

**Tulita Dene Band  
Consolidated Financial Statements**

**March 31, 2014**



**TULITA DENE BAND COUNCIL**  
BOX 118,  
TULITA, NT  
X0E 0K0

### Management's Responsibility for Financial Reporting

To the Members  
Tulita Dene Band

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian generally accepted accounting principles. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Band's management recognizes its responsibility for conducting the Band's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a First Nation.

The auditor annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Frank Andrew,  
Chief  
Tulita, NT  
July 17, 2014

## Independent Auditor's Report

To the Members of  
Tulita Dene Band

I have audited the consolidated statement of financial position of The Tulita Dene Band as at March 31, 2014 and the consolidated statement of operations, the consolidated statement of changes in net financial assets the consolidated statement of changes in debt and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian Public Sector Accounting Standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. I am also required to comply with applicable ethical requirements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparations and fair presentation of the financial statements 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 entity's internal control. Accordingly, the auditor expresses no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


In common with many non-profit organizations, the Band derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification,

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion except for any adjustments, if any which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of donation and fundraising revenue referred to in the preceding paragraphs these financial statements present fairly, in all material respects, the financial position of the Band as at March 31, 2013 and the results of its operations, changes in net financial assets, changes in net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Yellowknife, Northwest Territories  
July 17, 2014

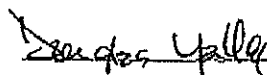
  
Paul Fleury & Co  
Certified General Accountant

Tulita Dene Band		STATEMENT 1	
Consolidated Statement of Financial Position			
As At March 31, 2014		2014	2013
Financial Assets			
Accounts receivable (Note 3)	\$	150,432	\$ 187,741
GST		23,262	18,310
Refundable Taxes		558	558
Total Financial Assets		174,252	206,609
Liabilities			
Bank indebtedness	\$	39,924	\$ 95,783
Accounts payable and accrued liabilities		82,362	107,373
Government Payroll Remittances		109,135	135,450
Corporate Taxes Payable		686	1,031
GST		2,426	
Deferred income (Note 6)		114,822	104,505
Current Portion of Long-Term Debt		78,893	78,355
Long-Term Debt (Note 7)		476,389	555,282
Due To Related Parties (Note 8)		205,879	205,879
Total Liabilities		1,110,516	1,283,658
Net Financial Assets		-936,264	-1,077,049
Non-Financial Assets			
Tangible Capital Assets (Note 5)		1,447,366	1,512,123
Investments (Note 4)		117,025	117,025
Prepaid Expenses		9,097	11,826
Deferred Interest		3,685	5,264
Total Non-Financial Assets		1,577,173	1,646,238
Accumulated Surplus	\$	640,909	\$ 569,189

Approved on behalf of the Directors



Chief



Director

## Consolidated Statement of Operations

YEAR ENDED MARCH 31, 2014	2014	2013
<b>REVENUE</b>		
DIAND	\$ 356,018	\$ 286,570
Deferred Revenue	18,539	0
Canol Trail	0	0
Government of Northwest Territories	297,670	476,180
Sahtu Dene Council	73,505	21,066
Tulita Land/Financial Corporation	0	22,154
Bingo Revenue	37,403	14,271
Donations	26,215	27,852
Miscellaneous Revenue	24,160	46,222
Management Fees	30,000	50,000
Administration Fees	10,162	31,608
	<b>873,672</b>	<b>975,923</b>
<b>EXPENDITURES</b>		
Wages and Benefits	397,209	479,029
Honoraria	15,100	27,000
Advertising and promotion	9,653	3,432
Amortization	3,605	3,874
Bank charges and interest	6,904	3,815
Communications	29,974	27,111
Donations and Funerals	2,450	9,812
Meetings and Workshops	2,275	2,100
Computers	0	277
Office Supplies, Photocopies	7,819	15,373
Refreshments, Food, Snacks	13,215	11,606
Rent	27,493	25,739
Miscellaneous	26,685	13,535
Travel	46,108	62,447
Utilities	37,342	32,799
Materials, Crafts and Supplies	1,788	6,372
Maintenance	2,045	4,521
Cultural Activities	36,413	1,599
Insurance	796	896
Facilitators, Resource People and Subcontractors	37,211	47,720
Registration	4,735	5,310
Program Disbursement	6,248	14,404
Administration fees	16,307	42,440
Freight postage and Local transportation	8,860	4,966
Legal fees	0	2,785
Auditing and bookkeeping	8,535	4,482
Community projects and Child care expenses	37,187	81,533
Deferred Expenses	68,558	0
	<b>854,515</b>	<b>934,977</b>
<b>EXCESS REVENUE (EXPENDITURES)</b>	<b>19,157</b>	<b>40,946</b>
<b>Net Income of Subsidiary</b>	<b>52,562</b>	<b>13,771</b>
<b>Net Income</b>	<b>71,719</b>	<b>54,717</b>

## Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31, 2014	2014	2013
Surplus (Deficit)	\$ 71,719	\$ 54,717
(Acquisition) Disposal of capital assets	-4,839	-52,617
Amortization of tangible capital assets	69,597	71,068
	136,477	73,168
Decrease in prepaid expenses	2,729	3,456
Increase in deferred interest	1,579	-5,264
Increase (Decrease) in Net Financial Assets	140,785	71,360
Net Financial Assets, beginning of year	-1,077,049	-1,148,409
<b>Net Financial Assets end of year</b>	<b>\$ -936,264</b>	<b>\$ -1,077,049</b>

## Consolidated Statement of Change in Net Debt

Year Ended March 31, 2014	2014	2013
Balance March 31, 2013		
Current Liabilities	\$ 444,142	\$ 334,845
Long-Term Debt	633,637	680,476
Related Parties	205,879	205,879
	<b>1,283,658</b>	<b>1,221,200</b>
Balance March 31, 2014		
Current Liabilities	349,355	444,142
Long-Term Debt	555,282	633,637
Due To Related Parties	205,879	205,879
	<b>1,110,516</b>	<b>1,283,658</b>
<b>Decrease (Increase) in Net Debt</b>	<b>\$ 173,142</b>	<b>62,458</b>

## Consolidated Statement of Cash Flow

Year Ended March 31, 2014	2014	2013
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss)	\$ 71,719	\$ 54,717
Items not affecting cash		
Amortization	69,597	71,068
<b>Change in non-cash operating working capital</b>		
Accounts Receivable	37,309	-115,508
GST Receivable	-4,952	-18,310
Deferred Interest	1,579	-5,264
Prepaid expenses and deposits	2,729	3,456
Accounts payable and accrued liabilities	-22,585	-59,611
Government Payroll Remittances	-26,315	135,450
Corporate Taxes	-345	345
Deferred income	10,317	20,940
	139,053	87,283
<b>Financing activities</b>		
Long-Term Debt	-78,355	-46,839
Contribution-Diand	42,000	
Changes in bank indebtedness	-55,859	12,173
	-92,214	-34,666
<b>Investing Activities</b>		
(Purchase) Disposal of capital assets	-46,839	-52,617
<b>Cash increase</b>	0	0
<b>Cash, beginning of year</b>	Nil	0
<b>Cash, end of year</b>	\$ 0	\$ 0



March 31, 2014

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1. Nature of Operations

The Tulita Band Council ("Band") is an aboriginal organization that is registered under the *Indian Act*. Its purpose is to administer the affairs of the Tulita Dene Band.

2. Accounting Policies

The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) **Basis of presentation**

The Band follows reporting guidelines for First Nations as set out by Indian and Northern Affairs Canada. These financial statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements reflect the operations of the Band.

b) **Measurement uncertainty**

The preparation of financial statements in accordance with Public Sector Accounting Standards requires the Band to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. At the time of the preparation of these statements, Tulita Dene Band believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to amortization, non-monetary Transactions, and revenue accruals.

(c) **Tangible capital property**

Property and equipment are recorded at cost and amortized by the declining balance method at the rates set out in Note 7.

(d) **Deferred government assistance**

Government assistance in the form of grants is capitalized and amortized at the same rate as the assets to which they relate.

Capital asset grants are accounted for in a reduction of their costs. Operational grants are accounted for in a reduction of operating expenses.

(e) **Deferred revenue**

Deferred revenue consists of amounts that have been deferred as a result of project completion dates extending beyond the fiscal year end. It will be taken into income in the year end for which additional expenditures are incurred.

March 31, 2014

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**(f) General revenues**

Administrative fees, donations, interest income and other miscellaneous income are recognized on an accrual basis as they are earned.

**(g) Project income and deferred project income**

Tulita Dene Band receives contributions from the Government of Canada and the Government of the Northwest Territories for the delivery of projects.

**(h) Contract services**

Contract services acquired by the Council are recognized as expenses in the year the services are rendered.

**(i) Contingent liabilities**

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur, and a reasonable estimate of the loss can be made. An estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

**(j) Prepaid expenses**

Prepaid expenses are charged to expenses over the period expected to benefit from them.

**(k) Funds and reserves**

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

**(l) Income taxes**

The Band is exempt from federal, territorial, and local government taxes except federal Goods and Services Tax. Taxes reported on the accompanying consolidated financial statements represent the taxes of Tulita Developments Ltd.

**(m) Financial instruments**

A significant financial assets, financial liabilities and equity instruments of the Band are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to the fair value has been disclosed.

Tulita Dene Band  
Consolidated Financial Statements  
Notes to the Financial Statements

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March 31, 2014

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(n) Going concern

The financial statements are prepared on a going concern basis.

