



Paul Fleury

Certified General Accountant

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### AUDITOR'S DERIVATIVE REPORT

To Indian and Northern Affairs Canada

I have audited the consolidated financial statements of the Tulita Dene Band as at March 31, 2017 and for the year then ended and reported on July 28, 2017.

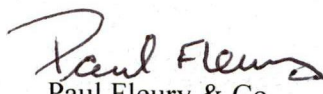
A Schedule of Federal Government Funding is required to be presented to Indian and Northern Affairs Canada pursuant to the funding agreement between Indian and Northern Affairs Canada and the Tulita Dene Band. The schedule has been compiled from the records of the Tulita Dene Band. For the purposes of understanding my involvement with this schedule, please note that:

- I have audited and separately reported on the consolidated financial statements;
- My audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole;
- The attached schedule is presented for the purpose of forming an opinion for the Department of Indian Affairs and does not form part of the consolidated financial statements; and
- The schedule has been subjected to the auditing procedures applied to the audit of the consolidated financial statements taken as a whole.

During the course of the aforementioned audit, I encountered no discrepancies on this schedule. However, no procedures have been carried out on this schedule in addition to those necessary to form an opinion on the consolidated financial statements.

This report has been prepared in accordance with Canadian generally accepted auditing standards.

Yellowknife, NT  
July 28, 2017

  
Paul Fleury & Co.  
Certified General Accountant

**Tulita Dene Band  
Consolidated Financial Statements**

**March 31, 2017**

Tulita Dene Band

Consolidated Financial Statements-

March 31, 2017

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## **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 28, 2017





## 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, 2017 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.

I was not able to obtain the necessary information to account for the investment in the Tulita District Investment Co. and the Two Rivers Development Group Ltd under the modified equity method. These investments are recorded at cost.

### 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 and had I been able to report the investment in the Tulita District Investment Co. and the Two Rivers Development Group under the modified equity method, these financial statements present fairly, in all material respects, the consolidated financial position of the Band as at March 31, 2017 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 28, 2017

  
Paul Fleury & Co  
Certified General Accountant

**Tulita Dene Band****STATEMENT 1****Consolidated Statement of Financial Position**

<b>As At March 31,</b>	<b>2017</b>	<b>2016</b>
<b>Financial Assets</b>		
Accounts receivable (Note 3)	\$ 77,437	\$ 110,944
Employee advances	1,857	125
GST	41,135	30,685
Refundable Taxes	558	558
Investments (Note 4)	122,000	122,000
<b>Total Financial Assets</b>	<b>242,987</b>	<b>264,312</b>
<b>Liabilities</b>		
Bank indebtedness	\$ 89,700	\$ 45,830
Accounts payable and accrued liabilities	194,723	146,817
Government Payroll Remittances	2,322	24,273
Deferred income (Note 6)	65,496	136,239
Current Portion of Long-Term Debt	74,566	73,848
Long-Term Debt (Note 7)	227,805	294,502
Due To Related Parties (Note 8)	205,879	205,879
<b>Total Liabilities</b>	<b>860,491</b>	<b>927,388</b>
<b>Net Financial Assets</b>	<b>-617,504</b>	<b>-663,076</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 5)	1,280,343	1,342,877
Prepaid Expenses	10,675	1,500
<b>Total Non-Financial Assets</b>	<b>1,291,018</b>	<b>1,344,377</b>
<b>Accumulated Surplus</b>	<b>\$ 673,514</b>	<b>\$ 681,301</b>

