

Gwichya Gwich'in Band

Financial Statements

March 31, 2020

Gwichya Gwich'in Band

Financial Statements

March 31, 2020

Page

Management's Responsibility for Financial Reporting	3
Independent Auditors' Report	4 - 5
Statement of Financial Position	6
Statement of Operations	7
Statement of Changes in Net Financial Debt	8
Statement of Cash Flows	9
Notes to the Financial Statements	10 - 18
Schedules to the Financial Statements	
Schedule 1 - Schedule of Tangible Capital Assets	19
Schedule 2 - Schedule of Changes in Accumulated Surplus	20
Schedule 3 - Schedule of Revenue and Expenses by Program	21
Schedule 4 - Schedule of Salaries, Honoraria, and Travel Expenses	22

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Gwichya Gwich'in Band are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgments.

The Band maintains systems of internal accounting and administrative controls of quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that all assets are appropriately accounted for and adequately protected.

Management is responsible for reviewing and approving these financial statements.

Council has reviewed the Band's financial statements and recommend their approval. They also meet with management and external auditors, to discuss internal controls over the financial reporting process, auditing issues and financial reporting matters, to ensure that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report.

The financial statements have been audited by Crowe MacKay LLP, Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the Band. Crowe MacKay LLP has full and free access to the records of the Gwichya Gwich'in Band.

Grant Scott
Band Manager
Gwichya Gwich'in Band

April 29, 2021

Independent Auditors' Report

To Chief and Council of the Gwichya Gwich'in Band

Opinion

We have audited the accompanying financial statements of the Gwichya Gwich'in Band (the "Band"), which comprise the statement of financial position as at March 31, 2020, the statement of operations, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements of the Band present fairly, in all material respects, the financial position of the Band as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Band in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Management and Those Charged with Governance'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.

In preparing the financial statements, management is responsible for assessing the Band's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Band or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Band's financial reporting process.

Independent Auditors' Report (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Band's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Band's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Band to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Crowe MacKay LLP

Yellowknife, Canada
April 29, 2021

Chartered Professional Accountants

Gwichya Gwich'in Band**STATEMENT 1****Statement of Financial Position**

For the year ended March 31,

2020

2019

Financial Assets

Cash	\$	777,600	\$	610,855
Accounts receivable		741		1,255
Contributions receivable (note 6)		5,970		98,424
Investment in government business enterprise (note 7)		121		121

784,432

710,655

Liabilities

Accounts payable and accrued liabilities		19,814		53,291
Deferred revenue (note 9)		242,280		57,120
Due to related party (note 10)		882,644		882,644

Total Liabilities

1,144,738

993,055

Net Financial Debt

(360,306)

(282,400)

Non-Financial Assets

Tangible capital assets (schedule 1)		125,894		140,333
Prepaid expenses		6,228		5,999

Total Non-Financial Assets

132,122

146,332

Accumulated Deficit (schedule 2)

\$ (228,184)

\$ (136,068)

Contractual Rights (note 13)

Approved by:

Chief

Band Manager

Gwichya Gwich'in Band**STATEMENT 2****Statement of Operations - by project**

For the year ended March 31,	2020	2019
	Actual	Actual
Revenues		
Indigenous and Northern Affairs Canada	\$ 144,377	\$ 96,216
Government of Northwest Territories	108,468	150,909
Other revenues and recoveries	21,205	5,891
Gwich'in Tribal Council	-	25,000
Rental	2,500	-
Total Revenues	276,550	278,016
Expenses		
General Operations	190,808	191,712
Community Wellness	111,720	149,909
Educational Challenge Surveys	13,499	-
Tourist Centre Operations	6,439	4,112
Interim Band Manager	20,000	-
Summer Student Program	13,159	981
Literacy Program	7,564	-
Community Healthy Living Fair	5,477	-
Band Election	-	15,221
Total Expenses	368,666	361,935
Deficit before other items	(92,116)	(83,919)
Other items		
Loss on write-down of tangible capital assets	-	(5,902)
Annual deficit	(92,116)	(89,821)
Accumulated deficit, beginning of year	(136,068)	(46,247)
Accumulated deficit, end of year	\$ (228,184)	\$ (136,068)

