

GWICHYA GWICH'IN BAND
Tsiigehtchic, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2016



PAUL TEOH

Chartered Accountants

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, 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 Gwichya Gwich'in Band 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
September 8, 2016

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GWICHYA GWICH'IN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2016	2015
Financial Assets		
Cash (note 2)	\$ 591,494	\$ 728,142
Accounts receivable	5,753	87,101
Contributions receivable (note 3)	173,544	21,023
Total Financial Assets	770,791	836,266
Liabilities		
Accounts payable and accrued liabilities	76,684	99,321
Deferred contributions (note 5)	46,278	90,310
Contributions repayable	-	4,292
Payable to related parties (note 6)	866,201	907,918
Total Liabilities	989,163	1,101,841
Net Financial Assets (Debt)	(218,372)	(265,575)
Non-Financial Assets		
Long term Investments (note 7)	259	300
Tangible capital assets (note 8)	215,975	240,432
Prepaid expenses and deposits	5,917	5,609
Total Non-Financial Assets	222,151	246,341
Accumulated Surplus (Deficit) (note 9)	\$ 3,779	\$(19,234)

Approved on behalf of the Council:

Wanelle Councillor

John Herbert 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 SURPLUS

For the year ended March 31,	2016	2016	2015
Revenue	Budget	Actual	Actual
Contributions:			
- Aboriginal Affairs and Northern Development Canada	\$ 91,102	\$ 163,102	\$ 148,076
- Government of Canada	-	1,245	-
- Government of NWT	-	99,819	103,092
- Gwich'in Tribal Council	-	66,550	77,000
Other revenue and recoveries	-	23,652	18,285
Earnings from investment	- (41)		20
Add opening deferred revenue	-	90,310	61,464
Less closing deferred revenue	- (46,278)	(46,278)	(90,310)
	91,102	398,359	317,627
Expenditure			
Administration	20,000	43,017	33,594
Amortization	-	25,544	19,099
Bad debts (recovered)	-	2,913	55,530
Bank charges and interest	400	4,796	8,005
Community events	500	9,586	10,150
Contracted services	-	43,872	7,533
Contributions repaid (recovered)	- (4,291)		593
Donations	4,000	1,937	4,834
Field trips and land activities	-	582	-
Fuel	-	1,644	1,526
Honoraria	6,750	10,950	7,538
Insurance	8,700	8,908	8,222
Materials and supplies	5,000	29,458	27,473
Meeting and workshop	1,000	2,992	45
Miscellaneous	9,000	6,499	5,897
Office	-	150	364
Power	-	1,371	3,089
Professional fees	-	25,000	23,000
Rent	-	11,400	4,966
Repairs and maintenance	-	1,024	-
Telephone and Internet	-	8,192	2,593
Travel and accommodation	24,500	47,996	25,822
Wages and benefits	30,860	91,806	82,186
	110,710	375,346	332,059
Annual Surplus (Deficit)	(19,608)	23,013	(14,432)
Accumulated Surplus (Deficit), beginning of year	(19,234)	(19,234)	(4,802)
Accumulated Surplus (Deficit), end of year	\$(38,842)	\$ 3,779	\$(19,234)

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,	2016		2016	2015
	Budget		Actual	Actual
Annual Surplus (Deficit)	\$(19,608)	\$	23,013	\$(14,432)
Acquisition of tangible capital assets	-	(1,087)	(700)
Amortization of tangible capital assets	-		25,544	19,099
Decrease (increase) in long term investments	-		41	(20)
Decrease (increase) in prepaid expenses and deposits	-	(308)	1,179
Increase (Decrease) in Net Financial Assets	(19,608)		47,203	5,126
Net Financial Debt, beginning of year	(265,575)	(265,575)	(270,701)
Net Financial Debt, end of year	\$(285,183)	\$(218,372)	\$(265,575)

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,	2016	2015
Operating Activities		
Cash receipts from contributions	\$ 283,154	\$ 404,680
Cash payments to suppliers and employees	(377,039)	(322,650)
	(93,885)	82,030
Financing Activities		
Increase (decrease) in payable to related parties	(41,676)	18,637
	(41,676)	18,637
Capital Transactions		
Purchase of tangible capital assets	(1,087)	(700)
	(1,087)	(700)
Net Increase (Decrease) in Cash	(136,648)	99,967
Cash, beginning of year	728,142	628,175
Cash, end of year	\$ 591,494	\$ 728,142

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, 2016

The Gwichya Gwich'in Band (the "Council") is an Indian band which represents the Gwich'in people in Tsiigehtchic, 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 the Chartered Professional Accountants of Canada.

