



PAUL TEOH

Chartered Professional Accountants

INDEPENDENT AUDITORS' REPORT

To the members of Aklavik Indian Band

Opinion

We have audited the accompanying consolidated financial statements of Aklavik Indian Band, which comprise of the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, consolidated statements of changes in net financial assets and accumulated surplus 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 Aklavik Indian Band (the "Band") as at March 31, 2023 and the consolidated results of its operations, changes in net financial assets 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 Band 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 Band'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 Band or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Band'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 auditor's 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.

2.



Paul Teoh Professional Corporation • Chartered Professional Accountants

408 – 20th Avenue NE • Calgary • Alberta • T2E 1R2 • Canada

T: 1.403.520.7428 • TF: 1.877.PAUL.TEOH / 1.877.285.8364 • F: 1.403.520.7431 • www.paulteoh.ca

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 Band'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 Band'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 Band 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 Band 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
November 17, 2023

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2023	2022
Financial Assets		
Cash and cash equivalents (note 2)	\$ 61,380	\$ 260,157
Accounts receivable (note 3)	42,552	132,691
Receivable from related parties	-	108,604
Contributions receivable (note 4)	232,493	-
Total Financial Assets	336,425	501,452
Liabilities		
Accounts payable and accrued liabilities (note 5)	129,223	91,261
Contributions repayable (note 6)	51,508	51,508
Deferred contributions (note 7)	192,680	303,227
Total Liabilities	373,411	445,996
Net Financial Assets	(36,986)	55,456
Non-Financial Assets		
Long term investment (note 8)	446,520	470,666
Tangible capital assets (note 9)	10,256	15,149
Prepaid expenses and deposits	1,601	-
Total Non-Financial Assets	458,377	485,815
Accumulated Surplus (note 11)	\$ 421,391	\$ 541,271

Approved on behalf of the Council:

 Councillor

 Councillor

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

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2023	2023	2022
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - Indigenous Services			
Canada	\$ 291,365	\$ 343,792	\$ 414,378
Contributions - Government of NWT	243,989	248,989	186,733
Contributions - NWT Housing Corporation	111,525	113,325	70,000
Contributions - Hamlet of Aklavik	-	-	6,983
Administration fees	183,203	183,203	218,932
Other revenue and recoveries	258,509	290,827	366,883
Rental income	41,625	39,825	42,300
Add opening deferred revenue	124,649	303,227	196,826
Less closing deferred revenue	-	(192,680)	(303,227)
	1,254,865	1,330,508	1,199,808
Expenditure			
Band administration	518,919	534,112	463,751
Band governance	86,127	86,127	102,455
Community programs	68,908	73,908	51,584
Health and wellness	88,239	88,239	84,837
Housing	166,758	166,758	113,123
Ice road contracts	65,000	65,000	65,000
Nutrition programs	15,015	15,015	15,980
Post office operations	218,595	218,595	279,627
Youth programs	-	32,229	17,800
Write-down of Related Party Loans	-	108,604	-
	1,227,561	1,388,587	1,194,157
Operating Surplus (Deficit)	27,304	(58,079)	5,651
Earnings (loss) from Subsidiaries	-	(61,801)	(118,213)
Annual Surplus (Deficit)	27,304	(119,880)	(112,562)
Accumulated Surplus, beginning of year	541,271	541,271	653,833
Accumulated Surplus, end of year	\$ 568,575	\$ 421,391	\$ 541,271

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

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT

For the year ended March 31,	2023	2023	2022
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ 27,304	\$(119,880)	\$(112,562)
Amortization of tangible capital assets	-	3,943	5,757
Write-downs of tangible capital assets	-	950	-
Decrease (increase) in portfolio investment	-	24,146	118,213
	27,304	(90,841)	11,408
Decrease (increase) in prepaid expenses and deposits	-	(1,601)	-
Increase (Decrease) in Net Financial Assets	27,304	(92,442)	11,408
Net Financial Assets, beginning of year	55,456	55,456	44,048
Net Financial Assets, end of year	\$ 82,760	\$(36,986)	\$ 55,456

