

Financial Statements of

## **AKLAVIK INDIAN BAND**

Year ended March 31, 2015

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Aklavik Indian Band are the responsibility of management.

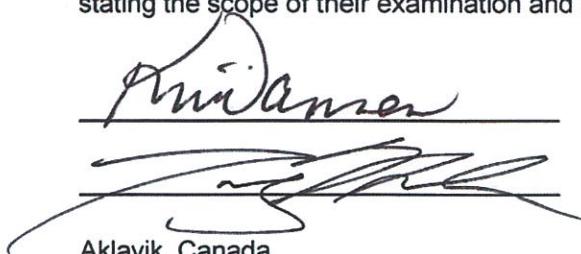
The financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it 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.

Two handwritten signatures are shown. The top signature is a stylized "John Danner". The bottom signature is a stylized "Z. Miller". Both signatures are written over horizontal lines.

Band Manager

Finance Officer

Aklavik, Canada  
August 10, 2015



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**Chartered Accountants**  
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## 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, 2015, 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, 2015, 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

August 10, 2015  
Edmonton, Canada

# AKLAVIK INDIAN BAND

## Financial Statements

Year ended March 31, 2015

### Financial Statements

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# AKLAVIK INDIAN BAND

## Statement of Financial Position

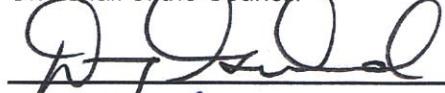
March 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash	\$ 357,522	\$ 498,597
Accounts receivable (note 12)	140,258	111,917
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)	298	278
Investment in Daazraii Investments Inc. (note 5)	<u>1,378,953</u>	<u>1,334,595</u>
	2,032,966	2,101,322
<b>Financial liabilities:</b>		
Accounts payable and accrued liabilities (note 12)	63,201	74,284
Deferred revenue (note 6)	113,943	47,170
Contributions repayable (note 7)	<u>40,524</u>	<u>40,498</u>
	217,668	161,952
Net financial assets	1,815,298	1,939,370
<b>Non-financial assets:</b>		
Tangible capital assets (note 8)	10,195	13,640
Accumulated surplus (note 9)	<u>\$ 1,825,493</u>	<u>\$ 1,953,010</u>

Commitments (note 10)

See accompanying notes to financial statements.

On behalf of the Council:



Director



Director

# AKLAVIK INDIAN BAND

## Statement of Operations and Accumulated Surplus

Year ended March 31, 2015, with comparative information for 2014

	Budget	2015	2014
<b>Revenues:</b>			
Government transfers:			
Government of Canada - AANDC	\$ 136,212	\$ 180,502	\$ 391,238
Government of Canada - other	-	14,727	1,932
Government of the NWT	143,509	174,780	206,895
Gwich'in Tribal Council	27,360	45,384	69,122
Inuvialuit Regional Corporation	-	12,373	-
Net amounts deferred	-	(66,773)	(47,170)
Transfer recoveries (repayments)	-	(24,248)	8,942
	307,081	336,745	630,959
Cost recoveries (note 12)	-	141,623	1,305
Bingo revenue	21,000	79,495	72,381
Other revenue	-	57,891	10,624
	328,081	615,754	715,269
<b>Expenses:</b>			
Wages and benefits (notes 12 and 13)	301,785	522,061	455,287
Bingo expenses	-	63,687	58,578
Rent (note 12)	31,020	53,300	60,900
Materials and supplies	20,000	45,857	45,678
Contracted services (note 12)	32,950	44,443	91,366
Professional fees	-	43,667	23,205
Travel and accommodations	1,632	18,445	22,564
Office	8,478	17,939	25,904
Donations and contributions	-	17,164	3,778
Contributions to related entities (note 12)	-	12,500	35,500
Honoraria	21,000	11,625	11,500
Communications	1,020	5,818	4,105
Amortization of tangible capital assets	-	3,445	4,637
Equipment rental	-	1,349	904
Bank charges, interest, and penalties	750	803	788
Conference registration	990	803	-
Community events	14,400	-	3,430
	434,025	862,906	848,124
Annual deficiency before the undernoted	(105,944)	(247,152)	(132,855)
Equity in earnings of Gwich'in Investments Limited Partnership (note 4)	-	20	83
Equity in earnings of Daazraii Investments Inc. (note 5)	-	44,358	152,199
Canada Post dealer fees (note 11)	(5,787)	75,257	77,684
Annual surplus (deficiency)	(111,731)	(127,517)	97,111
Annual surplus, beginning of year	1,953,010	1,953,010	1,855,899
Accumulated surplus, end of year	\$ 1,841,279	\$ 1,825,493	\$ 1,953,010

See accompanying notes to financial statements.

