,749, and portable kitchen - \$102,361) to Tetlit Gwich'in Council.

## 9. Accumulated surplus:

	2017	2016
General operating fund	\$ 702,428	\$ 932,753
Investment fund	306,865	336,291
Invested in tangible capital assets	46,449	64,959
	\$ 1,055,742	\$ 1,334,003

# **TETLIT GWICH'IN**

(OPERATING AS TEETL'IT GWICH'IN COUNCIL)

Notes to Financial Statements (continued)

Year ended March 31, 2017

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## **10. Related party transactions:**

During the year, the Council received revenue of \$9,375 (2016 - \$58,582) and paid expenses of \$18,705 (2016 - \$1,743) to Tetlit Zheh Development Corporation.

## **11. Financial risks and concentration of risks:**

It is management's opinion that the Council is not exposed to significant credit, interest or currency risks arising from its financial instruments.

## **12. Comparative information:**

Certain 2016 comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.