

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Aklavik Indian Band 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.

Aklavik Indian Band 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 Aklavik Indian Band's assets are appropriately accounted for and adequately safeguarded.

Aklavik Indian Band's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Council reviews and approves the Aklavik Indian Band's financial statements. The Council meets periodically with management, as well as with 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 financial statements have been audited by the independent firm of KPMG LLP in accordance with Canadian generally accepted auditing standards. Their report to the members of Aklavik Indian Band, stating the scope of their examination and opinion on the financial statements, follows.



Band Manager



Finance Officer

Aklavik, Canada  
July 31, 2014



**KPMG LLP**  
**Chartered Accountants**  
Commerce Place  
10125-102 Street  
Edmonton, Alberta T5J 3V8  
Canada

Telephone (780) 429-7300  
Fax (780) 429-7379  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Aklavik Indian Band

We have audited the accompanying financial statements of Aklavik Indian Band, which comprise the statement of financial position as at March 31, 2014, 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 Aklavik Indian Band as at March 31, 2014, 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.

*KPMG LLP*

---

Chartered Accountants

July 31, 2014  
Edmonton, Canada



# AKLAVIK INDIAN BAND

## Statement of Financial Position

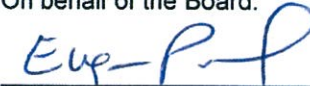
March 31, 2014, with comparative information for 2013

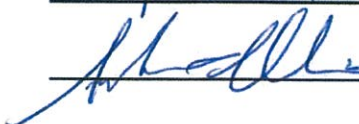
	2014	2013
Financial assets:		
Cash	\$ 498,597	\$ 470,395
Accounts receivable (note 12)	111,917	146,150
Due from Ehdiitat Gwich'in Council (note 2)	49,831	49,831
Due from Black Mountain Realty Incorporated (note 3)	106,104	106,104
Investment in Gwich'in Investments Limited Partnership (note 4)	278	195
Investment in Daazraii Investments Inc. (note 5)	1,334,595	1,182,396
	2,101,322	1,955,071
Financial liabilities:		
Accounts payable and accrued liabilities (note 12)	74,284	57,501
Deferred revenue (note 6)	47,170	-
Contributions repayable (note 7)	40,498	58,290
	161,952	115,791
Net financial assets	1,939,370	1,839,280
Non-financial assets:		
Tangible capital assets (note 8)	13,640	16,619
Accumulated surplus (note 9)	\$ 1,953,010	\$ 1,855,899

Commitments (note 10)

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# AKLAVIK INDIAN BAND

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2014, with comparative information for 2013

	Budget	2014	2013
<b>Revenues:</b>			
Government transfers:			
Government of Canada - DIAND	\$ 391,238	\$ 391,238	\$ 432,173
Government of Canada - other	-	1,932	18,727
Government of NWT	223,909	206,895	89,957
Gwich'in Tribal Council	77,860	69,122	70,600
Bingo revenue	21,000	72,381	-
Cost recoveries and other amounts (note 12)	-	11,929	55,805
	714,007	753,497	667,262
Net amounts deferred	-	(47,170)	-
Contribution and transfer recoveries (repayment)	-	8,942	(52,669)
	714,007	715,269	614,593
<b>Expenses:</b>			
Wages and benefits	471,083	455,287	414,627
Contracted services (note 12)	52,805	91,366	21,992
Rent (note 12)	56,880	60,900	83,883
Bingo expenses	-	58,578	-
Materials and supplies	63,368	45,678	35,111
Contributions to related entities (note 12)	35,500	35,500	47,500
Office	30,478	25,904	10,300
Professional fees	-	23,205	28,213
Travel and accommodations	11,960	22,564	34,097
Honoraria	21,000	11,500	17,200
Amortization of tangible capital assets	-	4,637	6,630
Communications	3,520	4,105	2,478
Donations and contributions	-	3,778	3,223
Community events	14,400	3,430	771
Equipment rental	600	904	50
Bank charges, interest, and penalties	750	788	2,987
Bad debts	-	-	4,705
Conference registration	-	-	3,630
	762,344	848,124	717,397
Annual deficiency before the undernoted	(48,337)	(132,855)	(102,804)
Equity in earnings of Gwich'in Investments Limited Partnership (note 4)	-	83	194
Equity in earnings of Daazraii Investments Inc. (note 5)	-	152,199	141,815
Canada Post dealer fees (note 11)	-	77,684	81,223
Annual surplus (deficiency)	(48,337)	97,111	120,428
Annual surplus, beginning of year	1,855,899	1,855,899	1,735,471
Accumulated surplus, end of year	\$ 1,807,562	\$ 1,953,010	\$ 1,855,899

