

INUVIK NATIVE BAND
Inuvik, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the year ended March 31, 2015



Inuvik Native Band

**105 Veterans Way
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Inuvik Native Band are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with the 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 consolidated financial statements are presented fairly, in all material respects.

Inuvik Native Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Inuvik Native Band's assets are appropriately accounted for and adequately safeguarded.

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

The consolidated financial statements have been audited by Paul Teoh Professional Corporation in accordance with Canadian generally accepted auditing standards. Its report to the members of Inuvik Native Band, stating the scope of his examination and opinion on the consolidated financial statements, follows.

Melba Mitchell Sub-Chief

Inuvik, NT
July 23, 2015



INDEPENDENT AUDITOR'S REPORT

To the members of Inuvik Native Band

I have audited the accompanying consolidated financial statements of Inuvik Native Band, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Inuvik Native Band as at March 31, 2015, and the consolidated results of its operations, changes in net financial assets and cash flows of the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountant

Calgary, Alberta
July 23, 2015

2.



INUVIK NATIVE BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2015	2014
Financial Assets		
Cash	\$ 68,557	\$ 58,597
Accounts receivable	50,547	81,747
Receivable from related parties (note 2)	92,903	59,002
Investment (note 3)	300	280
Total Financial Assets	212,307	199,626
Liabilities		
Accounts payable and accrued liabilities	15,132	64,929
Contributions repayable (note 4)	28,547	28,547
Deferred contributions (note 5)	13,020	18,601
Payable to related parties (note 6)	127,283	108,215
Total Liabilities	183,982	220,292
Net Financial Assets (Debt)	28,325	(20,666)
Non-Financial Assets		
Tangible capital assets (note 7)	19,110	26,969
Total Non-Financial Assets	19,110	26,969
Accumulated Surplus (Deficit) (note 8)	\$ 47,435	\$ 6,303

Approved on behalf of the Council:

Melba Mitchell Councillor

Leanne R. J. Councillor

The accompanying notes and schedules are integral parts of these consolidated financial statements. 3.

INUVIK NATIVE BAND
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2015	2015	2014
Revenue	Budget	Actual	Actual
Contributions:			
- AANDC	\$ 121,388	\$ 121,388	\$ 354,092
- Gwich'in Tribal Council	22,800	47,300	25,200
- Government of NWT	-	-	74,515
- Government of Canada	3,000	2,638	2,322
- Others	-	-	12,000
Land lease income	30,000	30,000	30,000
Administration fees	-	15,970	75,455
Other income	-	7,200	14,731
Equity earnings from investment	-	20	86
Add opening deferred revenue	-	18,601	13,105
<u>Less closing deferred revenue</u>	<u>(</u> 13,021)	<u>(</u> 18,601)	<u>(</u> 18,601)
	177,188	230,096	582,905
Expenditure			
Administration	-	200	2,220
Advertising	-	-	343
Amortization	-	7,859	6,455
Bank charges and interest (recovery)	-	151	(31,923)
Community events	-	-	2,300
Contributions repaid	-	-	3,390
Honoraria	12,000	18,200	21,200
Insurance	1,000	2,100	2,100
Materials and supplies	3,000	1,063	32,047
Office	5,000	525	10,713
Professional fees	22,800	23,949	25,200
Rent and property taxes	12,000	13,607	34,950
Subcontractors	-	750	37,013
Telephone	5,000	12,448	3,155
Travel and accommodation	5,000	2,905	17,362
Utilities	10,000	10,056	16,261
<u>Wages and benefits</u>	<u>42,000</u>	<u>95,151</u>	<u>268,941</u>
	117,800	188,964	451,727
Annual Surplus (Deficit)	59,388	41,132	131,178
Accumulated Surplus, beginning of year	6,303	6,303	(124,875)
Accumulated Surplus, end of year	\$ 65,691	\$ 47,435	\$ 6,303

INUVIK NATIVE BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2015	2015	2014
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ 59,388	\$ 41,132	\$ 131,178
Acquisition of tangible capital assets	-	-	(21,882)
Amortization of tangible capital assets	-	7,859	6,455
Increase (Decrease) in Net Financial Debt	59,388	48,991	115,751
Net Financial Assets (Debt), beginning of year	(20,666)	(20,666)	(136,417)
Net Financial Assets (Debt), end of year	\$ 38,722	\$ 28,325	\$ (20,666)

INUVIK NATIVE BAND
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2015	2014
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 255,695	\$ 534,698
<u>Cash paid to suppliers and employees</u>	(230,902)	(514,576)
	24,793	20,122
Cash Flows From Financing Activities		
Decrease (increase) in receivable from related parties	(33,901)	20,310
Increase (decrease) in payable to related parties	19,068	32,209
	(14,833)	52,519
Capital Transactions		
<u>Purchase of tangible capital assets</u>	-	(21,882)
	-	(21,882)
Increase (Decrease) in Cash	9,960	50,759
Cash, beginning of year	58,597	7,838
Cash, end of year	\$ 68,557	\$ 58,597

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

The Inuvik Native Band (the "Council") is an aboriginal organization that represents the aboriginal people of Inuvik, Northwest Territories. The Council is registered with the Aboriginal Affairs and Northern Development Canada, Government of Canada (AANDC) under the *Indian Act* and is not subject to any federal, territorial and local government taxes.