Statement of Change in Net Financial Debt

For the year ended March 31,

**2020
Actual**2019
Actual

Annual surplus (deficit)	\$ (92,116)	\$ (89,821)
Amortization of tangible capital assets	14,439	16,150
Change in prepaid expenses	(229)	(5,795)
Acquisition of tangible capital assets	-	(2,468)
Disposition of tangible capital assets	-	5,902
Decrease (increase) in net financial debt	(77,906)	(76,032)
Net financial debt, beginning of year	(282,400)	(206,368)
Net financial debt, end of year	\$ (360,306)	\$ (282,400)

Gwichya Gwich'in Band**STATEMENT 4****Statement of Cash Flows**

For the year ended March 31,	2020	2019
Cash Provided by (used for)		
Operating activities		
Annual deficit	\$ (92,116)	\$ (89,821)
Items not affecting Cash		
Amortization	14,439	16,150
Loss on write-down of tangible capital assets	-	5,902
	(77,677)	(67,769)
Change in non-cash working capital items		
Accounts receivable	514	431
Contributions receivable	92,454	(44,169)
Accounts payable and accrued liabilities	(33,477)	28,223
Deferred revenue	185,160	5,910
Prepaid expenses	(229)	(5,795)
	166,745	(83,169)
Financing activities		
Increase in due to related party	-	49,200
Investing activities		
Acquisition of tangible capital assets	-	(2,468)
Increase (decrease) in cash and cash equivalents	166,745	(36,437)
Cash, beginning of year	610,855	647,292
Cash, end of year	\$ 777,600	\$ 610,855

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

1. Nature of Organization

Gwichya Gwich'in Band (the "Band") is established pursuant to the *Indian Act of Canada* and represents the Gwich'in people in Tsiigehtchic, Northwest Territories. The Council is classified as an Indian Band and as such is a non-taxable entity under section 149 of the *Income Tax Act*.

2. COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared a global pandemic. The outbreak of the novel strain of the coronavirus, COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility. Governments and central banks including Canadian federal, provincial, territorial and municipal governments have responded with significant monetary and fiscal interventions designed to stabilize economic conditions.

The rapidly evolving event, including health and safety conditions, economic environment and resulting government measures, creates a high level of uncertainty and risk that may result in significant impacts to the Band through its investment and source of funding, which may impact the financial the operations of the Band. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. As such it is not possible to estimate the length and severity of these developments and the impact on the Band.

3. Accounting Policies

The financial statements of the Band are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by Public Sector Accounting Board of the Chartered Professional Accounts of Canada. Significant aspects of the accounting policies adopted by the Band are as follows:

(a) Reporting entity

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial debt and change in financial position of the reporting entity. This entity is comprised of the operations of the Band, plus all of the organizations that are, therefore, accountable to the Band for administration of their financial affairs and resources. The Band owns 1,035 of the 4,004,150 issued and outstanding limited partnership units of Gwich'in Investments Limited Partnership which it accounts for using the modified equity method of accounting.

(b) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

These financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(c) Cash

Cash includes cash on hand and bank deposits.

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

3. Accounting Policies (continued)

(d) Investments in Government Business Enterprises

The Band records its investments in government business enterprises (GBE) using the modified equity method. Under this method, the investments are initially recorded at cost and increased (decreased) by the proportionate share of earnings (loss) and are decreased by any dividends paid to the Band.

At the end of each reporting period the Band assesses whether there are any indications that an investment may be impaired, and if such is the case, the impairment loss is expensed.

(e) Revenue recognition

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.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Capital transfers or transfers of restricted funding tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built or eligible expenses incurred.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Other revenues and recoveries are recognized in the period in which they are received, or when receivable and collection is reasonably assured.

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial debt for the year.

