



INDEPENDENT AUDITORS' REPORT

To the members of Aklavik Indian Band

Opinion

We have audited the accompanying consolidated financial statements of Aklavik Indian Band, which comprise of the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations and accumulated surplus, consolidated statements of changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Aklavik Indian Band (the "Band") as at March 31, 2022 and the consolidated results of its operations, changes in net financial assets and 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 *Auditors' 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 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 opinion.

Other Information

The comparative figures were audited by other auditors. They issued an unmodified audit opinion on those financial statements on October 12, 2022.

Responsibilities of Management and Those Charged with Governance 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.

3

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 objective is 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

2.



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

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.



Paul Teoh Professional Corporation
Chartered Professional Accountants

Calgary, Alberta
March 13, 2023

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2022	2021
Financial Assets		
Cash and cash equivalents (note 2)	\$ 260,157	\$ 150,708
Accounts receivable (note 3)	132,690	152,608
Receivable from related parties (note 4)	108,604	106,104
Total Financial Assets	501,451	409,420
Liabilities		
Accounts payable and accrued liabilities (note 5)	91,259	110,685
Contributions repayable (note 6)	51,508	57,861
Deferred contributions (note 7)	303,228	196,826
Total Liabilities	445,995	365,372
Net Financial Assets	55,456	44,048
Non-Financial Assets		
Long term investment (note 8)	470,666	588,879
Tangible capital assets (note 9)	15,150	20,907
Total Non-Financial Assets	485,816	609,786
Accumulated Surplus (note 11)	\$ 541,272	\$ 653,834

Approved on behalf of the Council:

 Councillor

 Councillor

The accompanying notes and schedules are integral parts of these consolidated financial statements. 4.

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2022	2022	2021
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - Indigenous Services			
Canada	\$ 172,423	\$ 414,378	\$ 230,657
Contributions - Government of NWT	81,818	186,733	158,369
Contributions - NWT Housing Corporation	70,000	70,000	70,000
Contributions - Gwich'in Tribal Council	-	-	17,386
Contributions - Hamlet of Aklavik	-	6,983	41,400
Administration fees	172,091	218,932	199,904
Other revenue and recoveries	26,731	366,883	311,874
Rental income	43,200	42,300	37,727
Add opening deferred revenue	89,253	196,826	300,310
Less closing deferred revenue	-	(303,227)	(196,826)
	655,516	1,199,808	1,170,801
Expenditure			
Band administration	415,244	460,269	457,815
Band governance	-	108,580	63,477
Community programs	-	39,940	61,345
Health and wellness	102,971	84,837	77,286
Housing	137,301	122,124	98,789
Ice road contracts	-	65,000	50,000
Nutrition programs	-	15,980	-
Post office operations	-	279,627	267,959
Youth programs	-	17,800	100,360
	655,516	1,194,157	1,177,031
Operating Surplus (Deficit)	-	5,651	(6,230)
Earnings (loss) from Subsidiaries	-	(118,213)	(45,514)
Annual Surplus (Deficit)	-	(112,562)	(51,744)
Accumulated Surplus, beginning of year	653,834	653,834	705,578
Accumulated Surplus, end of year	\$ 653,834	\$ 541,272	\$ 653,834

The accompanying notes and schedules are integral parts of these consolidated financial statements. 5.

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2022	2022	2021
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(112,562)	\$(51,744)
Acquisition of tangible capital assets	-	-	(10,961)
Amortization of tangible capital assets	-	5,757	7,652
Decrease (increase) in portfolio investment	-	118,213	847
	-	11,408	(54,206)
Increase (Decrease) in Net Financial Assets	-	11,408	(54,206)
Net Financial Assets, beginning of year	44,048	44,048	98,254
Net Financial Assets, end of year	\$ 44,048	\$ 55,456	\$ 44,048

The accompanying notes and schedules are integral parts of these consolidated financial statements. 6.

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2022	2021
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 598,611	\$ 492,510
Cash receipts from contributions and recoveries	718,664	1,124,420
Cash paid to suppliers and employees	(1,207,826)	(1,636,800)
	109,449	(19,870)
Capital Transactions		
Purchase of tangible capital assets	-	(10,961)
	-	(10,961)
Net Increase (Decrease) in Cash and Cash Equivalents	109,449	(30,831)
Cash and Cash Equivalents, beginning of year	150,708	181,539
Cash and Cash Equivalents, end of year	\$ 260,157	\$ 150,708

The accompanying notes and schedules are integral parts of these consolidated financial statements. 7.

