VUNTUT GWITCHIN FIRST NATION

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2001

1. Basis of presentation

These financial statements have been prepared on a non-consolidated basis and do not included the accounts of the First Nation's compensation fund or Vuntut Development Corporation, both 100%-owned by the First Nation.

These financial statements have been prepared for First Nation management and member purposes. As the financial statements have not been prepared for general purposes, some users may require further information. Consolidated financial statements for the First Nation have been prepared and the reader is referred to them.

2. Significant accounting policies

Capital assets

Capital assets are stated at cost. The cost of houses built by the First Nation with the assistance of loans guaranteed by CMHC (see Note 5), are included in capital assets. The cost of houses built with funding provided by Indian Affairs is not included in capital assets.

Depreciation

The First Nation does not depreciate its capital assets except as noted. Depreciation on houses which are part of the CMHC Housing program is recorded in an amount equal to the annual reduction of mortgage principal.

Inventory

Inventory is stated at the lower of cost and fair market value.

Revenue recognition

Contributions under the terms of agreements are recognized as revenue at the time applications are approved by the relevant funding agency.

2. Significant accounting policies (continued)

Surplus

All unexpended items of revenue, except as noted above, are treated by the First Nation as surplus, except for certain capital projects where unexpended revenues are deferred until the project is complete.

3. Reserves

Pursuant to its agreement with Canada Housing and Mortgage Corporation, the First Nation is required to segregate funds for replacement and subsidy surplus reserves. The expenditures from these funds are restricted by the terms of the agreement.

4. Deferred charges

Deferred charges represents purchases of construction materials for projects that will be undertaken in future years.

5. Long-term debt

Mortgages payable

Amounts shown as mortgages payable represent monies borrowed to finance house construction. The loans are secured by a mortgage to the lender on the land and buildings as well as a ministerial guarantee by the Government of Canada.

The balances and terms of the mortgages are as follows:

	2001	2000
Mortgage payable to Toronto Dominion Bank in monthly instalments of $1,169, including interest at 5.9% per annum. Due June 1, 2002.	$ 17,904	$ 30,484
Mortgage payable to Toronto Dominion Bank in monthly instalments of $651, including interest at 5.75% per annum. Due March 1, 2004.	72,005	75,614

5. Long-term debt (continued)

Mortgages payable (continued)

	2001	2000
Mortgage payable to Toronto Dominion Bank in monthly instalments of $505, including interest at 5.75% per annum. Due March 1, 2004.	$ 55,791	$ 58,587
Mortgage payable to Toronto Dominion Bank in monthly instalments of $447, including interest at 5.75% per annum. Due March 1, 2004.	49,404	51,880
Mortgage payable to CIBC Mortgage Corporation in monthly instalments of $785, including interest at 7.82% per annum. Due April 1, 2001.	83,919	86,710
Mortgage payable to Toronto Dominion Bank in monthly instalments of $2,025, including interest at 5.75% per annum. Due March 1, 2004.	274,257	282,711
Mortgage payable to CIBC Mortgage Corporation in monthly instalments of $995, including interest at 7.93% per annum. Due December 1, 2000.	-	122,510
Mortgage payable to the Bank of Montreal in monthly instalments of $705 including interest at 7.00% per annum. Due December 1, 2005.	120,825	-
Mortgage payable to Toronto Dominion Bank in monthly instalments of $1,655, including interest at 8.45% per annum. Due December 1, 2000.	-	188,394
Mortgage payable to the Bank of Montreal in monthly instalments of $1,514, including interest at 7.00% per annum. Due December 1, 2005.	186,556	-
	$ 860,661	$ 896,890

VUNTUT GWITCHIN FIRST NATION

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2001

5. Long-term debt (continued)

	2001	2000
Loans payable		
Loan payable to Toronto Dominion Bank, payable in annual instalments of $334,800 due April 30, 2003, at an interest rate of 6.66%. Secured by a general security agreement.	$1,004,400	$1,339,200
Loan payable to Toronto Dominion Bank in monthly instalments of $30,203, due November 3, 2005, with interest at 8.75%. Secured by $768,038 of the cash and treasury bills of the investment fund (see Note 3).	2,168,358	2,143,322
Loan payable to Toronto Dominion Bank in annual instalments of $36,176 due April 10, 2004, with interest at 8.65%.	144,694	-
	4,178,113	4,379,412
Amount due within one year	775,800	2,151,742
	$3,402,313	$2,227,670

Principal repayments scheduled for the next five years are as follows:

2002	-	$775,800
2003	-	768,937
2004	-	766,373
2005	-	433,718
2006	-	279,085

VUNTUT GWITCHIN FIRST NATION

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
(CONTINUED)

FOR THE YEAR ENDED MARCH 31, 2001

6. Equity in tax buy-out

The equity in tax buy-out represents amounts received from the Government of Canada as compensation for changing certain income tax exemptions to taxable status.

7. Comparative figures

Certain of the comparative figures for the year ended March 31, 2000 have been reclassified to conform with the presentation adopted in the current year.