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

3. Accounting Policies (continued)

(g) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. 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. The cost, less residual value, of each tangible capital asset is amortized using the declining balance method using annual rates as follow:

	Rate
Equipment	
Computer equipment	30%
Office equipment	20%
Building	10%

A full years' amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal.

(h) Financial instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Band subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash, accounts receivable and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and due to related party.

The Band does not measure any financial assets or financial liabilities at fair value.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

3. Accounting Policies (continued)

(i) Fund accounting

The Band maintains the general operating fund, investment fund, and equity in tangible capital assets. Transfers between funds are recorded as adjustments to the appropriate fund balance.

- (i) General Operating Fund
Reports the excess of revenues over expenses relating to the general operations of the Band excluding equity earnings and capital purchases.
- (ii) Investment Fund
Reports the excess of revenues over expenses relating specifically to the investment in Gwich'in Investments Limited Partnership.
- (iii) Equity in Tangible Capital Assets
Reports the investment in capital assets, less any related debt and accumulated amortization.

(j) Related Party transactions

Related party transactions occurred in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(k) Measurement uncertainty

The preparation of financial statements in conformity 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 liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(l) Segment disclosure

The Schedule of Revenues and Expenses By Program has been prepared in accordance with PS Handbook Section PS 2700 – Segment Disclosures. The segments selected are to enable users to better understand the government reporting entity and the major revenue and expense activities of the Band. For each reported segment, revenues and expenses represent amounts directly attributable to each segment. Segments include:

General Operations: includes the revenue and expenses pertaining to administration, and Chief and Council.

Community Wellness and Community Healty Living Fair: includes the revenue and expenses pertaining to health based programs to promote physical activity, healthy eating, and positive relationships within families, and time on the land.

Band Election: includes the expenses pertaining to cost incurred to hold the 2019 election for Chief and Council Members.

Tourist Centre Operations: includes the revenue and expenses pertaining to operating a Tourist Centre.

Summer Students: includes the revenue received for hiring summer students.

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

3. Accounting Policies (continued)

Family Violence: includes funding received for and expenses paid to programs designed to prevent domestic violence.

Interim Band Manager: includes the revenue and expenses pertaining to hiring a band manager.

Educational Challenge Surveys and Literacy Program: includes the revenue and expenses pertaining to educational issues the Band faces.

4. Future Accounting Changes

a) Asset Retirement Obligations, Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2022 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This section would require public sector entities to review existing contract, legislation, etc., to identify retirement activities associated with its controlled tangible capital assets.

b) Revenue, Section PS 3400

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

The impact of the transition to these accounting standards is being reviewed by management.

5. Accounts Receivable

	Balance	Allowance	2020	2019
Accounts receivable	\$ 97,069	\$ (96,328)	\$ 741	\$ -
Goods and service tax receivable	-	-	-	1,255
	\$ 97,069	\$ (96,328)	\$ 741	\$ 1,255

6. Contributions Receivable

	Balance	Allowance	2020	2019
Indigenous and Northern Affairs Canada	\$ 5,970	\$ -	\$ 5,970	\$ 51,210
Government of the Northwest Territories				
Community wellness initiatives	-	-	-	47,214
	\$ 5,970	-	\$ 5,970	\$ 98,424

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

7. Investment in Government Business Enterprise

The Band 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 investments for GILP is carried minimal value as no financial information is available at March 31, 2020.

8. Accounts Payable and Accrued Liabilities

	2020	2019
Trade payables and accrued liabilities	\$ 19,712	\$ 12,916
Government remittances payable	102	40,375
	\$ 19,814	\$ 53,291

9. Deferred Revenue

Deferred revenue consists of the unexpended portions of contributions received as follows:

	2020	2019
INAC - Youth Employment Strategy (18/19)	\$ 38,051	\$ 51,210
INAC - Youth Employment Strategy (19/20)	46,199	-
GNWT Wellness Initiatives - Community Wellness	33,128	5,910
GNWT Status of Women Council - Family Violence	1,250	-
INAC - Interim Band Manager	68,116	-
INAC - Governance Capacity	40,500	-
GNWT ECE Literacy Funding	15,036	-
	\$ 242,280	\$ 57,120

Deferred revenue consists of amounts received for which program completion dates extend beyond the fiscal year end, and conditions attached to the use of the funds have not yet been met. These amounts will be recognized in revenue as expenses are incurred or conditions of funding are satisfied. The Indigenous and Northern Affairs Canada (INAC) fundings are all schedule to expire on March 31, 2021, while the GNWT programs continues until March 31, 2024.

