
**Tulita Dene Band
Consolidated Financial Statements**

March 31, 2016



Paul Fleury

Certified General Accountant

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, 2015 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.

Basis of qualification

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 was not able to obtain sufficient documentation to satisfy myself as to the correctness and completeness of the transactions in the program in Tulita Developments Ltd called Motor Vehicles.

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, and the transactions in the Tulita Developments Ltd program called Motor Vehicles these financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2015 and the consolidated results of its operations, consolidated changes in net financial assets ,consolidated changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Yellowknife, Northwest Territories
July 29, 2016

Paul Fleury
Paul Fleury & Co
Certified General Accountant

Tulita Dene Band

STATEMENT 1

Consolidated Statement of Financial Position

As At March 31, 2016

2016

2015

	(as restated) Note 10	
Financial Assets		
Accounts receivable (Note 3)	\$ 110,944	\$ 215,203
Employee Advances	115	
GST	30,685	26,353
Refundable Taxes	558	558
Investments (Note 4)	122,010	122,025
Total Financial Assets	264,312	364,139
Liabilities		
Bank indebtedness	\$ 45,830	\$ 87,392
Accounts payable and accrued liabilities	146,817	142,313
Government Payroll Remittances	24,273	11,539
Corporate Taxes Payable		686
GST		162
Deferred income (Note 6)	136,239	151,572
Current Portion of Long-Term Debt	73,848	88,348
Long-Term Debt (Note 7)	294,502	373,565
Due To Related Parties (Note 8)	205,879	205,879
Reserve for Band Hall	34,392	34,392
Total Liabilities	961,780	1,095,848
Net Financial Assets	697,468	-731,709
Non-Financial Assets		
Tangible Capital Assets (Note 5)	1,342,877	1,402,942
Prepaid Expenses	1,500	8,626
Deferred Interest		2,580
Total Non-Financial Assets	1,344,377	1,414,148
Accumulated Surplus	\$ 646,909	\$ 682,439

Approved on behalf of the Directors

Chief

Director

Tulita Dene Band

STATEMENT II

Consolidated Statement of Operations

YEAR ENDED MARCH 31,	2016	2015
REVENUE		
DIAND-Core	\$ 211,773	\$ 211,766
DIAND-Other	138,428	24,000
Deferred Revenue-prior year	33,110	68,579
Deferred Revenue-current year	-40,958	-105,328
Government of Northwest Territories	356,020	372,140
Sahtu Dene Council	97,793	93,588
Personal Credits	22,626	97,374
Bingo Revenue	0	25,556
Donations	28,850	19,818
Miscellaneous Revenue	14,742	10,532
Administration and Management Fees	17,560	25,771
	879,944	843,796
EXPENDITURES		
Wages and Benefits	458,257	362,172
Honoraria	24,400	15,600
Administration Fees	17,185	25,771
Advertising and promotion	3,522	1,664
Amortization	4,449	3,785
Bad debts	54,000	
Bank charges and interest	3,042	3,876
Communications	29,367	31,648
Donations and Funerals	3,334	14,668
Meetings and Workshops	400	1,240
Computers	9,825	3,610
Office Supplies, Photocopies	8,481	7,797
Refreshments, Food, Snacks	9,022	9,099
Rent	14,026	27,940
Miscellaneous	0	1,465
Travel	28,820	23,342
Utilities	18,920	41,134
Materials, Crafts and Supplies	0	6,635
Maintenance	3,069	2,000
Cultural Activities	4,904	0
Insurance	812	796
Facilitators, Resource People and Subcontractors	15,108	9,370
Registration	1,200	0
Program Disbursement	0	5,000
Freight postage and Local transportation	3,221	1,563
Auditing and bookkeeping	12,163	10,575
Prior Year Adjustment	0	12,164
Community projects and Child care expenses	146,710	169,184
Funding refundable	18,829	
	893,066	792,098
EXCESS REVENUE (EXPENDITURES)	-13,122	51,758
Net Income of Subsidiary	-22,408	-1,302
Net Income	-35,530	50,456

