



**PAUL TEOH**

*Chartered Professional Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the members of Inuvik Native Band

### **Opinion**

We have audited the accompanying consolidated financial statements of Inuvik Native Band, which comprise of the consolidated statement of financial position as at March 31, 2020, 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 our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Inuvik Native Band (the "Council") as at March 31, 2020, 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**

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 Council 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.

### **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.

### **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 auditors' 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 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.

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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 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 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 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. 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  
January 27, 2021

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

March 31,	2020	2019
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 76,942	\$ 316,140
Accounts receivable (note 3)	22,575	9,520
Contributions receivable (note 4)	388,690	84,451
<b>Total Financial Assets</b>	<b>488,207</b>	<b>410,111</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 5)	164,117	109,725
Deferred contributions (note 6)	250,844	130,486
<b>Total Liabilities</b>	<b>414,961</b>	<b>240,211</b>
<b>Net Financial Assets (Debt)</b>	<b>73,246</b>	<b>169,900</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (note 7)	114,847	92,211
Investment (note 8)	14	22
Prepaid expenses and deposits	4,022	4,621
<b>Total Non-Financial Assets</b>	<b>118,883</b>	<b>96,854</b>
<b>Accumulated Surplus (note 9)</b>	<b>\$ 192,129</b>	<b>\$ 266,754</b>

Approved on behalf of the Council:

 Councillor

 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,	2020	2020	2019
	Budget	Actual	Actual
<b>Revenue</b>			
Contributions:			
- Indigenous Services Canada	\$ -	\$ 519,807	\$ 693,008
- Government of Canada	-	46,162	1,878
- Government of NWT	-	218,825	78,128
- Gwich'in Tribal Council	-	3,672	24,591
- Nihtat Gwich'in Council	-	250,000	-
Land lease income	-	30,000	30,000
Rental income	-	33,088	45,150
Administration fees	-	1,650	121
Other income	-	82,861	77,611
Add opening deferred revenue	-	130,486	22,613
Less closing deferred revenue	-	( 250,844)	( 130,486)
	-	1,065,707	842,614
<b>Expenditure</b>			
Anti-poverty	-	-	50,684
Basic administration	-	371,855	230,609
Community wellness	-	188,053	-
Consultation and policy development	-	33,131	22,801
Elders engagement	-	19,448	-
Employment subsidy	-	3,994	24,228
Fundraising	-	38,640	19,022
Capacity building community development	-	157,307	109,599
Leadership meetings	-	1,122	-
Professional and institutional development	-	227,067	146,730
Estates management	-	27,741	50,613
Youth employment	-	71,966	70,536
	-	1,140,324	724,822
<b>Operating Surplus (Deficit)</b>	-	( 74,617)	117,792
<b>Equity earnings (loss) from investment</b>	-	( 8)	( 100)
<b>Annual Surplus (Deficit)</b>	-	( 74,625)	117,692
<b>Accumulated Surplus, beginning of year</b>	266,754	266,754	149,062
<b>Accumulated Surplus, end of year</b>	\$ 266,754	\$ 192,129	\$ 266,754

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

# INUVIK NATIVE BAND

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2020		2020	2019
	Budget		Actual	Actual
<b>Annual Surplus (Deficit)</b>	\$ -	\$( 74,625)	\$ 117,692	
Acquisition of tangible capital assets	-	( 42,155)	( 12,515)	
Amortization of tangible capital assets	-	19,519	9,940	
Loss (gains) on sale of tangible capital assets	-	-	4,612	
Loss (earnings) from investments	-	8	100	
Decrease (increase) in prepaid expenses and deposits	-	599	( 3,957)	
<b>Increase (Decrease) in Net Financial Assets</b>	-	( 96,654)	115,872	
<b>Net Financial Assets, beginning of year</b>	169,900	169,900	54,028	
<b>Net Financial Assets, end of year</b>	\$ 169,900	\$ 73,246	\$ 169,900	

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,	2020	2019
<b>Cash Flows From Operating Activities</b>		
Cash receipts from contributions and others	\$ 868,771	\$ 991,303
Cash paid to suppliers and employees	( 1,065,814)	( 705,522)
	( 197,043)	285,781
<b>Capital Transactions</b>		
Purchase of tangible capital assets	( 42,155)	( 12,515)
	( 42,155)	( 12,515)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	( 239,198)	273,266
<b>Cash and Cash Equivalents, beginning of year</b>	316,140	42,874
<b>Cash and Cash Equivalents, end of year</b>	\$ 76,942	\$ 316,140

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

# INUVIK NATIVE BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2020

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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, 2020

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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, 2020

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### 1. Significant Accounting Policies (Continued)

#### (j) 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. Cash and Cash Equivalents

	2020	2019
Bank current account	\$ 44,661	\$ 284,674
Bank savings account	32,081	31,266
Petty cash	200	200
	<u>\$ 76,942</u>	<u>\$ 316,140</u>

# **INUVIK NATIVE BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

<b>3. Accounts Receivable</b>			
		<b>2020</b>	<b>2019</b>
Trade and others	\$	11,945	\$ 5,276
GST rebate refundable		5,130	4,244
Te Pee Housing Association		5,500	-
	\$	<b>22,575</b>	<b>\$ 9,520</b>
<b>4. Contributions Receivable</b>			
		<b>2020</b>	<b>2019</b>
Indigenous Services Canada:			
- Band Support Funding	\$	-	\$ 23,217
- Consultation and Policy Development - Capacity		-	4,000
- Consultation and Policy Development - Governance		16,050	5,350
- P&ID Community Development		30,050	5,350
- P&ID Government Capacity		27,050	18,250
- Registration and Membership		12,600	12,600
- Wills and Estates		33,894	3,894
- Youth Employment		11,110	11,790
Government of Northwest Territories:			
- Community Wellness Coordinator		74,264	-
Gwich'in Tribal Council:			
- Indigenous Skills and Employment Training Program		3,672	-
Nihtat Gwich'in Council:			
- COVID 19 Support		180,000	-
	\$	<b>388,690</b>	<b>\$ 84,451</b>
<b>5. Accounts Payable and Accrued Liabilities</b>			
		<b>2020</b>	<b>2019</b>
Trade and others	\$	158,773	\$ 86,459
Te Pee Housing Association		-	1,500
Payroll remittances payable		5,346	21,767
	\$	<b>164,119</b>	<b>\$ 109,726</b>