(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.

(d) 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.

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

1. Significant Accounting Policies (Continued)

(e) 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

(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.

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, 2016

1. Significant Accounting Policies (Continued)

(f) 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.

(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.

(i) 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.

2 Cash

	2016	2015
Bank current account	\$ 164,508	\$ 250,893
Bank saving account	426,987	477,249
	<u>\$ 591,495</u>	<u>\$ 728,142</u>

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

3. Contributions Receivable

	2016	2015
Aboriginal Affairs and Northern Development Canada:		
Political and Social Development 2013/14	\$ 13,323	\$ 13,323
Election Code Updates 2014/15	3,000	3,000
Election Code Ratification 2014/15	2,500	2,500
Summer Work Experience 2014/15	2,200	2,200
Summer Work Experience Amend #3 2015/16	2,160	-
Band Support Funding 2015/16	22,774	-
Government Capacity Dev. (Elections)		
Amend #1 2015/16	24,000	-
Band Manager Meeting Amend #2 2015/16	3,768	-
Government of NWT:		
Community Wellness Initiatives 2015/2016	99,819	-
	<u>\$ 173,544</u>	<u>\$ 21,023</u>

4. Bank Indebtedness

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

5. Deferred Contributions

	2016	2015
Government of NWT:		
Community Wellness	\$ 46,278	\$ 90,310

6. Payable to Related Parties

	2016	2015
Tsiigehtchic Charter Community - common management control	\$ 866,201	\$ 907,918

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, 2016

7. 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.

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
Total liabilities	(55,375)	(50,377)
Total partners' equity (capital deficiency)	\$ 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
Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	(1,034)	(1,034)
Accumulated earnings	258	299
Total net investments	\$ 259	\$ 300

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

8. Tangible Capital Assets

Cost	Balance, beginning of year	Additions	Disposals	Balance, end of year
Land	\$ 14,000	\$ -	\$ -	\$ 14,000
Computer equipment	17,030	1,087	-	18,117
Office equipment	52,128	-	-	52,128
Tourist Centre	241,967	-	-	241,967
Total	\$ 325,125	\$ 1,087	\$ -	\$ 326,212

Accumulated Amortization	Balance, beginning of year	Disposals	Current Charge	Balance, end of year
Land	\$ -	\$ -	\$ -	\$ -
Computer equipment	9,995	-	2,274	12,269
Office equipment	38,817	-	2,662	41,479
Tourist Centre	35,881	-	20,608	56,489
Total	\$ 84,693	\$ -	\$ 25,544	\$ 110,237

	Balance beginning of year		Balance, end of year
Net Book Value	\$ 240,432	\$ -	\$ 215,975

9. Accumulated Surplus (Deficit)

	2016	2015
Unrestricted		
General Operating Fund	\$(212,455)	\$(259,966)
Investment Fund	259	300
Equity in Tangible Capital Assets	215,975	240,432
	\$ 3,779	\$(19,234)

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.

GWICHYA GWICH'IN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

11. Comparative Figures

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

12. Related Party Transactions

	2016	2015
The Council's transactions with related parties during the year are summarized as follows:		
Tsiigehtchic Charter Community - common control		
- Administration	\$ 12,000	\$ 24,000
- Rent	\$ 11,400	\$ 5,359

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.

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.

Interest Rate Risk - Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Council is exposed from time to time to interest rate risk in respect of the bank indebtedness due to changes in interest rate.

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 market risks arising from these financial instruments.