# AKLAVIK INDIAN BAND

## Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus (deficiency)	\$ (111,731)	\$ (127,517)	\$ 97,111
Acquisition of tangible capital assets	-	-	(1,658)
<u>Amortization of tangible capital assets</u>	<u>-</u>	<u>3,445</u>	<u>4,637</u>
Increase (decrease) in net financial assets	(111,731)	(124,072)	100,090
Net financial assets, beginning of year	1,939,370	1,939,370	1,839,280
<b>Net financial assets, end of year</b>	<b>\$ 1,827,639</b>	<b>\$ 1,815,298</b>	<b>\$ 1,939,370</b>

See accompanying notes to financial statements.

# AKLAVIK INDIAN BAND

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Annual surplus (deficiency)	\$ (127,517)	\$ 97,111
Items not involving cash:		
Amortization of tangible capital assets	3,445	4,637
Equity in earnings of Daazraii Investments Inc.	(44,358)	(152,199)
Equity in earnings of Gwich'in Investments Limited Partnership	(20)	(83)
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(28,341)	34,233
Increase (decrease) in accounts payable and accrued liabilities	(11,083)	16,783
Increase in deferred revenue	66,773	47,170
Increase (decrease) in contributions repayable	26	(17,792)
	(141,075)	29,860
Capital transactions:		
Acquisition of tangible capital assets	-	(1,658)
Increase (decrease) in cash	(141,075)	28,202
Cash, beginning of year	498,597	470,395
Cash, end of year	\$ 357,522	\$ 498,597
Supplemental cash flow information:		
Bank charges, interest and penalties paid	\$ 803	\$ 788

See accompanying notes to financial statements.

# AKLAVIK INDIAN BAND

## Notes to Financial Statements

Year ended March 31, 2015

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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:**

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.

Cost recoveries, bingo revenue and other revenue 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.

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, 2015

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## 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, 2015

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## 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.

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, 2015

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## 1. Significant accounting policies (continued):

### (g) Employee future benefits:

The Band sponsors a defined contribution plan providing pension benefits for its employees, where the employee and the Band each contribute a specified percentage of pensionable earnings. The Band also provides employees with basic life, accidental death and dismemberment, long-term disability and extended health and vision benefits through benefits carriers.

### (h) Budget:

The budget information has been derived from the budget approved by the Band on July 3, 2014, as amended to include contribution agreements from the Government of the NWT.

### (i) Change in accounting policies:

In June 2010, the Canadian Public Sector Accounting Board issued PS 3260 - Liability for Contaminated Sites. This accounting standard 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 a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Band adopted this accounting standard retroactively as of April 1, 2014 but without restatement of prior period results. The Band is required to recognize a liability related to the remediation of such contaminated sites subject to certain recognition criteria. For the fiscal year ended March 31, 2015, the Band has not identified any liability for contaminated sites.

In March 2015, the Canadian Public Sector Accounting Board issued PS 2200 - Related party disclosures and PS 3420 - Inter-entity transactions. These accounting standards are effective for fiscal years starting on or after April 1, 2017. PS 2200 - Related party disclosures defines a related party and identifies disclosures for related parties and related party transactions, including key management personnel and close family members. PS 3420 - Inter-entity transactions, establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The Band will be required to evaluate its disclosures based on the new accounting standards. The Band's management is currently assessing the impact of these new standards on the financial statements.

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 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.

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

The Band owns 1,035 of 4,004,150 (.026%) 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, 2014:

	2015	2014
<b>Financial position:</b>		
Current assets	\$ 2,436	\$ 2,202
Non-current assets	1,207,048	1,125,334
<b>Total assets</b>	<b>\$ 1,209,484</b>	<b>\$ 1,127,536</b>
Current liabilities	\$ 50,377	\$ 45,601
Partners' equity	1,159,107	1,081,935
	\$ 1,209,484	\$ 1,127,536
<b>Band's share of partners' equity, net of provisions</b>	<b>\$ 298</b>	<b>\$ 278</b>
<b>Financial performance:</b>		
Revenues	\$ 81,714	\$ 334,760
Expenses	(4,542)	(4,541)
<b>Profit for the year</b>	<b>\$ 77,172</b>	<b>\$ 330,219</b>
<b>Band's share of profit, net of provisions</b>	<b>\$ 20</b>	<b>\$ 83</b>

# AKLAVIK INDIAN BAND

## Notes to Financial Statements (continued)

Year ended March 31, 2015

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### 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, 2015:

	2015	2014
Financial position:		
Current assets	\$ 378,502	\$ 407,753
Non-current assets	1,045,450	940,824
Total assets	1,423,952	1,348,577
Current liabilities	44,999	13,982
Due to Aklavik Indian Band	423,938	423,938
Band's share of profit, net of provisions	468,937	437,920
Total equity attributable to the Band	\$ 955,015	\$ 910,657
Financial performance:		
Revenues	\$ 210,180	\$ 225,772
Expenses	165,822	73,573
Profit for the year	\$ 44,358	\$ 152,199

