



KPMG LLP
2200, 10175-101 Street
Edmonton Alberta T5J 0H3
Canada
Tel (780) 429-7300
Fax (780) 429-7379

INDEPENDENT AUDITORS' REPORT

To the Members of Aklavik Indian Band

Opinion

We have audited the financial statements of Aklavik Indian Band (the Band) which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the effects and possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2019, and its results of operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards require the disclosure of budget information in the financial statements. As the Band did not prepare or approve budget information for the year ended March 31, 2019, these required disclosures have not been provided.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 auditors' 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 the 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.
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive style with a horizontal line underneath it.

Chartered Professional Accountants

Edmonton, Canada
August 28, 2019

AKLAVIK INDIAN BAND

Financial Statements

Year ended March 31, 2019

Financial Statements

Statement of Financial Position	1
Statement of Operations and Accumulated Surplus	2
Statement of Changes in Net Financial Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5
Schedule of Program Revenues and Expenses	17

AKLAVIK INDIAN BAND

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 199,715	\$ 107,767
Accounts receivable (note 11)	177,767	244,946
Due from Black Mountain Realty Incorporated (note 2)	106,104	106,104
Investment in Gwich'in Investments Limited Partnership (note 3)	21	120
Investment in Daazraii Investments Inc. (note 4)	752,830	888,396
	<u>1,236,437</u>	<u>1,347,333</u>
Liabilities:		
Accounts payable and accrued liabilities (note 11)	119,070	61,951
Deferred revenue (note 5)	124,826	144,501
Government transfers and contributions repayable (note 6)	45,481	102,261
	<u>289,377</u>	<u>308,713</u>
Net financial assets	947,060	1,038,620
Non-financial assets:		
Prepaid expenses and deposits	1,065	3,556
Tangible capital assets (note 7)	23,420	4,598
	<u>24,485</u>	<u>8,154</u>
Accumulated surplus (note 8)	\$ 971,545	\$ 1,046,774

Commitments (note 9)

See accompanying notes to financial statements.

On behalf of the Council:

Chief

Councilor

AKLAVIK INDIAN BAND

Statement of Operations and Accumulated Surplus

Year ended March 31, 2019, with comparative information for 2018

	Budget	2019	2018
Revenues:			
Government transfers and other contributions:			
Government of Canada	\$ -	\$ 434,102	\$ 402,636
Government of the Northwest Territories	-	162,870	205,294
Gwich'in Tribal Council	-	57,821	44,491
Net amounts recognized (deferred)	-	19,675	(91,554)
Contribution and transfer recoveries (repayments)	-	54,914	(72,810)
	-	729,382	488,057
Administrative cost recoveries (note 11)	-	169,306	85,485
Bingo revenue	-	13,495	40,789
Other revenue	-	20,214	20,661
	-	932,397	634,992
Expenses:			
Salaries, wages and benefits (notes 11, 12)	-	524,904	590,542
Administration cost share (note 11)	-	83,277	2,487
Rent (note 11)	-	72,864	58,495
Materials and supplies	-	36,301	34,327
Travel	-	34,183	24,006
Contracted services	-	31,796	62,344
Office and administration	-	30,245	19,009
Bad debts	-	11,527	-
Professional fees	-	19,850	16,500
Donations and contributions	-	15,333	9,323
Honoraria	-	10,500	12,350
Unrecoverable GST	-	10,743	22,297
Bingo expenses	-	9,658	34,357
Interest and bank charges	-	8,292	3,417
Communications (note 11)	-	8,138	5,465
Amortization of tangible capital assets	-	4,543	1,346
Conference registration	-	3,948	5,673
Insurance	-	3,556	3,258
Equipment rental	-	2,549	5,085
Community events	-	-	585
	-	922,207	910,866
Annual surplus (deficiency) before the undernoted	-	10,190	(275,874)
Equity in loss of investments:			
Gwich'in Investments Limited Partnership (note 3)	-	(99)	(48)
Daazraii Investments Inc. (note 4)	-	(135,566)	(107,922)
Canada Post dealer fees (note 10)	-	50,246	64,213
Annual deficiency	-	(75,229)	(319,631)
Accumulated surplus, beginning of year	1,046,774	1,046,774	1,366,405
Accumulated surplus, end of year	\$ 1,046,774	\$ 971,545	\$ 1,046,774

See accompanying notes to financial statements.