Approved on behalf of the directors



Chief



Director



## Tulita Dene Band

## STATEMENT II

## Consolidated Statement of Operations

YEAR ENDED MARCH 31, 2017	Budget	2017	2016
<b>REVENUE</b>			
DIAND-Core	\$	329,784	\$ 350,201
DIAND-Other		2,982	-
Cannor		191,418	-
Deferred Revenue-Prior Year		136,239	126,815
Deferred Revenue-Current Year	-	65,496	- 136,239
Government of Northwest Territories		357,462	356,020
Sahtu Dene Council		82,593	97,793
Personal Credits		-	22,626
Bingo Revenue		-	-
Donations		-	28,850
Miscellaneous Revenue		44,136	16,318
Administration and Management Fees		2,400	17,560
		<b>1,081,518</b>	<b>879,944</b>
<b>EXPENDITURES</b>			
Core		217,993	228,112
Community Capacity Building		120,975	108,458
Consultation and Policy		-	3,132
Youth Employment Strategy		-	25,968
Information Management and Technology		193,570	-
Administration		31,978	14,026
Brighter Futures		165,732	156,137
Personal Credits		-	76,626
Community Justice Program		49,612	48,700
Victim Service		90,553	93,496
Nutrition North		35,928	35,929
Youth Center		23,290	14,285
Summer Student		10,175	13,000
Take a Kid on the Land		10,000	-
Out on the Land		19,250	27,487
Miscellaneous Programs		16,507	-
Cultural Language Camp		10,000	-
Language Literacy		46,197	47,710
Total Expenses		1,041,760	893,066
Annual Operating Surplus		39,758	- 13,122
Income (loss) from Subsidiary	-	21,394	- 22,408
Prior Year Adjustment	-	26,151	-
Accumulated Surplus at the beginning of the year		681,301	716,831
<b>Accumulated Operating Surplus at the end of the year</b>		<b>673,514</b>	<b>681,031</b>

**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Statement of Operations-Tulita Development Ltd**

**STATEMENT 11a**

<b>Year-ended March 31,</b>	<b>Budget</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>			
Grants	29,700	\$ 12,375	\$ 29,700
Fees for Services	150,000	131,600	142,570
Rental Income	180,000	172,932	180,750
Donations	-	-	25,000
Miscellaneous	7,000	1,226	6,870
	366,700	318,133	384,890
<b>EXPENSES</b>			
Cedo	29,700	\$ 12,375	\$ 27,848
Forestry Contract	100,000	96,742	94,489
RDC Building	250,000	224,422	253,536
Miscellaneous	-	-	25,221
Motor Vehicles	7,000	5,988	6,204
	386,700	339,527	407,298
Annual operating surplus (deficit)	-20,000	-21,394	-22,408
Accumulated operating surplus beginning of the year		551,766	574,174
Accumulated operating surplus at the end of the year	\$	530,372	\$ 551,766



**Consolidated Statement of Change in Net Financial Assets**

<b>Year Ended March 31,</b>	<b>2017</b>	<b>2016</b>
Surplus (Deficit)	\$ 39,758	\$ - 13,122
Loss of subsidiary	- 21,394	- 22,408
Prior year adjustment	- 26,151	-
Amortization of tangible capital assets	62,534	59,799
(Acquisition) Disposal of capital assets	-	- 3,333
	<b>54,747</b>	<b>20,936</b>
(Increase ) decrease in prepaid expenses	- 9,175	7,126
Decrease in deferred interest	-	2,580
	45,572	30,642
Net Financial Assets, beginning of year	- 663,076	- 693,718
<b>Net Financial Assets end of year</b>	<b>\$ - 617,504</b>	<b>- 663,076</b>

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

<b>Year Ended March 31,</b>	<b>2017</b>	<b>2016</b>
Balance March 31,		
Current Liabilities	\$ 427,007	\$ 390,065
Long-Term Debt	294,502	461,913
Related Parties	205,879	205,879
	<b>927,388</b>	<b>1,057,857</b>
Balance March 31,		
Current Liabilities	426,807	427,007
Long-Term Debt	227,805	294,502
Due To Related Parties	205,879	205,879
	860,491	927,388
<b>Decrease (Increase) in Net Debt</b>	<b>\$ 66,897</b>	<b>130,469</b>

## Tulita Dene Band

## STATEMENT V

## Consolidated Statement of Cash Flow

Year Ended March 31,	2017	2016
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss)	\$ 18,364	\$ -35,530
Prior year adjustment	-26,151	-
Items not affecting cash		
Amortization	62,534	59,799
<b>Change in non-cash operating working capital</b>		
Accounts receivable	31,775	104,144
GST receivable	-10,450	-4,494
Deferred interest	-	2,580
Prepaid expenses and deposits	-9,175	7,126
Accounts payable and accrued liabilities	47,906	8,103
Government payroll remittances	-21,951	12,734
Corporate taxes	-	-686
Deferred income	-70,743	-15,333
	22,109	138,443
<b>Financing activities</b>		
Long-term debt	-65,979	-93,563
<b>Investing Activities</b>		
(Purchase) Disposal of capital assets	-	-3,333
Investment	-	15
		3,318
<b>Cash increase</b>	-43,870	41,562
<b>Cash and cash equivalents, beginning of year</b>	-45,830	-87,392
<b>Cash and cash equivalents, end of year</b>	\$ -89,700	\$ -45,830



**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Notes to the Financial Statements**

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**March 31, 2017**

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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. 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.

