

GWICHYA GWICH'IN BAND
Tsiigehtchic, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2014



INDEPENDENT AUDITOR'S REPORT

To the members of Gwichya Gwich'in Band

I have audited the accompanying consolidated financial statements of Gwichya Gwich'in Band, 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 Gwichya Gwich'in Band 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.

Chartered Accountant

Calgary, Alberta
July 31, 2014

2.



GWICHYA GWICH'IN BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2014	2013
Financial Assets		
Cash	\$ 628,175	\$ 449,013
Accounts receivable	29,147	63,480
Contributions receivable (note 2)	82,224	180,245
Receivable from related party (note 3)	-	709
Long term Investments (note 4)	280	194
Total Financial Assets	739,826	693,641
Liabilities		
Accounts payable and accrued liabilities	36,344	41,153
Deferred contributions (note 6)	61,464	-
Contributions payable (note 7)	6,000	53,362
Payable to related parties (note 8)	904,746	956,936
Total Liabilities	1,008,554	1,051,451
Net Financial Assets (Debt)	(268,728)	(357,810)
Non-Financial Assets		
Tangible capital assets (note 9)	258,830	115,477
Prepaid expenses and deposits	5,096	6,275
Total Non-Financial Assets	263,926	121,752
Accumulated Surplus (Deficit) (note 10)	\$ (4,802)	\$ (236,058)

Approved on behalf of the Council:

R. J. D. Jr. Councillor

Chewie Paul Councillor

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

GWICHYA GWICH'IN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED DEFICIT

For the year ended March 31,	2014	2014	2013
Revenue	Budget	Actual	Actual
Contributions:			
- Aboriginal Affairs and Northern Development			
Canada	\$ 238,636	\$ 266,066	\$ 267,356
- Government of Canada	-	1,368	-
- Government of NWT	-	252,606	126,417
- Gwich'in Tribal Council	-	22,700	100,140
Other revenue and recoveries	-	14,644	70,266
Earnings from investment	-	86	193
Less closing deferred revenue	-	(61,464)	-
	238,636	496,006	564,372
Expenditure			
Advertising and promotion	-	1,296	1,038
Administration	90,000	70,470	41,140
Amortization	-	20,988	8,212
Bad debts (recovered)	-	960	32,891
Bank charges and interest	1,100	1,363	1,855
Community events	16,000	200	2,735
Contracted services	3,000	711	28,529
Contributions repaid	-	(4,272)	24,084
Donations	8,000	3,896	9,632
Freight and postage	1,500	-	-
Fuel	10,000	5,265	3,647
Honoraria	10,000	8,465	4,450
Insurance	-	9,335	3,023
Materials and supplies	8,000	10,577	24,178
Meeting and workshop	20,000	1,741	2,733
Miscellaneous	6,000	5,825	1,865
Office	6,500	-	504
Power	4,600	1,285	2,668
Professional fees	5,000	16,850	32,078
Rent and property taxes	-	-	6,000
Repairs and maintenance	12,000	46	-
Telephone and Internet	3,700	-	1,103
Travel and accommodation	15,000	32,195	38,266
Utilities	2,400	-	-
Wages and benefits	-	77,554	60,804
	222,800	264,750	331,435
Annual Surplus (Deficit)	15,836	231,256	232,937
Accumulated Surplus (Deficit), beginning of year	(236,058)	(236,058)	(468,995)
Accumulated Surplus (Deficit), end of year	\$ (220,222)	\$ (4,802)	\$ (236,058)

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

GWICHYA GWICH'IN BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT

For the year ended March 31,	2014	2014	2013
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ 15,836	\$ 231,256	\$ 232,937
Acquisition of tangible capital assets	(5,000)	(164,341)	(92,398)
Amortization of tangible capital assets	-	20,988	8,212
Decrease (increase) in prepaid expenses and deposits	-	1,179	(6,275)
Increase (Decrease) in Net Financial Assets	10,836	89,082	142,476
Net Financial Debt, beginning of year	(357,810)	(357,810)	(500,286)
Net Financial Debt, end of year	\$ (346,974)	\$ (268,728)	\$ (357,810)

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

GWICHYA GWICH'IN BAND
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2014	2013
Operating Activities		
Cash receipts from contributions	\$ 689,738	\$ 454,654
<u>Cash payments to suppliers and employees</u>	(294,754)	(358,040)
	394,984	96,614
Financing Activities		
Decrease (decrease) in long term investments	(86)	(193)
Decrease (increase) in receivable from related party	709	75,729
<u>Increase (decrease) in payable to related parties</u>	(52,104)	(42,061)
	(51,481)	33,475
Capital Transactions		
Purchase of tangible capital assets	(164,341)	(92,398)
	(164,341)	(92,398)
Net Increase (Decrease) in Cash	179,162	37,691
Cash, beginning of year	449,013	411,322
Cash, end of year	\$ 628,175	\$ 449,013
Represented by:		
Cash	\$ 628,175	\$ 449,013
	\$ 628,175	\$ 449,013

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

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

The Gwichya Gwich'in Band (the "Council") is an Indian band which represents the Gwich'in people in Tsiligehtchic, Northwest Territories. It is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

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 Gwichya Gwich'in Band and Gwich'in Investment Limited Partnership, which was accounted for using the modified equity method.