See accompanying notes to financial statements.

## AKLAVIK INDIAN BAND

### Statement of Changes in Net Financial Assets

Year ended March 31, 2014, with comparative information for 2013

	Budget	2014	2013
Annual surplus (deficiency)	\$ (48,337)	\$ 97,111	\$ 120,428
Acquisition of tangible capital assets	-	(1,658)	-
Amortization of tangible capital assets	-	4,637	6,630
Increase (decrease) in net financial assets	(48,337)	100,090	127,058
Net financial assets, beginning of year	1,839,280	1,839,280	1,712,222
Net financial assets, end of year	\$ 1,790,943	\$ 1,939,370	\$ 1,839,280

See accompanying notes to financial statements.

# AKLAVIK INDIAN BAND

## Statement of Cash Flows

Year ended March 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Annual surplus	\$ 97,111	\$ 120,428
Items not involving cash:		
Amortization of tangible capital assets	4,637	6,630
Equity in earnings of Daazraii Investments Inc.	(152,199)	(141,815)
Equity in earnings of Gwich'in Investments Limited Partnership	(83)	(194)
Change in non-cash operating working capital:		
Decrease in accounts receivable	34,233	26,357
Increase (decrease) in accounts payable and accrued liabilities	16,783	(43,654)
Increase in deferred revenue	47,170	-
Increase (decrease) in contributions repayable	(17,792)	36,863
	29,860	4,615
Capital transactions:		
Acquisition of tangible capital assets	(1,658)	-
Increase in cash	28,202	4,615
Cash, beginning of year	470,395	465,780
Cash, end of year	\$ 498,597	\$ 470,395
Supplemental cash flow information:		
Bank charges, interest and penalties paid	\$ 788	\$ 2,987

See accompanying notes to financial statements.



# AKLAVIK INDIAN BAND

## Notes to Financial Statements

Year ended March 31, 2014

---

Aklavik Indian Band (the "Band") is an aboriginal organization that represents the aboriginal people of the Hamlet of Aklavik, Northwest Territories. The Band 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.

### 1. Significant accounting policies:

The financial statements of the Band have been prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Band 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 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 Band's investments in Daazraii Investments Inc. and the Gwich'in Investments Limited Partnership 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 with those of the Band, and inter-organizational transactions and balances are not eliminated.



# AKLAVIK INDIAN BAND

## Notes to Financial Statements (continued)

Year ended March 31, 2014

### 1. Significant accounting policies (continued):

#### (c) Tangible capital assets:

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

Asset	Basis	Rate
Equipment	Declining balance	20%
Computer hardware and software	Declining balance	30%
Leasehold improvements	Straight-line	Lease term

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

The Band 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.

#### (d) 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, and 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 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.

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## 1. Significant accounting policies (continued):

### (d) Financial instruments (continued):

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 Band does not have any unrealized gains or losses, a statement of remeasurement gains and losses has not been prepared

Fair value measurements are classified 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.

### (e) Allocation of expenses:

The Band 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 Band allocates certain of its general support expenses by identifying the appropriate basis of allocating each expense.