Tulita Dene Band

STATEMENT III

Consolidated Statement of Changes in Net Financial Assets

Year Ended March 31,	2016	2015
Surplus (Deficit)	\$ -35,530	\$ 50,456
Prior Year Adjustment	4,715	-14,979
(Acquisition) Disposal of capital assets	-4,449	
Investments		-5,000
Amortization of tangible capital assets	59,799	70,392
	24,535	100,869
Decrease in prepaid expenses	7,126	471
Increase in deferred interest	2,580	1,105
Increase (Decrease) in Net Financial Assets	34,241	102,445
Net Financial Assets, beginning of year	731,709	-834,154
Net Financial Assets end of year	\$ -697,468	\$ -731,709

Tulita Dene Band**STATEMENT IV****Consolidated Statement of Change in Net Debt**

Year Ended March 31,	2016	2015
Balance March 31, 2015		
Current Liabilities	\$ 482,012	\$ 349,355
Long-Term Debt	373,565	555,282
Related Parties	240,271	205,879
	1,095,848	1,110,516
Balance March 31, 2016		
Current Liabilities	427,007	482,012
Long-Term Debt	294,502	373,565
Due To Related Parties & Reserve	240,271	240,271
	961,780	1,095,848
Decrease (Increase) in Net Debt	\$ 134,068	\$ 14,668

Tulita Dene Band**STATEMENT V****Consolidated Statement of Cash Flow**

Year Ended March 31,	2016	2015
Cash provided by (used in)		
Operating activities		
Net income (loss)	\$ -35,330	\$ 50,456
Items not affecting cash		
Amortization	59,799	70,392
Prior year adjustment	-4,134	
Change in non-cash operating working capital		
Accounts Receivable	104,144	-64,771
GST Receivable	4,170	-827
Deferred Interest	2,580	1,105
Prepaid expenses and deposits	7,126	471
Accounts payable and accrued liabilities	4,504	59,951
Government Payroll Remittances	12,734	-97,596
Corporate Taxes	-686	
Deferred income	-15,333	36,750
	<u>139,574</u>	<u>55,931</u>
Financing activities		
Long-Term Debt	93,563	-85,014
Changes in bank indebtedness	-41,562	47,468
	<u>-135,125</u>	<u>-37,546</u>
Investing Activities		
(Purchase) Disposal of capital assets	-4,449	-13,385
Investment		-5,000
	<u>-4,449</u>	<u>-18,385</u>
Cash increase	0	0
Cash, beginning of year	0	0
Cash, end of year	\$ 0	\$ 0

March 31, 2016

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. Tulita Developments Ltd (‘company’) As its 100% subsidiary functions as the business arm of the Tulita Dene Band. The major business activities of the company are forestry services and commercial rentals.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Public Sector Accounting Standards as issued by the Public Sector Accounting Board (PSAB) The Band follows guidelines for First Nations as set out by Indian and Northern Affairs Canada.

a) Cash and cash equivalents

Cash consists of current business bank accounts. The entity does not hold any term deposits.

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.

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(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.

(n) Going concern

The financial statements are prepared on a going concern basis.

(o) Employee future benefits

Provision is made for obligations relating to unused vacation in the statement of financial Position. However no provision is made for severance pay.

3. Accounts Receivable

	2016	2015
Contributions	\$ 119,745	\$ 164,648
Other	13,532	5,580
Services	<u>31,667</u>	<u>44,975</u>
Allowance for doubtful accounts	164,944 (54,000)	\$215,203
	110,944	215,203

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4. Investments

	2016	2015
Tulita District Investment Company	\$ 5,000	\$ 5,000
Shares in Cariboo Camp Services Ltd		25
Two Rivers Development Group Ltd.		
117 Class A common shares (19% interest)	117,000	117,000
	\$122,025	\$117,025

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. Information is not available to present this investment under the modified equity method.

