

INUVIK NATIVE BAND

Inuvik, NT

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2016

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For the year ended March 31, 2016

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Inuvik Native Band

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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.

 Sub-Chief

Inuvik, NT
June 15, 2016



PAUL TEOH

Chartered Accountants

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, 2016, 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, 2016, 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
June 15, 2016

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INUVIK NATIVE BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2016	2015
Financial Assets		
Cash	\$ 219,055	\$ 68,557
Accounts receivable	26,575	27,330
Contributions receivable (note 2)	13,060	23,217
Receivable from related parties (note 3)	120,803	92,903
Total Financial Assets	379,493	212,007
Liabilities		
Accounts payable and accrued liabilities	44,248	15,132
Contributions repayable	-	28,547
Deferred contributions (note 4)	56,704	13,020
Payable to related parties	-	127,283
Total Liabilities	100,952	183,982
Net Financial Assets	278,541	28,025
Non-Financial Assets		
Tangible capital assets (note 5)	13,562	19,110
Investment (note 6)	259	300
Total Non-Financial Assets	13,821	19,410
Accumulated Surplus (Deficit) (note 7)	\$ 292,362	\$ 47,435

Approved on behalf of the Council:

Richard Le J Councillor

Bernie Furing 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,	2016	2016	2015
	Budget	Actual	Actual
Revenue			
Contributions:			
- AANDC	\$ 113,650	\$ 247,320	\$ 121,388
- Gwich'in Tribal Council	-	-	47,300
- Government of Canada	-	1,761	2,638
Land lease income	30,000	30,000	30,000
Administration fees	-	12,149	15,970
Other income	-	5,000	7,200
Equity earnings (loss) from investment	-	(41)	20
Add opening deferred revenue	-	13,021	18,601
Less closing deferred revenue	-	(56,704)	(13,021)
	143,650	252,506	230,096
Expenditure			
Administration	-	12,150	200
Amortization	-	5,548	7,859
Bank charges and interest (recovery)	500	7,862	151
Contributions repaid (recovered)	-	(28,547)	-
Donations and contributions	-	676	-
Honoraria	13,000	12,800	18,200
Insurance	3,000	2,100	2,100
Materials and supplies	-	-	1,063
Office	5,000	4,219	525
Professional fees	25,000	49,800	23,949
Rent	18,000	14,693	13,607
Repairs and maintenance	-	-	600
Subcontractors	-	1,478	150
Telephone	600	140	12,448
Travel and accommodation	8,550	3,676	2,905
Utilities	10,000	9,653	10,056
Wages and benefits	60,000	40,463	95,151
	143,650	136,711	188,964
Operating Surplus	-	115,795	41,132
Loan Forgiven (note 8)	-	129,132	-
Annual Surplus	-	244,927	41,132
Accumulated Surplus, beginning of year	47,435	47,435	6,303
Accumulated Surplus, end of year	\$ 47,435	\$ 292,362	\$ 47,435

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

INUVIK NATIVE BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2016		2016	2015
	Budget		Actual	Actual
Annual Surplus	\$ -	\$	244,927	\$ 41,132
Amortization of tangible capital assets	-		5,548	7,859
Loss (earnings) from investments	-		41	(20)
Increase (Decrease) in Net Financial Debt	-		250,516	48,971
Net Financial Assets (Debt), beginning of year	28,025		28,025	(20,946)
Net Financial Assets (Debt), end of year	\$ 28,025	\$	278,541	\$ 28,025

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

INUVIK NATIVE BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2016	2015
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 307,143	\$ 255,695
Cash paid to suppliers and employees	(130,594)	(230,902)
	176,549	24,793
Cash Flows From Financing Activities		
Decrease (increase) in receivable from related parties	(27,900)	(33,901)
Increase (decrease) in payable to related parties	1,849	19,068
	(26,051)	(14,833)
Net Increase (Decrease) in Cash	150,498	9,960
Cash, beginning of year	68,557	58,597
Cash, end of year	\$ 219,055	\$ 68,557

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

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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) Cash and Cash Equivalents

Cash includes cash and demand deposits. 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.