1. Significant Accounting Policies

(a) Basis of Accounting

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

(b) Reporting Entity

The consolidated financial statements includes the accounts of Inuvik Native Band and Gwich'in Investment Limited Partnership, which was accounted for using the modified equity method.

(c) Revenue Recognition

Revenues are normally accounted for in the year in which the transactions or events occur that give rise to the revenue if the collection of the amount to be received is reasonably assured.

Government transfers are recognized as revenues in the year in which the 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 made.

Funds from external parties restricted by agreements are accounted for as deferred contributions until used for the purpose specified.

Interest revenue is recorded as it is earned. Revenue from administration fees and other sources is recognized when the services are provided or the goods are sold.

(d) Investments

The Council's investment has 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 Council and inter-organizational transactions and balances are not eliminated.

(e) Allocation of Expenditure

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

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

1. Significant Accounting Policies (Continued)

(f) 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 method and annual rates:

Computer equipment	30% declining balance
Office equipment	20% declining balance

(g) Use of Estimates

The preparation of financial statements in accordance 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 financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(h) Financial Instruments

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

- Cash is 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 and amounts receivable from related parties 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 and amounts payable to related parties 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.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

1. Significant Accounting Policies (Continued)

(g) Financial Instruments (Continued)

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 cost 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.

As the Council does not have any unrealized gains or losses, a statement of remeasurement gains and losses has not been prepared.

2. Receivable from Related Parties

	2015	2014
TePee Housing Association - common management control	\$ 92,903	\$ 59,002

Amounts receivable from related parties are unsecured, non-interest bearing and there is no set term of repayment.

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

3. Investment

Gwich'in Investments Limited Partnership:

The Council owns 1,035 of the 4,004,150 limited partnership units in Gwich'in Investments Limited Partnership (GILP). GILP was formed on November 30, 2006 to invest 13.34% in Denendeh Investments Limited Partnership. On December 31, 2007, GILP acquired a 51% 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.

	2014	2013
Financial Position		
Current assets	\$ 2,436	\$ 2,202
Non-current assets	<u>1,207,048</u>	<u>1,125,334</u>
 Total assets	 1,209,484	 1,127,536
Total liabilities	(50,377)	(45,601)
 Total partners' equity	 \$ 1,159,107	 \$ 1,081,935
 Financial Performance		
Revenue	\$ 81,714	\$ 334,760
Expenses	(4,542)	(4,541)
 Net earnings (loss)	 \$ 77,172	 \$ 330,219
 Net earnings attributable to the Council	 \$ 20	 \$ 85
 Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	(1,034)	(1,034)
Accumulated earnings	299	279
 Total net investments	 \$ 300	 \$ 280

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

4. Contributions Repayable

	2015	2014
Aboriginal Affairs and Northern Development Canada:		
- Community Mobilization Program (2006-07)	\$ 5,630	\$ 5,630
- Summer Students and Youth Work Experience (2007-08)	15,068	15,068
- Community Planning (2010-11)	4,459	4,459
Government of NWT - ENR Caribou Hunt (2013-14)	3,390	3,390
	<hr/> \$ 28,547	<hr/> \$ 28,547

5. Deferred Contributions

	2015	2014
Information Management/Technology (2013-14)	\$ 13,020	\$ 18,601

6. Payable to Related Parties

	2015	2014
Nihtat Gwich'in Council - common management control	\$ 127,283	\$ 108,215

The amounts payable to related parties are unsecured, interest bearing though there is no set interest rate and term of repayment.

7. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 150,814	\$ 133,556	\$ 17,258	\$ 24,654
Office equipment	29,894	28,042	1,852	2,315
	<hr/> \$ 180,708	<hr/> \$ 161,598	<hr/> \$ 19,110	<hr/> \$ 26,969

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

8. Accumulated Surplus (Deficit)

	2015	2014
Unrestricted		
General Operating Fund	\$ 28,025	\$(20,946)
Investment Fund	300	280
<u>Equity in Tangible Capital Assets</u>	<u>19,110</u>	<u>26,969</u>
	<u>\$ 47,435</u>	<u>\$ 6,303</u>

9. Related Party Transactions

	2015	2014
The Council's transactions with related parties by virtue of common control for the year are summarized as follows:		
TePee Housing Association - common management control		
- Land lease income	\$ 30,000	\$ 30,000
- Administration income	1,838	6,659
Nihtat Gwich'in Council - common control		
- Administration income	-	14,754
Nihtat Corporation - common management control		
- Administration income	1,838	10,562
Nihtat Gwich'in Renewable Resource Council - common management control		
- Administration income	4,232	10,677
Grizzly Marine Services Ltd. - common control:		
- Administration income	\$ 6,463	\$ 29,628

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

10. Comparative Figures

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

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

11. Capital Management

The Council's capital is composed of its working capital. The Council's objectives in managing capital are to safeguard the Council's ability to operate as a going concern and have adequate cash flows so that it can continue to provide services in accordance to contribution agreements with funding agencies. To maintain adequate working capital, the Council monitors its expenditure in accordance with contribution cash flows from funding agencies.

12. Financial Instruments and Risk Management

The Council'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 Council is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Council's non-compliance to the contribution agreements. The Council manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

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

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