Caribou Camp Services Ltd is no longer active.

5. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Land		\$ 24,903	\$ -	\$ 24,903	\$ 24,903
Harbour		71,016	-	71,016	71,016
Buildings	4%	2,474,283	1,249,940	1,224,343	1,280,623
Equipment	20%	38,104	35,433	2,671	3,338
Office equipment	20%	61,957	59,059	2,898	3,623
Telephone system	20%	4,841	2,053	2,788	3,485
Computer equipment	30%	24,671	7,386	17,285	14,537
Automotive	30%	58,091	34,229	23,862	28,073
Snowmachine	30%	12,000	8,501	3,499	4,998
		2,769,866	1,396,601	1,373,265	1,434,596
Deferred gov't assistance		(45,700)	(15,312)	(30,388)	(31,654)
		\$2,724,166	\$1,381,289	\$1,342,877	\$ 1,402,942

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6. Deferred Revenue

	2015	Taken into revenue	Additional	2016
Sahtu Dene Council-Language Program	\$ 21,706	\$ -	\$ -	\$ 21,706
-Cultural Committee	24,538	-	-	24,538
Leadership	27,437	-	-	27,437
Brighter Futures	31,354	31,354	40,958	40,958
Victim Services	22,537	22,537	-	-
Diand-Summer Employment	24,000	2,400	-	21,600
	\$ 151,572	\$ 56,291	\$ 40,958	\$136,239

	2016	2015
7. Long-term Debt		
Business Development and Investment Corporation Loan, repayable in monthly payments of \$ 7,330.00 plus interest at 6 % fixed rate ,secured by promissory note, corporate guarantee, general security agreement, and collateral mortgage secured by a building which has a book value of \$ 1,230,476	\$ 333,681	\$ 398,681
Business Development and Investment Corporation Loan, repayable in monthly payments of \$ 757.32 plus interest at p+ 2% secured by promissory note, corporate guarantee, general security agreement, and collateral mortgage Secured by a building which has a book value of \$ 1,230,476	34,669	41,864
Ford Credit Canada Ltd. loan agreement due repayable in blended monthly installments of \$ 1,268.07. Secured by a Ford F350. <u>Secured by a vehicle which has a book value of \$ 28,073</u>	-	21,368
Current Portion	368,350 73,848	461,913 88,348
	<u>\$ 294,502</u>	<u>\$ 373,565</u>

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

2,016	88,348
2017	73,848
2018	74,566
2019	75,284
2020	76,002
2020	68,650
	<u>\$ 368,350</u>
	<u>\$ 461,913</u>

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8. Due to Related Parties

	2016	2015
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. Budget

Neither the Tulita Dene Band nor Tulita Developments Ltd prepare budgets

10. Financial Instruments

The company is exposed to interest, credit and liquidity risks from its financial instruments

Interest rate risk

The company is exposed to interest risk with respect to the following financial instruments:

- Cash and cash equivalents;
- Bank indebtedness;
- Long-term loans.

The company has no means to mitigate this risk

Credit risk

The company's exposure to credit risk consists primarily of cash and accounts receivable. The Company maintains its cash with reputable and major financial institutions. Accounts receivable are from debtors with good repayment history.

Liquidity risk

Liquidity risk is dependent on receipt of funds from revenues and continued access to sufficient facilities to be able to pay liabilities as they become due.

11. Comparative figures,

The financial statements have been reclassified where applicable to conform to current year presentation.

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12 Income tax reconciliation

The reconciliation of income taxes is as follows	2016	2015
Net income (loss) before income taxes	(23,408)	(1,302)
Amortization differences between accounting and tax purposes	nil	nil
Taxable income	nil	nil
Statutory rates	38%	38%
Expected income tax expenses	nil	nil

13. Prior year figures.

Prior year figures were restated to record an adjustment of \$ 8,983 to building and an adjustment of \$ 14,476. to the opening mortgage payable balance.