# **INUUVIK NATIVE BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

### **6. Deferred Contributions**

	2019 Opening	Additions	Utilized	2020 Closing
2018/19 Amd#9-Consultation & Policy Development	\$ 33,131	\$ -	\$ 33,131	\$ -
Amd#1-Youth Employment Strategy (FNIYES)	-	50,800	27,512	23,288
Amd#7-CB&CD Pilot Supplement	-	10,000	-	10,000
Amd#9-Estates Management	-	30,000	27,741	2,259
2018/19 Amd#2-P&ID Government Capacity	11,082	-	11,082	-
Amd#2-P&ID Basic Administration	-	81,000	77,739	3,261
Amd#3-P&ID Pilot Projects Phase 2	-	140,000	91,494	48,506
2018/19 Amd#8-P&ID Additional Pilot Projects	68,750	-	68,750	-
Council of Gwich'in Chief	1,122	-	1,122	-
COVID 19 Support-Nihtat	-	180,000	16,470	163,530
2018/19 Amd#6-Registration & Membership	16,401	-	16,401	-
	\$ 130,486	\$ 1,086,057	\$ 965,699	\$ 250,844

# **INUVIK NATIVE BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

### **7. Tangible Capital Assets**

	Balance, beginning of year	Write- downs	Disposals	Additions	Balance, end of year
Cost					
Computer equipment	\$ 15,821	\$ -	\$ -	\$ 12,092	\$ 27,913
Office equipment	25,273	-	-	12,323	37,596
Leasehold improvements	66,936	-	-	17,739	84,675
<b>Total</b>	<b>\$ 108,030</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 42,154</b>	<b>\$ 150,184</b>

	Balance, beginning of year	Write- downs	Disposals	Current Charge	Balance, end of year
Accumulated Amortization					
Computer equipment	\$ 6,323	\$ -	\$ -	\$ 8,290	\$ 14,613
Office equipment	5,533	-	-	7,645	13,178
Leasehold improvements	3,963	-	-	3,583	7,546
<b>Total</b>	<b>\$ 15,819</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 19,518</b>	<b>\$ 35,337</b>

	Balance, beginning of year	Balance, end of year
<b>Net Book Value</b>	<b>\$ 92,211</b>	<b>\$ 114,847</b>

# INUVIK NATIVE BAND

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 8. 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, 2019.

	2019	2018
<b>Financial Position</b>		
Current assets	\$ 3,474	\$ 3,514
Non-current assets	124,038	148,212
<b>Total assets</b>	<b>127,512</b>	<b>151,726</b>
Total liabilities	( 75,920)	( 71,105)
<b>Total partners' equity</b>	<b>\$ 51,592</b>	<b>\$ 80,621</b>
<b>Financial Performance</b>		
Share of revenue (loss)	\$( 24,174)	\$( 380,103)
Expenses	( 4,855)	( 5,170)
<b>Net earnings (loss)</b>	<b>\$( 29,029)</b>	<b>\$( 385,273)</b>
<b>Net earnings (loss) attributable to the Council</b>	<b>\$( 8)</b>	<b>\$( 100)</b>
<b>Investments:</b>		
Investment at cost	\$ 1,035	\$ 1,035
Investment impairment	( 1,034)	( 1,034)
Accumulated earnings	13	21
<b>Total net investments</b>	<b>\$ 14</b>	<b>\$ 22</b>

# **INUVIK NATIVE BAND**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2020

### **9. Accumulated Surplus (Deficit)**

	2020	2019
Unrestricted		
General Operating Fund	\$ 77,268	\$ 174,521
Investment Fund	14	22
<b>Equity in Tangible Capital Assets</b>	<b>114,847</b>	<b>92,211</b>
	<b>\$ 192,129</b>	<b>\$ 266,754</b>

### **10. Expenditure by Object**

	2020	2019
Advertising and promotion	\$ 2,155	\$ 249
Administration	1,582	1,412
Amortization	19,519	9,940
Bad debts	12,517	-
Bank charges and interest	2,505	2,998
Community events	9,513	5,500
Contracted services	88,392	67,889
Donations	12,056	5,738
Honoraria	14,200	17,683
Insurance	10,212	12,932
Loss (gain) on disposal of assets	-	4,612
Materials and supplies	70,313	11,922
Meeting and workshop	28,415	12,303
Miscellaneous	17,764	13,398
Office	30,755	10,699
Power	21,645	10,222
Professional fees	129,214	61,542
Rent and utilities	2,915	-
Repairs and maintenance	11,043	5,352
Telephone and Internet	12,441	10,584
Training and scholarships	7,957	38,999
Travel and accommodation	55,079	101,925
Wages and benefits	580,132	318,923
<b>Total Expenditure</b>	<b>\$ 1,140,324</b>	<b>\$ 724,822</b>

### **11. 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, 2020

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### 12. 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.

### 13. 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.

### 14. Subsequent Events

On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, provincial and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the society and its operations in future periods.

Other than the above item, no other subsequent events of note were identified during the audit.