### (f) 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.

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## 1. Significant accounting policies (continued):

### (g) Budget:

The budget information has been derived from the budget approved by the Band.

### (h) Future accounting changes:

In June 2010, the Public Sector Accounting Board issued PS3260 - Liabilities for Contaminated Sites. this accounting standard is effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Band would be required to recognize a liability related to the remediation of such contaminated site subject to certain recognition criteria. Management is currently assessing the impact of this adoption on the financial statements and cannot provide an estimate of any potential liability at this time.

## 2. Due from Ehdiitat Gwich'in Council:

The amount due from Ehdiitat Gwich'in Council, an entity under common management control, is unsecured, non-interest bearing and has no specified terms of repayment.

## 3. Due from Black Mountain Realty Incorporated:

The amount due from Black Mountain Realty Incorporated, an entity under common management control, is non-interest bearing, unsecured and has no specified terms of repayment.



# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

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

The Band owns 1,000 of 4,004,150 (.02%) units in Gwich'in Investments Limited Partnership (GILP). The partnership was formed on November 30, 2006 to carry an investment in Denendeh Investments Limited Partnership. On December 31, 2007, GILP acquired a 50% 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:

	2014	2013
Financial position:		
Current assets	\$ 2,202	\$ 5,896
Non-current assets	1,125,334	790,573
Total assets	\$ 1,127,536	\$ 796,469
Current liabilities	\$ 45,601	\$ 44,753
Partners' equity	1,081,935	751,716
	\$ 1,127,536	\$ 796,469
Band's share of partners' equity, net of provisions	\$ 278	\$ 195
Financial performance:		
Revenues	\$ 334,760	\$ 789,906
Expenses	4,541	20,523
Profit for the year	\$ 330,219	\$ 769,383
Band's share of profit, net of provisions	\$ 83	\$ 194

## AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

### 5. Investment in Daazraii Investments Inc.:

The Band owns all of the outstanding shares of Daazraii Investments Inc. (the "Company"), a private company incorporated under the laws of the Northwest Territories. The Company owns 51% of a local charter company that flies into and out of the Gwich'in Settlement Area - Aklavik, Northwest Territories.

The following summarizes the consolidated financial position and results of operations of Daazraii Investments Inc. as at March 31, 2014:

	2014	2013
Financial position:		
Current assets	\$ 407,753	\$ 108,774
Non-current assets	940,824	1,111,159
Total assets	1,348,577	1,219,933
Current liabilities	13,982	37,537
Due to Aklavik Indian Band	423,938	423,938
Band's share of profit, net of provisions	437,920	461,475
Total equity attributable to the Band	\$ 910,657	\$ 758,458
Financial performance:		
Revenues	\$ 225,772	\$ 250,728
Expenses	73,573	108,913
Profit for the year	\$ 152,199	\$ 141,815

The net investment in Daazraii Investments Inc. is comprised of equity of \$910,657 (2013 - \$758,458) and amounts due to Aklavik Indian Band of \$423,938 (2013 - \$423,938). The amount due from Daazraii Investments Inc., an entity under common management control, is non-interest bearing, unsecured and has no specified terms of repayment.

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 6. Deferred revenue:

	2014	2013
Government of the NWT:		
Brighter Futures	\$ 40,978	\$ -
Prenatal Program	6,192	-
	\$ 47,170	\$ -

## 7. Contributions repayable:

	2014	2013
Government of the NWT:		
Employment Officer	\$ 4,424	\$ 1,896
Brighter Futures	-	5,547
Ice Road	6,000	-
Nutrition Education	222	-
	10,646	7,443
Government of Canada:		
New Horizons for Seniors	1,135	1,135
DIAND:		
Community Economic Development Program	-	20,660
First Nations & Inuit Summer Work Experience Program	-	1,407
Basic Administration Governance Capacity Development	17,380	17,380
Intergovernmental Forums	10,265	10,265
Political and Social Development	1,072	-
	28,717	49,712
	\$ 40,498	\$ 58,290

The Band received approval to allocate the funds in the amount of \$20,660 that were previously recorded as contributions repayable under the Community Economic Development Program towards wages and benefits in the current year. The amount has been reflected as a recovery in the Statement of Operations under contributions and transfer repayments.



# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 8. Tangible capital assets:

				2014	2013
	Cost	Accumulated amortization		Net book value	Net book value
Equipment	\$ 47,554	\$ 38,571	\$	8,983	\$ 9,814
Computer hardware and software	27,093	22,436		4,657	6,805
Leasehold improvements	6,016	6,016		-	-
	\$ 80,663	\$ 67,023	\$	13,640	\$ 16,619

## 9. Accumulated surplus:

	2014	2013
Investment fund	\$ 1,334,873	\$ 1,182,591
Unrestricted net assets	604,497	656,689
Invested in tangible capital assets	13,640	16,619
	\$ 1,953,010	\$ 1,855,899

## 10. Commitments:

The Band rents its premises from Black Mountain Realty Incorporated, an entity under common management control, which requires fixed monthly payments of \$3,075 for the Band Office and \$2,000 for the Post Office. The lease contract contains contributions towards estimated common costs including heating, fuel, and property taxes.

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 11. Canada Post dealer fees:

Effective July 1, 2013, the Band entered into a new agency dealership agreement with Canada Post to operate a Canada Post outlet in the Hamlet of Aklavik, Northwest Territories. The agreement does will not expire until terminated by the parties in accordance with the agreement. The Band is obligated to provide a suitable and accessible location for the postal outlet and to operate for a minimum numbers of days and hours in accordance with Canada Post's operating policies. Every item supplied by Canada Post under this agreement remains the property of Canada Post. All funds received from customers are held in trust on behalf of Canada Post and remitted periodically by way of pre-authorized debit. The Band is entitled to an annual fee of \$71,028 (2013 - \$71,147) plus a percentage of the gross annual sales. The previous agreement was effective June 21, 2008 and expired July 20, 2013. The transactions processed by the Band on behalf of Canada Post are as follows:

	2014	2013
Revenues	\$ 302,193	\$ 302,453
Expenses	(224,509)	(221,230)
	\$ 77,684	\$ 81,223

## 12. Related party transactions:

The following table summarizes the Band's transactions with related parties during the year:

	2014	2013
Revenues:		
Cost recoveries and other amounts:		
Ehdiitat Renewable Resource Council	\$ 1,305	\$ -
Ehdiitat Gwich'in Council	-	21,171
Daazraii Investments Inc.	-	20,101
Black Mountain Realty Incorporated	-	3,625
Expenses:		
Rent and contracted services:		
Black Mountain Realty Incorporated	120,900	70,754
Contributions to related entities:		
Ehdiitat Gwich'in Council	12,500	15,000
Daazraii Investments Inc.	11,500	17,500
Black Mountain Realty Incorporated	11,500	15,000

# **AKLAVIK INDIAN BAND**

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## **12. Related party transactions (continued):**

Accounts receivable includes \$933 (2013 - \$3,478) from Black Mountain Realty Incorporated, \$11,593 (2013 - \$26,352) from Daazraii Investments Inc., \$2,360 (2013 - \$16,908) from Ehdiitat Gwich'in Council, and \$214 (2013 - nil) from Ehdiitat Gwich'in Renewable Resource Council and accounts payable and accrued liabilities includes \$10,658 (2013 - \$5,329) due to Black Mountain Realty Incorporated related to transactions with related parties.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The Band shares office infrastructure assets and financial management personnel with Ehdiitat Gwich'in Council, Ehdiitat Renewable Resources Council, Black Mountain Realty Incorporated and Daazraii Investments Inc.

## **13. Financial risks and concentration of credit risk:**

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

## **14. Comparative information:**

Certain other 2013 comparative information has been reclassified to conform with the financial statement presentation adopted per the current year.