AKLAVIK INDIAN BAND

Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	Budget	2019	2018
Annual deficiency	\$ -	\$ (75,229)	\$ (319,631)
Acquisition of tangible capital assets	-	(23,365)	-
Amortization of tangible capital assets	-	4,543	1,346
	-	(18,822)	1,346
Decrease (increase) in prepaid expenses and deposits	-	2,491	(2,076)
Decrease in net financial assets	-	(91,560)	(320,361)
Net financial assets, beginning of year	1,038,620	1,038,620	1,358,981
Net financial assets, end of year	\$ 1,038,620	\$ 947,060	\$ 1,038,620

See accompanying notes to financial statements.

AKLAVIK INDIAN BAND

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Annual deficiency	\$ (75,229)	\$ (319,631)
Items not involving cash:		
Amortization of tangible capital assets	4,543	1,346
Equity in loss of Daazraii Investments Inc.	135,566	107,922
Equity in loss of Gwich'in Investments Limited Partnership	99	48
Change in non-cash operating working capital:		
Decrease in accounts receivable	67,179	91,571
Increase (decrease) in accounts payable and accrued liabilities	57,119	(10,417)
Increase (decrease) in deferred revenue	(19,675)	57,500
Decrease in government transfers and contributions repayable	(56,780)	(71,931)
Decrease (increase) in prepaid expenses and deposits	2,491	(2,076)
	115,313	(145,668)
Financing and investing:		
Repayments of amount due from Daazraii Investments Inc.	-	114,488
Capital transactions:		
Acquisition of tangible capital assets	(23,365)	-
Increase (decrease) in cash and cash equivalents	91,948	(31,180)
Cash and cash equivalents, beginning of year	107,767	138,947
Cash and cash equivalents, end of year	\$ 199,715	\$ 107,767

See accompanying notes to financial statements.

AKLAVIK INDIAN BAND

Notes to Financial Statements

Year ended March 31, 2019

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.

Expense 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.

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, balances with banks and term deposits having a maturity of three months or less which are held for the purpose of meeting short-term cash commitments.

(c) 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, 2019

1. Significant accounting policies (continued):

(d) 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% - 55%
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.

(e) 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, 2019

1. Significant accounting policies (continued):

(e) 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.

(f) 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.

(g) 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.

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

1. Significant accounting policies (continued):

(h) 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.

(i) Related party transactions:

The Band enters into transactions with related parties in the normal course of operations and on normal trade terms. These transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

Unallocated costs, comprising materials and services contributed by related parties in support of the Council's operations, are not recognized in the financial statements.

(j) Budget:

A formal budget was not prepared or approved by the Band Council for the year ended March 31, 2019. Therefore, no budget information has been included in the financial statements.

(k) Change in accounting policies:

The Band has prospectively adopted PS3430 - *Restructuring Transactions* effective April 1, 2018. The adoption of this new accounting standard did not have any impact on the Band's financial statements.

(l) Future accounting changes:

The following summarizes upcoming changes to public sector accounting standards: PS3280 - *Asset Retirement Obligations* effective April 1, 2021; and PS3400 - *Revenue* effective April 1, 2022.

The Band's management is currently assessing the impact of this new accounting standard on its financial statements.

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

2. 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.

