



## INDEPENDENT AUDITOR'S REPORT

To the members of Inuvik Native Band

### Opinion

I have audited the accompanying consolidated financial statements of Inuvik Native Band, which comprise of the consolidated statement of financial position as at March 31, 2019, 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 (hereinafter referred to as the "financial statements").

In my opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Inuvik Native Band (the "Council") as at March 31, 2019, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### 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.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

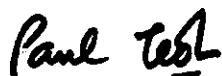
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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 these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit.



I 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 my 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 Council'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 Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council 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 Council to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



Chartered Accountant

Calgary, Alberta  
August 29, 2019

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

March 31,	2019	2018
<b>Financial Assets</b>		
Cash	\$ 316,139	\$ 42,874
Accounts receivable (note 2)	5,276	43,954
Contributions receivable (note 3)	84,451	86,589
<b>Total Financial Assets</b>	<b>405,866</b>	<b>173,417</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	105,480	96,776
Deferred contributions (note 5)	130,486	22,613
<b>Total Liabilities</b>	<b>235,966</b>	<b>119,389</b>
<b>Net Financial Assets (Debt)</b>	<b>169,900</b>	<b>54,028</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 6)	92,211	94,248
Investment (note 7)	22	122
Prepaid expenses and deposits	4,621	664
<b>Total Non-Financial Assets</b>	<b>96,854</b>	<b>95,034</b>
<b>Accumulated Surplus (note 8)</b>	<b>\$ 266,754</b>	<b>\$ 149,062</b>

Approved on behalf of the Council:

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 Councillor

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 Councillor

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

**INUVIK NATIVE BAND**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

For the year ended March 31,	2019	2019	2018
	Budget	Actual	Actual
<b>Revenue</b>			
Contributions:			
- Indigenous Services Canada	\$ 893,937	\$ 693,008	\$ 368,931
- Gwich'in Tribal Council	-	24,591	37,907
- Government of NWT	78,931	78,128	-
- Government of Canada	1,833	1,878	1,833
Land lease income	30,000	30,000	30,000
Rental income	65,327	45,150	24,500
Administration fees	-	121	5,237
Other income	-	77,611	10,407
Add opening deferred revenue	-	22,613	-
<u>Less closing deferred revenue</u>	( 559,487)	( 130,486)	( 22,613)
	510,541	842,614	456,202
<b>Expenditure</b>			
Anti-poverty	-	50,684	-
Band administration	269,859	230,609	331,714
Consultation and policy development	5,400	22,801	46,765
Employment subsidy	51,840	24,228	-
Fund raising	-	19,022	-
Governance	37,820	109,599	96,764
Leadership meetings	-	-	3,878
Professional and institutional development	30,131	146,730	-
Wills and estates	-	50,613	32,481
Youth employment	115,490	70,536	80,335
	510,540	724,822	591,937
<b>Operating Surplus (Deficit)</b>	1	117,792	( 135,735)
<b>Equity earnings (loss) from investment</b>	-	( 100)	( 49)
<b>Annual Surplus (Deficit)</b>	1	117,692	( 135,784)
<b>Accumulated Surplus, beginning of year</b>	149,062	149,062	284,846
<b>Accumulated Surplus, end of year</b>	\$ 149,063	\$ 266,754	\$ 149,062

# INUVIK NATIVE BAND

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2019	2019	2018
	Budget	Actual	Actual
<b>Annual Surplus (Deficit)</b>	\$ 1	\$ 117,692	\$( 135,784)
Acquisition of tangible capital assets	-	( 12,515)	( 91,124)
Amortization of tangible capital assets	-	9,940	7,632
Loss (gains) on sale of tangible capital assets	-	4,612	3,079
Loss (earnings) from investments	-	100	-
Decrease (increase) in prepaid expenses and deposits	-	( 3,957)	4,107
<b>Increase (Decrease) in Net Financial Assets</b>	1	115,872	( 212,090)
<b>Net Financial Assets, beginning of year</b>	54,028	54,028	266,118
<b>Net Financial Assets, end of year</b>	\$ 54,029	\$ 169,900	\$ 54,028

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

**INUVIK NATIVE BAND**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended March 31,	2019	2018
<b>Cash Flows From Operating Activities</b>		
Cash receipts from contributions and others	\$ 991,303	\$ 475,182
Cash paid to suppliers and employees	( 705,523)	( 404,062)
	285,780	71,120
<b>Capital Transactions</b>		
Purchase of tangible capital assets	( 12,515)	( 91,124)
	( 12,515)	( 91,124)
<b>Net Increase (Decrease) in Cash</b>	273,265	( 20,004)
<b>Cash, beginning of year</b>	42,874	62,878
<b>Cash, end of year</b>	<b>\$ 316,139</b>	<b>\$ 42,874</b>

# **INUVIK NATIVE BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2019

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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 Services Canada (ISC) 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**

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March 31, 2019

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### **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:

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Computer equipment	30% declining balance
Office equipment	20% declining balance
Leasehold improvements	4% declining balance

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#### **(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

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March 31, 2019

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### 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. Accounts Receivable

	2019	2018
Trade and others	\$ 5,276	\$ 15,460
GST refundable	-	11,094
TePee Housing Association	-	17,400
	<hr/> \$ 5,276	<hr/> \$ 43,954