**March 31, 2017**

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**(e) Revenue recognition**

The Band follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Contributions which are not expensed in the current year are set up as deferred funding or refundable contributions that must be repaid to the contributor.

**(f) General revenues**

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

**(g) Contributed services**

Hours contributed by volunteers to assist the entities in carrying out its service delivery Activities are not recognized in the financial statements because of the difficulty in determining their fair value.

**(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.

**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Notes to the Financial Statements**

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**March 31, 2017**

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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.

**p) Investments**

Investments subject to significant influence are recorded under the modified equity method. The investment is initially recorded at cost and adjustments are made to include the Band's share of the investee's net earnings or losses. These adjustments are included in net earnings. The amount of the investment is reduced by any dividends received or receivable from the investment.

The cost method is used to record investments in all other companies.

**3. Accounts Receivable**

	2017	2016
Contributions	\$ 52,363	\$ 119,745
Other	3,458	13,532
Services	21,616	31,667
	77,437	164,944
Allowance for doubtful accounts	-	( 54,000)
	\$ 77,437	\$ 110,944



**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Notes to the Financial Statements**

**March 31, 2017**

**4. Investments**

	2017	2016
Tulita District Investment Company	\$ 5,000	\$ 5,000
Two Rivers Development Group Ltd. 117 Class A common shares (19% interest)	117,000	117,000
	<u>\$122,000</u>	<u>\$122,000</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. 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	2017 Net Book Value	2016 Net Book Value
Land		\$ 24,903	\$ -	\$ 24,903	\$ 24,903
Harbour		71,016	-	71,016	71,016
Buildings	4%	2,474,283	1,300,480	1,173,803	1,224,343
Equipment	20%	38,104	35,967	2,137	2,671
Office equipment	20%	61,957	59,638	2,319	2,898
Telephone system	20%	4,841	2,610	2,231	2,788
Computer equipment	30%	24,671	14,299	10,372	17,285
Automotive	30%	58,091	37,806	20,285	23,862
Snowmachine	30%	12,000	9,551	2,449	3,499
		<u>2,769,866</u>	<u>1,460,351</u>	<u>1,309,515</u>	<u>1,373,265</u>
Deferred gov't assistance		( 45,700)	( 16,528)	( 29,172)	(30,388)
		<u>\$2,724,166</u>	<u>\$ 1,443,823</u>	<u>\$1,280,343</u>	<u>\$ 1,342,877</u>

**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Notes to the Financial Statements**

**March 31, 2017**

**6 Deferred Revenue**

	2016	Taken into Revenue	Amount Returned	Additional	2016
Sahtu Dene Council-Language Program	\$ 21,706	\$ ( 21,706)	\$ -	-	\$ -
-Cultural Committee	24,538	-	-	-	24,538
Leadership	27,437	( 27,437)	-	-	-
Brighter Futures	40,958	-	-	-	40,958
Diand-Summer Employment	21,600	( 21,600)	-	-	-
	\$ 136,239	\$ ( 70,743)	\$ -	-	\$ 65,496

	2017	2016
<b>7. Long-term Debt</b>		
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	\$ 274,567	\$ 333,681
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	27,804	34,669
Current Portion	302,371 (74,566)	368,350 ( 73,848)
	\$ 227,805	\$ 294,502

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

	2017	-	73,848
	2018	74,566	74,566
	2019	75,284	75,284
	2020	76,002	76,002
	2020	76,519	68,650
	\$ 302,371	\$ 368,350	

**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Notes to the Financial Statements**

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**March 31, 2017**

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**8. Due to Related Parties**

	2017	2016
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**

Budgets were prepared by the Band and are not audited.

**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.



**Tulita Dene Band**  
**Consolidated Financial Statements**  
**Notes to the Financial Statements**

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**March 31, 2017**

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**12. Income tax reconciliation**

The reconciliation of income taxes is as follows	2017	2016
Net income (loss) before income taxes	( 20,432)	(22,408)
Amortization differences between accounting and tax puposes	20,432	22,408
Taxable income	nil	nil
Statutory rates	38%	38%
Expected income tax expenses	nil	nil
Tax adjustment of prior year	953	nil
Tax Expense	953	nil

**13. Prior year adjustment.**

Funding of prior years had to be returned to the funders.