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

The Aklavik Indian Band (the "Band") is an Indian Band registered under the *Indian Act*. The Band represents the aboriginal people of the Hamlet of Aklavik. The Band is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

1. Significant Accounting Policies

(a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Reporting Entities

The consolidated financial statements includes the accounts of Aklavik Indian Band and its following subsidiary and associated companies using the modified equity method.

	Percentage Owned
Daazraii Investments Inc.	100%
Gwich'in Investments Limited Partnership	0.02%

(c) Long Term Investments

The Band's long term investments have been accounted for on a modified equity basis. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Nation and inter-organizational transactions and balances are not eliminated. Further, the business enterprise's accounting principles are not adjusted to conform with those of the Nation and inter-organizational transactions and balances are not eliminated.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

(e) Allocation of Expenditure

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.

Certain common expenditure have been allocated to programs based on estimate of services provided.

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

1. Significant Accounting Policies (Continued)

(f) Revenue Recognition

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

(g) 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 Assets (Debt) for the year.

(i) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Amortization expense is recorded over the estimated useful lives of the assets using the following basis and annual rates:

Computer equipment	Declining Balance	30%
Office equipment	Declining Balance	20%
Leasehold improvements	Straight Line	Lease term

(h) Use of Estimates

The preparation of consolidated 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 assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

1. Significant Accounting Policies (Continued)

(i) Financial Instruments - Recognition and Measurement

The Nation has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash and restricted cash are classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unless otherwise noted, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

2. Cash and Cash Equivalents

	2022	2021
Bank chequing account	\$ 260,057	\$ 145,392
Petty cash	100	5,316
	\$ 260,157	\$ 150,708

3. Accounts Receivable

	2022	2021
Trade and others	\$ 111,850	\$ 166,724
GST refundable	29,981	22,791
	141,831	189,515
Less allowances for doubtful for trade and others	(9,141)	(36,907)
	\$ 132,690	\$ 152,608

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

4. Receivable from Related Parties

	2022	2021
Black Mountain Realty Incorporated - common beneficiaries	\$ 106,104	\$ 106,104
Ehdiitat Gwich'in Council - common beneficiaries	2,500	-
	<u>\$ 108,604</u>	<u>\$ 106,104</u>

5. Accounts Payable and Accrued Liabilities

Trade and others	\$ 91,262	\$ 110,685
	<u>\$ 91,262</u>	<u>\$ 110,685</u>

6. Contributions Repayable

	2022	2021
Government of Canada:		
New Horizons for Seniors	\$ 11,601	\$ 11,601
Government of NWT		
Community Access Program	29,357	29,357
Nutrition North Program	10,550	10,550
ECE Community Hunt	-	6,353
	<u>\$ 51,508</u>	<u>\$ 57,861</u>

7. Deferred Contributions

	2021 Opening	Additions	Utilized	2022 Closing
2019-2020 Governance Capacity Development	\$ 13,698	\$ -	\$ 13,698	\$ -
2019-2020 IM/IT Gov Capacity Development	4,945	-	4,945	-
Community Development	162,752	-	19,940	142,812
Wellness Initiative	8,431	85,753	84,837	9,347
Early Learning and Child Care	7,000	-	7,000	-
Professional and Institutional Development	-	100,000	51,582	48,418
Band Manager-Pilot Project	-	82,326	-	82,326
Election Code	-	37,500	17,175	20,325
	<u>\$ 196,826</u>	<u>\$ 305,579</u>	<u>\$ 199,177</u>	<u>\$ 303,228</u>

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

8. Long Term Investments

Gwich'in Investments Limited Partnership

The Band owns 1,035 of 4,004,150 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

	2021	2020
Financial Position		
Current assets	\$ 3,354	\$ 3,414
Non-current assets	81,985	100,196
Total assets	85,339	103,610
Current liabilities	86,620	81,270
Partners' equity (capital deficiency)	\$ (1,281)	\$ 22,340
Share of partners' equity attributable to the Band	\$ -	\$ 6
Financial Performance		
Revenues	\$ -	\$ -
Expenses	(5,410)	(5,410)
Other revenue (expenses)	(18,211)	(23,842)
Net earnings (loss)	\$ (23,621)	\$ (29,252)
Share of net earnings (loss) attributable to the Band	\$ (6)	\$ (8)
Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Allowance for impairment	(1,034)	(1,034)
Accumulated equity earnings	-	6
Investment in GILP	\$ 1	\$ 7