(c) 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 when the accruals cannot be determined with a reasonable degree of certainty or when 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 that 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 are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Amortization expense is recorded over the estimated useful lives of the assets, using the following method and annual rates:

Equipment			
- Building	10%	Declining Balance	
- Computer	30%	Declining Balance	
- Office	20%	Declining Balance	
Tourist Centre	10%	Declining Balance	

(e) 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.

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.

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(e) Financial Instruments (Continued)

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.

(f) Allocation of Expenditure

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

(g) 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.

2. Contributions Receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada:		
AANDC - Band Support Funding 2012/13	\$ -	\$ 119,318
AANDC - Summer Work Experience 2012/13	- -	22,000
AANDC - Summer Work Experience 2013/2014	2,071	-
AANDC - Political and Social Development 2013/2014	13,323	-
Gwich'in Tribal Council:		
GTC - Self-Government 2009/10	25,373	25,373
GTC - Pre-school Program 2010/11	13,554	13,554
Government of NWT:		
GNWT - Community Wellness Initiatives 2013/2014	27,903	-
	<hr/> \$ 82,224	<hr/> \$ 180,245

3. Receivable from Related Party

	2014	2013
Gwich'a Gwich'in Council - common management control	\$ -	\$ 709

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

GWICHYA GWICH'IN BAND

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
Financial Position		
Current assets	\$ 2,202	\$ 5,896
Non-current assets	1,125,334	790,573
 Total assets	 1,127,536	 796,469
Total liabilities	(45,601)	(44,753)
 Total partners' equity (capital deficiency)	 \$ 1,081,935	 \$ 751,716
 Financial Performance		
Revenue	\$ 334,760	\$ 789,906
Expenses	(4,541)	(20,523)
 Net earnings (loss)	 \$ 330,219	 \$ 769,383
 Net earnings attributable to the Council	 \$ 85	 \$ 199
 Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	(1,034)	(1,034)
Accumulated earnings	279	193
 Total net investments	 \$ 280	 \$ 194

5. Bank Indebtedness

The Council has operating line of credit up to \$50,000 with a bank. It bears interest at prime plus 0.50%.

GWICHYA GWICH'IN BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

6. Deferred Contributions

	2014	2013
Government of NWT:		
Community Wellness (2013-14)	\$ 61,464	\$ -

7. Contributions Repayable

	2014	2013
Aboriginal Affairs and Northern Development Canada:		
AANDC - Inter-Gov't Forum Election Policy 2011/12	\$ -	\$ 13,422
AANDC - Summer Work Experience 2012/13	- -	8,218
Government of NWT:		
GNWT ECE - Small Communities Initiative 2011/12	- -	8,202
GNWT - Healthy Children Initiative 2011/12	6,000	6,000
GNWT ITI - Tourist Centre Renovations 2012/13	- -	17,520
	<hr/> \$ 6,000	<hr/> \$ 53,362

8. Payable to Related Parties

	2014	2013
Red River Incorporated Band Ltd. - common control	\$ 14,700	\$ 13,500
Tsiigehtchic Charter Community - common management control	890,046	943,436
	<hr/> \$ 904,746	<hr/> \$ 956,936

Amounts payable to related parties are unsecured, non-interest bearing and repayable on demand though there is no set term of repayment.

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

9. Tangible Capital Assets

Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Computer equipment	7,905	8,425	-	16,330
Office equipment	45,781	6,347	-	52,128
Tourist Centre	92,398	149,569	-	241,967
Total	\$ 160,084	\$ 164,341	\$ -	\$ 324,425

Accumulated Amortization	Balance, beginning of year	Disposals	Current Charge	Balance, end of year
Land	\$ -	\$ -	\$ -	\$ -
Computer equipment	6,971	-	1,544	8,515
Office equipment	33,016	-	3,188	36,204
Tourist Centre	4,620	-	16,256	20,876
Total	\$ 44,607	\$ -	\$ 20,988	\$ 65,595
	Balance beginning of year			Balance, end of year
Net Book Value	\$ 115,477	\$ -	\$ -	\$ 258,830

10. Accumulated Surplus (Deficit)

	2014	2013
Unrestricted		
General Operating Fund	\$ (263,912)	\$ (351,729)
Investment Fund	280	194
Equity in Tangible Capital Assets	258,830	115,477
	\$ (4,802)	\$ (236,058)

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

11. 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.

12. Comparative Figures

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

13. Related Party Transactions

	2014	2013
The Council's transactions with related parties during the year are summarized as follows:		
Tsiigehtchic Charter Community - common control - Administration	\$ 70,470	\$ 41,140

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.

14. 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.

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

15. 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.