# INUVIK NATIVE BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 3. Contributions Receivable

	2019	2018
Indigenous Services Canada:		
- Band support funding	\$ 23,217	\$ 23,217
- Consultation and Policy Development - Capacity	4,000	4,000
- Consultation and Policy Development - Governance	5,350	10,700
- P&ID Community Development	5,350	13,291
- P&ID Government Capacity	18,250	-
- Registration & Membership	12,600	-
- Wills and Estates	3,894	\$ 26,873
- Youth Employment	11,790	8,508
	 \$ 84,451	 \$ 86,589

### 4. Accounts Payable and Accrued Liabilities

	2019	2018
Trade and others	\$ 103,982	\$ 96,775
TePee Housing Association	1,500	-
	 \$ 105,482	 \$ 96,775

### 5. Deferred Contributions

	2019	2018
Consultation & Policy Development (Amd#9) (2018-19)	\$ 33,131	\$ -
Council of Gwich'in Chiefs (2017-18)	1,122	1,122
P&ID - Government Capacity (Amd#2) (2018-19)	11,082	-
P&ID - Pilot Projects - Additional (Amd#8) (2018-19)	68,750	-
Registration & Membership (Amd#6) (2018-19)	16,401	-
Wills & Estates (Amd#1) (2017-18)	-	11,255
Youth Employment Strategy (Amd#3) (2017-18)	-	10,236
	 \$ 130,486	 \$ 22,613

# INUVIK NATIVE BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 6. Tangible Capital Assets

	Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
<b>Cost</b>					
Computer equipment	\$ 35,010	\$( 21,884)	\$	- \$ 2,695	\$ 15,821
Office equipment	16,069	( 617)	-	9,821	25,273
Leasehold improvements	66,936	-	-	-	66,936
<b>Total</b>	<b>\$ 118,015</b>	<b>\$( 22,501)</b>	<b>\$</b>	<b>- \$ 12,516</b>	<b>\$ 108,030</b>
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	Balance, beginning of year	Write- downs	Disposals	Current Charge	Balance, end of year
<b>Accumulated Amortization</b>					
Computer equipment	\$ 20,131	\$( 17,417)	\$	- \$ 3,609	\$ 6,323
Office equipment	2,297	( 472)	-	3,708	5,533
Leasehold improvements	1,339	-	-	2,624	3,963
<b>Total</b>	<b>\$ 23,767</b>	<b>\$( 17,889)</b>	<b>\$</b>	<b>- \$ 9,941</b>	<b>\$ 15,819</b>
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	Balance, beginning of year				Balance, end of year
<b>Net Book Value</b>	<b>\$ 94,248</b>				<b>\$ 92,211</b>

# INUVIK NATIVE BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 7. 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, 2018.

	2018	2017
<b>Financial Position</b>		
Current assets	\$ 3,514	\$ 3,554
Non-current assets	148,212	528,315
<b>Total assets</b>	<b>151,726</b>	<b>531,869</b>
<b>Total liabilities</b>	<b>( 71,105)</b>	<b>( 65,975)</b>
<b>Total partners' equity</b>	<b>\$ 80,621</b>	<b>\$ 465,894</b>
<b>Financial Performance</b>		
Share of revenue (loss)	\$( 380,103)	\$( 185,260)
Expenses	( 5,170)	( 4,862)
<b>Net earnings (loss)</b>	<b>\$( 385,273)</b>	<b>\$( 190,122)</b>
<b>Net earnings (loss) attributable to the Council</b>	<b>\$( 100)</b>	<b>\$( 49)</b>
<b>Investments:</b>		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	( 1,034)	( 1,034)
Accumulated earnings	21	121
<b>Total net investments</b>	<b>\$ 22</b>	<b>\$ 122</b>

# INUVIK NATIVE BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

### 8. Accumulated Surplus (Deficit)

	2019	2018
Unrestricted		
General Operating Fund	\$ 174,521	\$ 54,692
Investment Fund	22	122
<u>Equity in Tangible Capital Assets</u>	<u>92,211</u>	<u>94,248</u>
	\$ 266,754	\$ 149,062

### 9. Expenditure by Object

	2019	2019	2018
	Budget	Actual	Actual
Advertising and promotion	\$ -	\$ 249	\$ 7,687
Administration	-	1,412	5,457
Amortization	-	9,940	7,632
Bad debts	-	-	( 734)
Bank charges and interest	-	2,998	4,407
Community events	-	5,500	-
Contracted services	37,820	67,889	24,176
Donations	-	5,738	1,179
Honoraria	19,800	17,683	27,780
Insurance	-	12,932	7,582
Loss (gain) on disposal of assets	-	4,612	3,079
Materials and supplies	-	44,893	26,219
Meeting and workshop	-	536	7,272
Miscellaneous	-	9,565	-
Office	11,000	10,699	18,535
Power	19,057	6,606	5,263
Professional fees	14,766	61,542	66,276
Rent and utilities	-	-	15,914
Repairs and maintenance	-	5,352	9,879
Telephone and Internet	16,659	10,584	16,523
Training and scholarships	26,813	38,999	4,875
Travel and accommodation	8,500	88,170	20,254
Wages and benefits	356,126	318,922	312,681
<b>Total Expenditure</b>	<b>\$ 510,541</b>	<b>\$ 724,821</b>	<b>\$ 591,936</b>

### 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**

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March 31, 2019

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# **INUVIK NATIVE BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2019

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### **11. Economic Dependence**

The Council receives a major portion of its revenue from the Indigenous Services Canada and the Government of the Northwest Territories. The nature and extent of this revenue is of such significance that the Council is economically dependent on these sources of revenue.

### **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.

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.