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

8. Long Term Investments (Continued)

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 and for the year ended March 31, 2022:

	2022	2021
Financial Position		
Current assets	\$ 55,780	\$ 57,018
Non-current assets	473,381	507,363
Total assets	529,161	564,381
Current liabilities	70,517	22,962
Non-current liabilities	109,450	123,250
Shareholder's equity	\$ 349,194	\$ 418,169
Financial Performance		
Revenues	\$ 212,400	\$ 217,797
Expenses	245,437	218,891
Operating earnings (loss)	(33,037)	(1,094)
Other revenue (expenses)	(35,938)	(44,416)
Net earnings (loss)	(68,975)	(45,510)
Net earnings (loss) attributable to the Band	\$ (68,975)	\$ (45,510)
Investments:		
Investment at cost	\$ 1	\$ 1
Receivable from the Company	109,450	109,450
Accumulated equity earnings	361,214	479,421
Investment in the Company	\$ 470,665	\$ 588,872
Total long term investments	\$ 470,666	\$ 588,879

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

9. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 47,161	\$ 36,131	\$ 11,030	\$ 15,758
Office equipment	53,096	48,976	4,120	5,149
Leasehold improvements	6,016	6,016	-	-
	\$ 106,273	\$ 91,123	\$ 15,150	\$ 20,907

10. Equity in Tangible Capital Assets

	2022		2021	
Tangible capital assets	\$	106,273	\$	106,273
Accumulated amortization	(91,123)	(85,366)
	\$	15,150	\$	20,907

11. Accumulated Surplus

	2022		2021	
Unrestricted - General Operating Fund	\$	526,122	\$	632,927
Equity in Tangible Capital Assets		15,150		20,907
	\$	541,272	\$	653,834

12. Government Transfers

	2022		2021	
Indigenous Services Canada	\$	414,378	\$	230,657
Government of NWT		186,733		158,369
	\$	601,111	\$	389,026

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

13. Expenditure by Object

	2022	2021
Administration	\$ 12,713	\$ 15,231
Amortization	5,757	7,652
Bad debts	-	2,293
Bank charges and interest	4,062	4,916
Community events	9,650	-
Computer and software	4,237	627
Contracted services	130,407	52,710
Contributions repaid	1,500	64,045
Donations and contributions	2,100	7,361
Equipment rental	-	2,700
Freight and postage	1,434	1,548
Honoraria	12,675	12,900
Insurance	8,927	-
Licences and dues	-	100
Materials and supplies	236,262	313,660
Miscellaneous	-	10,526
Mobile equipment costs	11,618	23,495
Office	11,401	27,340
Professional fees	23,373	23,808
Rent	90,260	65,959
Repairs and maintenance	1,214	148
Telephone and Internet	13,697	14,981
Training and scholarships	-	1,438
Travel and accommodation	1,517	426
Utilities	11,159	9,691
Wages and benefits	600,194	513,476
Total Expenditure	\$ 1,194,157	\$ 1,177,031

14. Related Party Transactions

	2022	2021
--	------	------

The Band's transactions with related parties are summarized as follows:

Daazraii Investments Inc. - 100% subsidiary:

Administration fees	\$ 44,800	\$ 40,000
---------------------	-----------	-----------

These transactions are in the normal course of business and are measured at the exchange amount, being the amount of considerations established and agreed to by both parties.

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2022

15. Economic Dependence

The Nation receives a major portion of its revenue from the Indigenous Services Canada of the Government of Canada, the Government of NWT and other government agencies. The nature and extent of this revenue is of such significance that the Nation is economically dependent on this source of revenue.

16. Comparative Figures

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

17. Financial Instruments and Risk Management

The Nation's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Nation is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Nation's non-compliance to the contribution agreements. The Nation manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Interest Rate Risk - Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Nation does not have debts that are subject to changes in interest rate and therefore is not exposed to interest risk.

Liquidity Risk - Liquidity risk is the risk that the Nation will not be able to meet its financial obligations as they fall due. The Nation manages liquidity risk through the management of its capital structure.

Unless otherwise noted, it is management's opinion that the Nation is not exposed to other significant currency and market risks arising from these financial instruments.