3. 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's principal activity is to hold an 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, 2018:

	2019	2018
Financial position:		
Current assets	\$ 3,514	\$ 3,554
Equity-accounted investees	148,212	528,315
Total assets	151,726	531,869
Current liabilities	71,105	65,975
Partners' equity	80,621	465,894
Total liabilities and partners' equity	151,726	531,869
Share of partners' equity attributable to the Band	\$ 21	\$ 120
Financial performance:		
Revenues	\$ -	\$ -
Expenses	(5,170)	(4,862)
Share of loss of equity-accounted investees	(380,103)	(185,260)
Total loss for the year	(385,273)	(190,122)
Loss for the year attributable to the Band	\$ (99)	\$ (48)

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

4. 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, 2019:

	2019	2018
Financial position:		
Current assets	\$ 185,446	\$ 140,925
Non-current assets	646,946	809,105
Total assets	832,392	950,030
 Current liabilities	 79,562	 61,634
Due to Aklavik Indian Band	109,450	109,450
Total liabilities	189,012	171,084
 Total equity attributable to the Band	 \$ 643,380	 \$ 778,946
 Financial performance:		
Revenues	\$ 266,206	\$ 104,866
Expenses	401,772	212,788
 Loss for the year attributable to the Band	 \$ (135,566)	 \$ (107,922)

The net investment in Daazraii Investments Inc. is comprised of equity of \$643,380 (2018 - \$778,946) and amounts due to Aklavik Indian Band of \$109,450 (2018 - \$109,450). The amount due from Daazraii Investments Inc. is non-interest bearing, unsecured and has no specified terms of repayment.

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

5. Deferred revenue:

	2019	2018
Government of Canada - INAC:		
Professional and Institutional Development Program	\$ 45,000	\$ -
Consultation and Policy Development	79,826	105,000
First Nations and Inuit Youth Employment Strategy	- 32,501	
	124,826	137,501
Government of the NWT:		
Healthy Child Initiatives	- 7,000	
	\$ 124,826	\$ 144,501

During the year, \$18,337 (2018 - \$nil) provided by the Government of Canada - INAC, with respect to Consultation and Policy Development, was used to acquire a new telephone system which is included as part of equipment within tangible capital assets (see note 7).

6. Government transfers and contributions repayable:

	2019	2018
Government of Canada:		
New Horizons for Seniors	\$ 11,601	\$ 13,467
CanNor	- 12,250	
	11,601	25,717
Government of the NWT:		
Ice Road	15,357	15,357
Healthy Child Initiative	14,007	-
Nutrition North Program	4,516	4,516
Community Wellness Initiatives	- 53,962	
Parenting Workshop	- 2,709	
	33,880	76,544
	\$ 45,481	\$ 102,261

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

6. Government transfers and contributions repayable (continued):

	2019	2018
Balance, beginning of year	\$ 102,261	\$ 174,912
Government transfers and contributions repayable	14,000	72,810
Government transfers and contributions recovered during the year	(68,921)	-
Repayments during the year	(1,859)	(145,461)
 Balance, end of year	 \$ 45,481	 \$ 102,261

7. Tangible capital assets:

	Cost	Accumulated amortization	Net book value	Net book value
Equipment	\$ 52,583	\$ 45,114	\$ 7,469	\$ 3,680
Computer hardware and software	36,200	20,249	15,951	918
Leasehold improvements	6,016	6,016	-	-
 \$ 94,799	 \$ 71,379	 \$ 23,420	 \$ 4,598	

8. Accumulated surplus:

	2019	2018
Investment fund	\$ 752,851	\$ 888,516
Unrestricted net assets	195,274	153,660
Invested in tangible capital assets	23,420	4,598
 \$ 971,545	 \$ 1,046,774	

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

9. 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.

10. 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 plus a percentage of the gross annual sales. The transactions processed by the Band on behalf of Canada Post are as follows:

	2019	2018
Revenues	\$ 238,720	\$ 285,792
Expenses	(188,474)	(221,579)
	<hr/> \$ 50,246	<hr/> \$ 64,213

11. Related party transactions:

Related parties are those entities consolidated or accounted for on a modified equity basis in the Band's financial statements.