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

AKLAVIK INDIAN BAND

CONSOLIDATED SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

	General Operating Fund	Enterprise Fund	Equity in Tangible Capital Assets	Total
For the Year ended March 31, 2023				
Annual Surplus (Deficit)	\$(119,880)	\$ -	\$ -	\$(119,880)
Net Interfund Transfers:				
Amortization	3,943	-	(3,943)	-
Loss (gain) on disposal of tangible capital assets	950	-	(950)	-
Loss (earnings) from subsidiaries	61,801	(61,801)	-	-
Changes in receivable from related parties	(37,655)	37,655	-	-
Changes in Accumulated Surplus	(90,841)	(24,146)	(4,893)	(119,880)
Accumulated Surplus, beginning of year	55,455	470,666	15,150	541,271
Accumulated Surplus, end of year	\$(35,386)	\$ 446,520	\$ 10,257	\$ 421,391

	General Operating Fund	Enterprise Fund	Equity in Tangible Capital Assets	Total
For the year ended March 31, 2022				
Annual Surplus (Deficit)	\$(112,562)	\$ -	\$ -	\$(112,562)
Net Interfund Transfers:				
Amortization	5,757	-	(5,757)	-
Loss (earnings) from subsidiaries	118,213	(118,213)	-	-
Changes in Accumulated Surplus	11,408	(118,213)	(5,757)	(112,562)
Accumulated Surplus, beginning of year (Restated)	44,047	588,879	20,907	653,833
Accumulated Surplus, end of year	\$ 55,455	\$ 470,666	\$ 15,150	\$ 541,271

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

AKLAVIK INDIAN BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2023	2022
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 701,385	\$ 598,611
Cash receipts from contributions and recoveries	484,826	718,664
Cash paid to suppliers and employees	(1,238,729)	(1,207,826)
	(52,518)	109,449
Cash Flows from Investing Activities		
Decrease (increase) in receivable from related parties	(108,604)	-
Decrease (increase) in long-term investments	(37,655)	-
	(146,259)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(198,777)	109,449
Cash and Cash Equivalents, beginning of year	260,157	150,708
Cash and Cash Equivalents, end of year	\$ 61,380	\$ 260,157

The accompanying notes and schedules are integral parts of these consolidated financial statements. 8.

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

The Aklavik Indian Band (the "Band") is an Indian Band registered under the *Indian Act*. The Band represents the aboriginal people of the Hamlet of Aklavik. The Band is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

1. Significant Accounting Policies

(a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

(b) Reporting Entities

The consolidated financial statements includes the accounts of Aklavik Indian Band and its following subsidiary and associated companies using the modified equity method.

	Percentage Owned
Daazraii Investments Inc.	100%
Gwich'in Investments Limited Partnership	0.02%

(c) Long Term Investments

The Band's long term investments have 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 Nation and inter-organizational transactions and balances are not eliminated. Further, the business enterprise's accounting principles are not adjusted to conform with those of the Nation and inter-organizational transactions and balances are not eliminated.

(d) Cash and Cash Equivalents

Cash and 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.

(e) Allocation of Expenditure

The Band records a number of its expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

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

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. Significant Accounting Policies (Continued)

(f) Revenue Recognition

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

They are recognized in the consolidated financial statements as revenue in the period in which 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 determined.

(g) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

(i) 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 basis and annual rates:

Computer equipment	Declining Balance	30%
Office equipment	Declining Balance	20%
Leasehold improvements	Straight Line	Lease term

(h) Use of Estimates

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

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

1. Significant Accounting Policies (Continued)

(i) Financial Instruments - Recognition and Measurement

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

- Cash and restricted cash are 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 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 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.