The net investment in Daazraii Investments Inc. is comprised of equity of \$955,015 (2014 - \$910,657) and amounts due to Aklavik Indian Band of \$423,938 (2014 - \$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, 2015

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## 6. Deferred revenue:

	2015	2014
Government of Canada - other:		
New Horizons For Seniors	\$ 13,467	\$ -
Government of the NWT:		
Brighter Futures	95,391	40,978
Prenatal Program	4,085	6,192
Honoring Our Elders	1,000	-
	<hr/> \$ 113,943	<hr/> \$ 47,170

## 7. Contributions repayable:

	2015	2014
Government of Canada - AANDC:		
Consultation and Policy Development	\$ 19,782	\$ -
First Nations & Inuit Summer Work		
Experience Program	1,463	-
Basic Administration Governance		
Capacity Development	5,621	17,380
Intergovernmental Forums	-	10,265
Political and Social Development	1,072	1,072
	<hr/> 27,938	<hr/> 28,717
Government of Canada - other:		
New Horizons for Seniors	-	1,135
Government of the NWT:		
Employment Officer	4,424	4,424
Ice Road	6,000	6,000
Inuvik Petroleum Show	2,162	-
Nutrition Education	-	222
	<hr/> 12,586	<hr/> 10,646
	<hr/> <hr/> \$ 40,524	<hr/> <hr/> \$ 40,498

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 8. Tangible capital assets:

					2015		2014	
		Cost	Accumulated amortization		Net book value		Net book value	
Equipment	\$	47,554	\$	40,367	\$	7,187	\$	8,983
Computer hardware and software		27,093		24,085		3,008		4,657
Leasehold improvements		6,016		6,016		-		-
	\$	80,663	\$	70,468	\$	10,195	\$	13,640

## 9. Accumulated surplus:

		2015		2014
Investment fund	\$	1,379,251	\$	1,334,873
Unrestricted net assets		436,047		604,497
Invested in tangible capital assets		10,195		13,640
	\$	1,825,493	\$	1,953,010

## 10. Commitments:

The Band rents its premises from Black Mountain Realty Incorporated, an entity under common management control, which requires fixed monthly payments of \$2,585 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, 2015

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### 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 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 number 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 (2014 - \$71,028) 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:

	2015	2014
Revenues	\$ 247,072	\$ 302,193
Expenses	(171,815)	(224,509)
	<hr/> \$ 75,257	<hr/> \$ 77,684

# AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2015

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## 12. Related party transactions:

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

	2015	2014
<b>Revenues:</b>		
Cost recoveries:		
Ehdiitat Renewable Resource Council	\$ 24,854	\$ 1,305
Ehdiitat Gwich'in Council	26,406	-
Daazraii Investments Inc.	62,509	-
Black Mountain Realty Incorporated	27,854	-
	141,623	1,305
<b>Expenses:</b>		
Rent and contracted services:		
Black Mountain Realty Incorporated	53,300	120,900
Contributions to related entities:		
Ehdiitat Gwich'in Council	12,500	12,500
Daazraii Investments Inc.	-	11,500
Black Mountain Realty Incorporated	-	11,500
	12,500	35,500

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The Band shares office infrastructure assets and financial management personnel with Ehdiitat Gwich'in Council, Ehdiitat Renewable Resource Council, Black Mountain Realty Incorporated and Daazraii Investments Inc. On April 30, 2014 an inter-organization cost share agreement was implemented to distribute the cost of communal resources amongst the group of related parties. Shared costs include wages of various employees that provide services to more than one entity, the costs of various office resources such as internet and telephone, office rents and other shared resources.

Accounts receivable includes \$6,544 (2014 - \$933) from Black Mountain Realty Incorporated, \$26,290 (2014 - \$11,593) from Daazraii Investments Inc., \$9,463 (2014 - \$2,360) from Ehdiitat Gwich'in Council, and \$6,314 (2014 - \$214) from Ehdiitat Gwich'in Renewable Resource Council and accounts payable and accrued liabilities includes \$400 (2014 - \$10,658) due to Black Mountain Realty Incorporated, \$63 (2014 - \$nil) due to Ehdiitat Gwich'in Council, and \$315 (2014 - \$nil) due to Ehdiitat Gwich'in Renewable Resource Council related to transactions with related parties.

# **AKLAVIK INDIAN BAND**

Notes to Financial Statements (continued)

Year ended March 31, 2015

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**13. Employee future benefits:**

During the year, the Band contributed \$5,771 (2014 - \$nil), representing 5.5% of pensionable earnings, to a defined contribution plan.

**14. 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.