(d) 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.

(e) 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.

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

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 and Judgments

The preparation of financial statements in conformity with Canadian public sector accounting requires management to make estimates and assumptions that affect the reported amounts of financial assets, financial liabilities, revenue and expenditure. Significant areas requiring the use of estimates include valuation of accounts receivable and accounts payable. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on a on going basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised.

(h) Related Party Transactions

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

(i) Financial Instruments

Measurement

The Corporation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

1. Significant Accounting Policies (Continued)

(i) Financial Instruments (Continued)

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, preferred shares of a private company and notes receivable. Financial liabilities measured at amortized cost accounts payable, amounts payable to related parties.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction Costs

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(j) Allocation of Expenditure

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

2. Contributions Receivable

	2016	2015
AANDC - Band support funding	\$ -	\$ 23,217
AANDC - Consultation and Policy Development (Amend #1)	10,700	-
AANDC - Consultation and Policy Development (Summer Work Experience) (Amend #3)	2,360	-
	\$ 13,060	\$ 23,217

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

3. Receivable from Related Parties

	2016	2015
TePee Housing Association - common management control	\$ 120,803	\$ 92,903

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

4. Deferred Contributions

	2016	2015
Consultation and policy development (2015-16)	\$ 56,704	\$ -
Information Management/Technology (2013-14)	-	13,020
	\$ 56,704	\$ 13,020

5. Tangible Capital Assets

	Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
Cost					
Computer equipment	\$ 150,814	\$ -	\$ -	\$ -	\$ 150,814
Office equipment	29,894	-	-	-	29,894
Total	\$ 180,708	\$ -	\$ -	\$ -	\$ 180,708

	Balance, beginning of year	Write- downs	Disposals	Current Charge	Balance, end of year
Accumulated Amortization					
Computer equipment	\$ 133,556	\$ -	\$ -	\$ 5,177	\$ 138,733
Office equipment	28,042	-	-	371	28,413
Total	\$ 161,598	\$ -	\$ -	\$ 5,548	\$ 167,146

	Balance, beginning of year	Balance, end of year
Net Book Value	\$ 19,110	\$ 13,562

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

6. 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, 2015.

	2015	2014
Financial Position		
Current assets	\$ 2,639	\$ 2,436
Non-current assets	1,052,426	1,207,048
Total assets	1,055,065	1,209,484
Total liabilities	(55,375)	(50,377)
Total partners' equity	\$ 999,690	\$ 1,159,107
Financial Performance		
Share of revenue (loss)	\$(154,622)	\$ 81,714
Expenses	(4,795)	(4,542)
Net earnings (loss)	\$(159,417)	\$ 77,172
Net earnings attributable to the Council	\$(41)	\$ 20
Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	(1,034)	(1,034)
Accumulated earnings	258	299
Total net investments	\$ 259	\$ 300

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

7. Accumulated Surplus (Deficit)

	2016	2015
Unrestricted		
General Operating Fund	\$ 278,541	\$ 28,025
Investment Fund	259	300
Equity in Tangible Capital Assets	13,562	19,110
	\$ 292,362	\$ 47,435

8. Related Party Transactions

	2016	2015
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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
Nihtat Gwich'in Council - common control		
- Loan forgiven	129,132	-
Nihtat Corporation - common management control		
- Administration income	-	1,838
- Office rental expense	14,693	13,607
Nihtat Gwich'in Renewable Resource Council - common management control		
- Administration income	-	4,232
Grizzly Marine Services Ltd. - common control:		
- Administration income	\$ -	\$ 6,463

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.

9. 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, 2016

10. 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.

Market Risk - Market risks is the risk that the fair value of financial instruments will fluctuate due to changes in market factors. Market risk includes fair value risk, interest rate risk and foreign currency risk. The Council is not exposed to these risks from its financial instruments.

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 risks arising from these financial instruments.