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

2. Cash and Cash Equivalents

	2023	2022
Bank chequing account	\$ 61,380	\$ 260,057
Petty cash	-	100
	\$ 61,380	\$ 260,157

3. Accounts Receivable

	2023	2022
Trade and others	\$ 18,761	\$ 111,851
GST refundable	23,791	29,981
	42,552	141,832
Less allowances for doubtful for trade and others	-	(9,141)
	\$ 42,552	\$ 132,691

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

4. Contributions Receivable

	2023	2022
Indigenous Services Canada	\$ 75,726	\$ -
Government of NWT	115,242	-
NWT Housing Corporation	41,525	-
	<u>\$ 232,493</u>	<u>\$ -</u>

5. Accounts Payable and Accrued Liabilities

	2023	2022
Trade and others	\$ 129,225	\$ 91,263

6. Contributions Repayable

	2023	2022
Government of Canada:		
New Horizons for Seniors	\$ 11,601	\$ 11,601
Government of NWT		
Community Access Program	29,357	29,357
Nutrition North Program	10,550	10,550
	<u>\$ 51,508</u>	<u>\$ 51,508</u>

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

7. Deferred Contributions

	2022 Opening	Additions	Utilized	2023 Closing
NWT Housing - Emergency Upgrades Homelessness	\$ -	\$ 41,525	\$ 36,525	\$ 5,000
ISC Amd#3 - 22/23 - Records & Policies	\$ -	\$ 50,000	\$ 34,876	\$ 15,124
Community Development	142,812	-	72,612	70,200
Wellness Initiative	9,346	85,468	88,239	6,575
ISC Amd#6 - 21/22 - P&ID Funds	48,418	-	48,418	-
ISC Amd#4 - 21/22 - Band Mgr. Trainee	82,326	-	35,750	46,576
ISC Amd#3 - 21/22 - Election Code	20,325	-	-	20,325
ISC Amd#1 - 22/23 - Fin. Mgt & Team	-	50,000	41,318	8,682
ISC Amd#2 - 22/23 - Skill Link	-	52,427	32,229	20,198
	\$ 303,227	\$ 279,420	\$ 389,967	\$ 192,680

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

8. Long Term Investments

Gwich'in Investments Limited Partnership

The Band owns 1,035 of 4,004,150 units in Gwich'in Investments Limited Partnership (GILP). The partnership's principal activity is to hold an investment in Denendeh Investments Limited Partnership.

The following summarizes the financial position and results of operations of GILP as at and for the year ended December 31, 2022

	2022	2021
Financial Position		
Current assets	\$ 3,294	\$ 3,354
Non-current assets	12,547	81,985
Total assets	15,841	85,339
Current liabilities	91,970	86,620
Partners' equity (capital deficiency)	\$ (76,129)	\$ (1,281)
Share of partners' equity attributable to the Band	\$ -	\$ -
Financial Performance		
Revenues	\$ -	\$ -
Expenses	(5,410)	(5,410)
Other revenue (expenses)	(69,438)	(18,211)
Net earnings (loss)	\$ (74,848)	\$ (23,621)
Share of net earnings (loss) attributable to the Band	\$ -	\$ -
Investments:		
Investment at cost	\$ 1,035	\$ 1,035
Allowance for impairment	(1,034)	(1,034)
Investment in GILP	\$ 1	\$ 1

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

8. Long Term Investments (Continued)

Daazraii Investments Inc.

The Band owns all of the outstanding shares of Daazraii Investments Inc. (the "Company"), a private company incorporated under the laws of the Northwest Territories. The Company owns 51% of a local charter company that flies into and out of the Gwich'in Settlement Area - Aklavik, Northwest Territories. The following summarizes the consolidated financial position and results of operations of Daazraii Investments Inc. as at and for the year ended March 31, 2023:

