



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, 2018 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, 2018 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.

Paul Teoh

Chartered Accountant

Calgary, Alberta
July 14, 2018

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INUVIK NATIVE BAND **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

March 31,	2018	2017
Financial Assets		
Cash	\$ 42,874	\$ 62,878
Accounts receivable	26,554	12,083
Contributions receivable (note 2)	86,589	97,426
Receivable from related parties (note 3)	17,400	160,447
Total Financial Assets	173,417	332,834
Liabilities		
Accounts payable and accrued liabilities	96,774	63,685
Deferred contributions (note 4)	22,613	-
Total Liabilities	119,387	63,685
Net Financial Assets	54,030	269,149
Non-Financial Assets		
Tangible capital assets (note 5)	94,248	10,756
Investment (note 6)	122	171
Prepaid expenses and deposits	664	4,771
Total Non-Financial Assets	95,034	15,698
Accumulated Surplus (note 7)	\$ 149,064	\$ 284,847

Approved on behalf of the Council:

Councillor

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,	2018	2018	2017
	Budget	Actual	Actual
Revenue			
Contributions:			
- AANDC	\$ 120,595	\$ 368,931	\$ 212,754
- Gwich'in Tribal Council	-	24,800	24,800
- Government of Canada	1,833	1,833	1,806
Land lease income	30,000	30,000	30,000
Administration fees	27,927	5,237	-
Other income	6,000	48,015	20,340
Add opening deferred revenue	-	-	56,704
Less closing deferred revenue	-	(22,613)	-
	186,355	456,203	346,404
Expenditure			
Band administration	225,646	331,714	184,224
Consultation and policy development	-	46,765	59,113
Governance	-	129,245	74,084
Leadership meetings	-	3,878	6,122
Youth employment	-	80,335	30,288
	225,646	591,937	353,831
Operating Surplus (Deficit)	(39,291)	(135,734)	(7,427)
Equity earnings (loss) from investment	-	(49)	(88)
Annual Surplus (Deficit)	(39,291)	(135,783)	(7,515)
Accumulated Surplus, beginning of year	284,847	284,847	292,362
Accumulated Surplus, end of year	\$ 245,556	\$ 149,064	\$ 284,847

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,	2018	2018	2017
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$(39,291)	\$(135,783)	\$(7,515)
Acquisition of tangible capital assets	-	(91,124)	(1,311)
Amortization of tangible capital assets	-	7,632	4,117
Loss (earnings) from investments	-	49	-
Decrease (increase) in prepaid expenses and deposits	-	4,107	-
Increase (Decrease) in Net Financial Assets	(39,291)	(215,119)	(4,709)
Net Financial Assets, beginning of year	269,149	269,149	273,858
Net Financial Assets, end of year	\$ 229,858	\$ 54,030	\$ 269,149

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,	2018	2017
Cash Flows From Operating Activities		
Cash receipts from contributions and others	\$ 475,182	\$ 188,391
Cash paid to suppliers and employees	(547,109)	(303,613)
	(71,927)	(115,222)
Cash Flows From Financing Activities		
Decrease (increase) in receivable from related parties	143,047	(39,644)
	143,047	(39,644)
Capital Transactions		
Purchase of tangible capital assets	(91,124)	(1,311)
	(91,124)	(1,311)
Net Increase (Decrease) in Cash	(20,004)	(156,177)
Cash, beginning of year	62,878	219,055
Cash, end of year	\$ 42,874	\$ 62,878

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

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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 Indigenous and Northern Affairs 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, 2018

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
Leasehold improvements	4% 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) 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, 2018

1. Significant Accounting Policies (Continued)

(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.

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.

2. Contributions Receivable

	2018	2017
AANDC - Band support funding	\$ 23,217	\$ 23,217
AANDC - Consultation and Policy Development - Capacity	4,000	-
AANDC - Consultation and Policy Development - Governance	10,700	-
AANDC - Governance	13,291	71,461
AANDC - Youth Employment	8,508	2,748
AANDC - Wills and estates	26,873	\$ -
	<u>\$ 86,589</u>	<u>\$ 97,426</u>

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

3. Receivable from Related Parties

	2018	2017
TePee Housing Association - common management control	\$ 17,400	\$ 160,447

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

4. Deferred Contributions

	2018	2017
Admin support - Wills and Estates (2017-18)	\$ 11,255	\$ -
Council of Gwich'in Chiefs (2017-18)	1,122	-
Consultation and Policy Development - Governance (2017-18)	10,236	-
	\$ 22,613	\$ -

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

5. Tangible Capital Assets

	Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
Cost					
Computer equipment	\$ 152,125	\$(128,930)	\$ -	\$ 11,815	\$ 35,010
Office equipment	29,894	(29,277)	-	15,452	16,069
Leasehold improvements	-	-	-	66,936	66,936
Total	\$ 182,019	\$(158,207)	\$ -	\$ 94,203	\$ 118,015
	Balance, beginning of year	Write- downs	Disposals	Current Charge	Balance, end of year
Accumulated Amortization					
Computer equipment	\$ 142,554	\$(126,854)	\$ -	\$ 4,431	\$ 20,131
Office equipment	28,709	(29,274)	-	2,862	2,297
Leasehold improvements	-	-	-	1,339	1,339
Total	\$ 171,263	\$(156,128)	\$ -	\$ 8,632	\$ 23,767
	Balance, beginning of year				Balance, end of year
Net Book Value	\$ 10,756				\$ 94,248

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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, 2017.

	2017	2016
Financial Position		
Current assets	\$ 2,916	\$ 2,639
Non-current assets	713,575	1,052,426
Total assets	716,491	1,055,065
Total liabilities	(60,475)	(55,375)
Total partners' equity	\$ 656,016	\$ 999,690
Financial Performance		
Share of revenue (loss)	\$(338,851)	\$(154,622)
Expenses	(4,823)	(4,795)
Net earnings (loss)	\$(343,674)	\$(159,417)
Net earnings (loss) attributable to the Council	\$(88)	\$(41)
Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	(1,034)	(1,034)
Accumulated earnings	121	170
Total net investments	\$ 122	\$ 171

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

7.	Accumulated Surplus (Deficit)		2018		2017
	Unrestricted				
	General Operating Fund	\$	54,694	\$	273,920
	Investment Fund		122		171
	Equity in Tangible Capital Assets		94,248		10,756
		\$	149,064	\$	284,847
8.	Expenditure by Object		2018		2017
			Budget		Actual
	Advertising and promotion	\$	-	\$	2,990
	Administration		-		1,315
	Amortization		-		4,117
	Bad debts		-	(734)	-
	Bank charges and interest		-		126
	Contracted services		-		67,455
	Donations		-		1,806
	Honoraria	21,600		27,780	17,904
	Insurance		-		2,100
	Loss (gain) on disposal of assets		-		-
	Materials and supplies		-		2,878
	Meeting and workshop		-		-
	Office	10,976		18,535	6,059
	Professional fees		-		70,160
	Rent	11,000		15,914	25,543
	Repairs and maintenance		-		-
	Telephone and Internet	15,364		16,523	2,848
	Training and scholarships	26,813		4,875	-
	Travel and accommodation	10,088		20,254	9,583
	Utilities		-		9,392
	Wages and benefits	129,805		312,681	129,555
	Total Expenditure	\$	225,646	\$	353,831

INUVIK NATIVE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

9. Related Party Transactions

2018 2017

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
- Rental income		12,000	12,000
Nihtat Gwich'in Council - common beneficiaries			
Nihtat Corporation - common beneficiaries			
- Office rental expense	\$	15,914	\$ 25,543

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.

11. 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.