Related parties also include key management personnel and members of the Board of Directors of the Band. Salaries and benefits and honoraria includes a total of \$189,267 (2018 - \$261,037) paid to key management personnel.

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

11. Related party transactions (continued):

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

	2019	2018
Revenues:		
Administrative cost recovery:		
Ehdiitat Renewable Resource Council	\$ 24,807	\$ 19,035
Ehdiitat Gwich'in Council	91,336	26,492
Daazraii Investments Inc.	28,336	18,588
<u>Black Mountain Realty Incorporated</u>	<u>24,827</u>	<u>21,370</u>
	169,306	85,485
Expenses:		
Rent:		
Black Mountain Realty Incorporated	72,471	57,370
Administrative cost share:		
Black Mountain Reality Incorporated	13,956	-
Daazraii Investments Inc.	66,516	1,250
Ehdiitat Gwich'in Council	576	978
Ehdiitat Renewable Resource Council	2,229	259
	83,277	2,487

The following table summarizes administrative cost share by type:

	2019	2018
Contracted services	\$ 56,047	\$ 338
Salaries, wages and benefits	13,471	-
Materials and supplies	6,096	1,210
Travel	4,639	-
Office and administration	2,384	386
Communications	640	553
	\$ 83,277	\$ 2,487

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

11. Related party transactions (continued):

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 \$6,143 (2018 - \$17,076) from Black Mountain Realty Incorporated, \$22,632 (2018 - \$9,189) from Daazraii Investments Inc., \$9,749 (2018 - \$17,982) from Ehdiitat Gwich'in Council, and \$7,109 (2018 - \$13,791) from Ehdiitat Renewable Resource Council and accounts payable and accrued liabilities includes \$29,007 (2018 - \$11,174) due to Black Mountain Realty Incorporated, \$1,126 (2018 - \$67) due to Ehdiitat Renewable Resource Council, \$75 (2018 - \$265) due to Ehdiitat Gwich'in Council and \$19,983 (2018 - \$479) due to Daazraii Investments Inc. related to transactions with related parties.

12. Employee future benefits:

During the year, the Band contributed \$10,599 (2018 - \$15,171), representing 5.5% of pensionable earnings, to a defined contribution plan.

13. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Band is exposed to credit risk with respect to its accounts receivable. The Band assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Band at March 31, 2019 is the carrying value of these assets. The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. At March 31, 2019, the total allowance for doubtful accounts was \$10,607 (2018 - \$1,612).

The amount of any related impairment loss is recognized in the statement of operations and accumulated surplus. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations and accumulated surplus. There have been no significant changes to the credit risk exposure from 2018.

AKLAVIK INDIAN BAND

Notes to Financial Statements (continued)

Year ended March 31, 2019

13. Financial risks and concentration of credit risk (continued):

(b) Liquidity risk:

Liquidity risk is the risk that the Band will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Band manages its liquidity risk by monitoring its operating requirements on an overall basis. The Band prepares budget to ensure it has sufficient funds to fulfill its obligations. There have been no significant changes to the liquidity risk exposure from 2018.

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rates will affect the Band's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment. Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets and financial liabilities with variable interest rates expose the Band to cash flow interest rate risk. The Band is exposed to this risk through its investments bearing interest. The Band does not use derivative instruments to mitigate these risks. There has been no change to the interest rate risk exposure from 2018.

14. Segment disclosures:

The Band provides a wide range of services to its members. Services are delivered through a number of different programs and departments. Identified segments are defined by the Band for which separate financial information is available and is evaluated regularly by the Band and management in allocating resources and assessing results.

For each reported segment, revenues and expenses represent amounts that are directly attributable to that segment. The accounting policies followed in the segments are consistent with the accounting policies followed in the preparation of these financial statements as disclosed in note 1.

The segment disclosures are provided in the Schedules included with the financial statements.

15. Comparative information:

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