**3. Accounts Receivable**

	2014	2013
Contributions	\$ 94,035	\$ 84,914
Other	10,522	2,344
Services	45,875	100,483
	<u>\$ 150,432</u>	<u>\$187,741</u>

**4. Investments**

	2014	2013
Caribou Camp Services Ltd. 25 Class A common shares (25% interest)	\$ 25	\$ 25
Two Rivers Development Group Ltd. 117 Class A common shares (19% interest)	117,000	117,000
	<u>\$117,025</u>	<u>\$117,025</u>

All investments are owned by Tulita Developments Ltd. The \$117,000 investment in Two Rivers Development Group Ltd. consists of 234 Class A voting shares for a 20% interest.

Caribou Camp Services Ltd is presently inactive

Two Rivers Development Group Ltd is now operating at a profit..

Tulita Dene Band  
Consolidated Financial Statements  
Notes to the Financial Statements

March 31, 2014

**5. Tangible Capital Assets**

	Rate	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Land		\$ 24,903	\$ -	\$ 24,903	\$ 24,903
Harbour		71,016	-	71,016	71,016
Buildings	4%	2,469,197	1,148,831	1,320,366	1,373,517
Equipment	20%	38,104	33,906	4,198	5,272
Office equipment	20%	61,957	57,428	4,529	5,661
Telephone system	20%	4,841	484	4,357	-
Computer Equipment	30%	25,131	21,964	3,167	4,524
Automotive	30%	58,091	17,427	40,664	49,376
Snowmachine	30%	12,000	4,861	7,139	10,200
		2,765,240	1,284,901	1,480,339	1,546,469
Deferred gov't assistance		( 45,700)	( 12,727)	( 32,973)	(34,346)
		<b>\$2,719,540</b>	<b>\$1,272,174</b>	<b>\$1,447,366</b>	<b>\$ 1,512,123</b>

**6. Deferred Revenue**

	2014	2013
Sahtu Dene Council-Language Program	\$ 21,706	\$ 43,476
Sahtu Dene Council-Youth Literacy	-	4,452
Tulita Youth Handgames	-	18,015
-Dream Catchers	26,579	14,087
-Cultural Committee	24,537	24,537
DIAND	42,000	-
	<b>\$ 114,822</b>	<b>\$ 104,505</b>

Tulita Dene Band  
Consolidated Financial Statements  
Notes to the Financial Statements

March 31, 2013

	2014	2013
7. Long-term Debt		
Business Development and Investment Corporation Loan, repayable in monthly blended payments of \$ 8,167.55 bearing interest at 9% compounded semi-annually maturing July 1, 2013, secured by promissory note, corporate guarantee, general security agreement, and collateral mortgage.	\$ 470,943	\$ 523,773
Secured by a building which has a book value of \$ 1,362,637		
Business Development and Investment Corporation Loan, repayable in monthly blended payments of \$ 814.25 bearing interest at 6.25% compounded semi-annually maturing April 1, 2013, secured by promissory note, corporate guarantee, general security agreement, and collateral mortgage.	48,906	55,422
Secured by a building which has a book value of \$ 1,362,637		
Sahtu Business Development Centre, promissory note, repayable in monthly instalments of \$ 3,690.35 principal and interest at the Rate of 6% due March 2013	-	4,837
Secured by an assignment of monthly rents, and guaranteed by the Tulita Dene Band		
Ford Credit Canada Ltd. loan agreement due repayable in blended monthly installments of \$ 1,268.07. Secured by a Ford F350.		
Secured by a vehicle which has a book value of \$ 49,376	35,433	49,605
	555,282	633,637
Current Portion	78,893	78,355
	\$476,389	\$555,282

The estimated principal repayments on long-term debt in each of the three five years are as follow:

2,014	-	78,355
2,015	78,892	78,892
2016	84,759	84,759
2017	84,080	84,080
2018	83,983	83,983
2019	91,614	223,568
2020	131,954	-
	\$ 555,282	\$ 633,637

Tulita Dene Band  
Consolidated Financial Statements  
Notes to the Financial Statements

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March 31, 2013

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8. Due to Related Parties

	2012	2011
Tulita Financial Corporation	\$ 205,879	\$ 205,879

The amounts due to related parties are non-interest bearing and have no fixed terms of repayment. Where the related company has indicated that they will not require payment within the next fiscal year, the amounts have been classified as long-term debt in the accompanying financial statements. The fair value of these amounts cannot be readily determined.

9 Going Concern

Operating deficits over the past years, particularly for the year ended March 31, 2009, have created severe liquidity problems for the Tulita Dene Band. This problem was somewhat alleviated during the current year because of the surplus.. Nevertheless, the Band still has payroll remittances arrears which must be settled.

Therefore it is important that the Band recovers some of the amount of \$ 294,066 which is owed by Tulita Developments Ltd.