	2023	2022
Financial Position		
Current assets	\$ 59,029	\$ 55,780
Non-current assets	421,761	473,381
Total assets	480,790	529,161
Current liabilities	34,273	70,517
Non-current liabilities	147,105	109,450
Shareholder's equity	\$ 299,412	\$ 349,194
Financial Performance		
Revenues	\$ 210,600	\$ 212,400
Expenses	256,852	245,437
Operating earnings (loss)	(46,252)	(33,037)
Other revenue (expenses)	(15,549)	(35,938)
Net earnings (loss)	(61,801)	(68,975)
Net earnings (loss) attributable to the Band	\$(61,801)	\$(68,975)
Investments:		
Investment at cost	\$ 1	\$ 1
Receivable from the Company	147,105	109,450
Accumulated equity earnings	299,413	361,214
Investment in the Company	\$ 446,519	\$ 470,665
Total long term investments	\$ 446,520	\$ 470,666

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

9. Tangible Capital Assets

	2023		2022	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 47,161	\$ 39,440	\$ 7,721	\$ 11,030
Office equipment	10,596	8,061	2,535	4,119
Leasehold improvements	6,016	6,016	-	-
	<u>\$ 63,773</u>	<u>\$ 53,517</u>	<u>\$ 10,256</u>	<u>\$ 15,149</u>

10. Equity in Tangible Capital Assets

	2023		2022	
Tangible capital assets	\$ 63,773	\$ 106,273		
Accumulated amortization	(53,517)	(91,123)		
	<u>\$ 10,256</u>	<u>\$ 15,150</u>		

11. Accumulated Surplus

	2023		2022	
Unrestricted				
General Operating Fund	\$(35,385)	\$ 55,455		
Enterprise Fund	446,520	470,666		
Equity in Tangible Capital Assets	10,256	15,150		
	<u>\$ 421,391</u>	<u>\$ 541,271</u>		

12. Government Transfers

	2023		2022	
Indigenous Services Canada	\$ 343,792	\$ 414,378		
Government of NWT	248,989	186,733		
	<u>\$ 592,781</u>	<u>\$ 601,111</u>		

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

13. Expenditure by Object

	2023	2023	2022
	Budget (Unaudited)	Actual	Actual
Administration	\$ 16,490	\$ 20,666	\$ 12,713
Amortization	-	3,943	5,757
Bad debts (recovered)	-	(7,955)	-
Bank charges and interest	8,894	8,894	4,062
Community events	19,850	19,850	9,650
Computer and software	1,076	1,395	4,237
Contracted services	190,992	190,992	130,407
Contributions repaid	595	595	1,500
Donations and contributions	1,150	2,150	2,100
Equipment rental	4,983	4,983	-
Freight and postage	595	595	1,434
Honoraria	15,350	15,350	12,675
Insurance	6,314	6,314	8,927
Loss (gains) on disposal of assets	-	950	-
Materials and supplies	171,455	174,355	236,262
Mobile equipment costs	18,233	18,233	11,618
Office	11,765	12,195	11,401
Professional fees	17,109	21,171	23,373
Rent	94,536	94,536	90,260
Repairs and maintenance	201	201	1,214
Telephone and Internet	11,452	11,997	13,697
Travel and accommodation	12,631	12,631	1,517
Utilities	9,393	9,393	11,159
Wages and benefits	614,495	656,549	600,194
Write-down of related party loans	-	108,604	-
Total Expenditure	\$ 1,227,559	\$ 1,388,587	\$ 1,194,157

14. Related Party Transactions

	2023	2022
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The Band's transactions with related parties are summarized as follows:

Daazraii Investments Inc. - 100% subsidiary:

Share of administration costs	\$ 38,204	\$ 44,800
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These transactions are in the normal course of business and are measured at the exchange amount, being the amount of considerations established and agreed to by both parties.

AKLAVIK INDIAN BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

15. Economic Dependence

The Nation receives a major portion of its revenue from the Indigenous Services Canada of the Government of Canada, the Government of NWT and other government agencies. The nature and extent of this revenue is of such significance that the Nation is economically dependent on this source of revenue.

16. Comparative Figures

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

17. Financial Instruments and Risk Management

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

Interest Rate Risk - Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Nation does not have debts that are subject to changes in interest rate and therefore is not exposed to interest risk.

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

Unless otherwise noted, it is management's opinion that the Nation is not exposed to other significant currency and market risks arising from these financial instruments.