VUNTUT GWITCHIN FIRST NATION

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2007

1. Basis of presentation

   These financial statements have been prepared on a non-consolidated basis and do not include the accounts of the First Nation's compensation fund, Vuntut Gwitchin Trust, Vuntut Gwitchin Business Trust, Vuntut Gwitchin Limited Partnership and Vuntut Development Corporation, all 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

   These financial statements have been prepared by First Nation management in accordance with standards generally accepted for governments in Canada. In preparing these financial statements, management has made estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

   Physical assets

   Physical assets are stated at cost. The cost of houses built by the First Nation with the assistance of loans guaranteed by CMHC (see Note 4), are included in physical assets. The cost of houses built with funding provided by Indian Affairs is not included in physical assets.

   Amortization

   The First Nation does not amortize its physical assets except as noted. Amortization 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.

2. Significant accounting policies (continued)

Revenue recognition

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

Surplus

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

Financial instruments

The First Nation's financial instruments consist of cash, accounts receivable, temporary and long-term investments, accounts payable, amounts due to related parties and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

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. 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:

	2007	2006
Mortgage payable to Toronto Dominion Bank in monthly instalments of $611, including interest at 4.35% per annum. Due April 1, 2009.	$ 44,705	$ 49,988
Mortgage payable to Toronto Dominion Bank in monthly instalments of $474, including interest at 4.35% per annum. Due April 1, 2009.	34,638	38,731
Mortgage payable to Toronto Dominion Bank in monthly instalments of $419, including interest at 4.35% per annum. Due April 1, 2009.	30,673	34,298
Mortgage payable to Toronto Dominion Bank in monthly instalments of $1,851, including interest at 4.35% per annum. Due April 1, 2009.	208,846	221,743
Mortgage payable to the Bank of Montreal in monthly instalments of $680, including interest at 5.1% per annum. Due June 1, 2011.	60,009	65,020
Mortgage payable to the Bank of Montreal in monthly instalments of $800 including interest at 4.61% per annum. Due December 1, 2010.	98,229	103,254
Mortgage payable to the Bank of Montreal in monthly instalments of $1,324, including interest at 4.61% per annum. Due December 1, 2010.	144,760	153,868
	$ 621,860	$ 666,902

4. Long-term debt (continued)

	2007	2006
Loans payable		
Loan payable to Toronto Dominion Bank, payable in annual instalments of $300,000, due May, 2010, at an interest rate of prime plus 1.00%.	$ 900,000	$1,200,000
	1,521,860	1,866,902
Amount due within one year	346,727	344,408
	$1,175,133	$1,522,494

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

2008	-	$ 346,727
2009	-	348,881
2010	-	351,134
2011	-	53,492
2012	-	55,959

5. 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.

6. Loan receivable YIDC

The First Nation owns approximately 6% of the outstanding shares of Yukon Indian Development Corporation Ltd. ("YIDC"). The loan receivable results from dividends declared by YIDC and reinvested in YIDC. There are no terms for payment by YIDC for this amount.

7. Appropriated surplus

The First Nation has set aside certain amounts distributed by Vuntut Gwitchin Trust until the First Nation has determined an appropriate use for these funds.