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

10. Related party

The Band is related to Tsiigehtchic Charter Community by virtue of common management. During the year, the Band's transactions with Tsiigehtchic Charter Community were as follows:

	2020	2019
Management fees	\$ 24,277	\$ 12,000
Building rental fees	11,300	11,400
	\$ 35,577	\$ 23,400

At year end, the related party balances were as follows:

	2020	2019
Due to related party	\$ 882,644	\$ 882,644

Amounts due to related party are unsecured, non-interest bearing and have no set terms of repayment.

11. Equity in Tangible Capital Assets

	2020	2019
Tangible capital assets (Schedule 1)	\$ 278,073	\$ 278,073
Accumulated amortization (Schedule 1)	(152,179)	(137,740)
	\$ 125,894	\$ 140,333

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

12. Risk Management

The Band is exposed to credit, interest rate, and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Band's financial instruments is provided by type of risk below.

i) Credit risk

Credit risk is the risk of financial loss to the Band if a debtor fails to make payments of interest and principal when due. The Band is exposed to this risk relating to its cash, accounts receivable and contributions receivable. The Band holds its cash with federally regulated chartered banks that are insured by the Canadian Deposit Insurance Corporation up to the prescribed limits.

Credit risk related to accounts receivable is mitigated by controls over arrears accounts for ultimate collection and policies in place for debt collection.

The Band's maximum exposure to credit risk at March 31, 2020 is as follows:

Cash	\$ 777,600
Accounts receivable	741
Contributions receivable	5,970
Maximum credit risk exposure	<u>\$ 784,311</u>

At March 31, 2020, the Band had accounts receivable which were past due but not impaired.

	30 days	60 days	90 days
Accounts receivable	\$ -	\$ 2,996	\$ -
Contributions receivable	1,350	4,500	-
	<u>\$ 1,350</u>	<u>\$ 7,496</u>	<u>\$ -</u>

At March 31, 2020, the Band's management has determined that a portion of accounts receivable, trade are impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is \$96,328 (2019 - \$101,761).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

(ii) Liquidity risk

Liquidity risk is the risk that the Band will not be able to meet all cash outflow obligations as they come due. The Band does have liquidity risk in its accounts payable and accrued liabilities and contribution repayable \$19,814 (2019 - \$53,291) and amount due to related party of \$882,644 (2019 - \$882,644).

The Band mitigates this risk by monitoring cash activities and expected outflows by maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

COVID-19

The COVID-19 pandemic may also have a change to the liquidity risk from the prior period. Uncertain economic conditions caused by the COVID-19 pandemic may impact the Band's ability to collect cash inflows. Other than the unknown impact from COVID-19, there have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

Gwichya Gwich'in Band

Notes to Financial Statements

March 31, 2020

13. Contractual Rights

The Band has signed a contribution agreement and is entitled to receive funding for the fiscal year ending March 31, 2021 as follows:

Government of the Northwest Territories - Ministry of Health and Social Services	\$ 133,433
--	------------

14. Budget Information

Canadian public sector accounting standards ("PSAS") require the disclosure of budget information for comparison to the Band's actual revenues and expenses. The budgeted revenues and expenses, and surplus (deficit) has not been reported in the statement of operations financial statements as a budget was not prepared in a format required for the statement. The Budget has been included in the schedule of revenue and expenses by program. The Band Council approved the budget on July 25, 2019.

15. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.