

**Tulita Dene Band  
Consolidated Financial Statements**

March 31, 2018

Tulita Dene Band

Consolidated Financial Statements-

March 31, 2018

---

	Management's Responsibility for Financial Statements	3
	Auditor's Report	4
Statement I	Consolidated Statement of Financial Position	5
Statement II	Consolidated Statement of Operation-Tulita Dene Band	6
Statement 11a	Consolidated Statement of Operations-Tulita Development Ltd	6a
Statement III	Consolidated Statement of Changes in Net Financial Assets	7
Statement IV	Consolidated Statement of Changes in Debt	8
Statement V	Consolidated Statement of Cash Flows	9
	Notes to the Financial Statements	10 18
Annex A	Schedule of Salaries, Honoraria, Travel Expenses and Other Remuneration Paid to Elected or Appointed Officials	19
Annex B	Schedule of Salaries, and Other Benefits paid to Unelected Senior Officials	19
Annex C	Funding Reconciliation	20
Schedule A	Capital Project Schedule	21
Schedules	Schedule of Revenue and Expenditures-Tulita Dene Band	1-22



**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, 2018



**Paul Fleury**

Chartered Professional Accountant - CGA

---

## 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, 2018 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

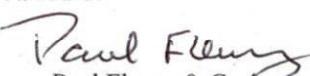
In common with many non-profit organizations, the Band derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification.

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, 2018 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.

  
Paul Fleury & Co  
Certified General Accountant

Yellowknife, Northwest Territories  
July 28, 2018

## Tulita Dene Band

## STATEMENT I

## Statement of Financial Position

As At March 31,	2018	2017
<b>Financial Assets</b>		
Accounts Receivable (Note 3)	\$ 84,818	\$ 54,584
Employee advances	-	1,657
GST	39,157	33,463
Due from related party ( Note 5)	307,433	299,561
Investments (Note 6)	550,578	534,823
<b>Total Financial Assets</b>	<b>981,986</b>	<b>924,088</b>
<b>Liabilities</b>		
Bank indebtedness	\$ 86,562	\$ 69,936
Accounts payable and accrued liabilities	162,140	145,967
Employee Benefits Payable	35,421	2,151
Deferred income (Note 8)	24,538	65,496
<b>Total Liabilities</b>	<b>308,661</b>	<b>283,550</b>
<b>Net Financial Assets</b>	<b>673,325</b>	<b>640,538</b>
<b>Non-Financial Assets</b>		
Tangible Capital Assets (Note 7)	16,122	23,635
Pepaid Expenses	500	9,675
<b>Total Non Financial Assets</b>	<b>16,622</b>	<b>33,310</b>
<b>Accumulated Surplus</b>	<b>\$ 689,947</b>	<b>\$ 673,848</b>

Approved on behalf of the Directors



Chief



Director

STATEMENT II

Tulita Dene Band

Consolidated Statement of Operations

YEAR ENDED MARCH 31, 2018	Budget	2018	2017
<b>REVENUE</b>			
DIAND-Core	\$ 366,244	\$ 366,244	\$ 329,784
DIAND-Other	-	21,715	2,982
Cannor	-	-	191,418
Deferred Revenue-Prior Year	59,812	59,812	136,239
Deferred Revenue-Current Year	-	-	(65,496)
Government of Northwest Territories	360,222	360,222	357,462
Sahtu Dene Council	133,061	133,061	82,593
Yamoria	25,000	25,000	-
Donations	15,000	15,000	-
Miscellaneous Revenue	-	12,376	44,136
Administration and Management Fees	30,000	31,463	2,400
Interest	-	8,310	-
	<b>989,339</b>	<b>1,033,203</b>	<b>1,081,518</b>
<b>EXPENDITURES</b>			
Core	204,799	204,799	217,993
Community Capacity Building	111,006	111,006	120,975
Basic Administration Development	25,000	25,000	-
First Nation and Inuit Skill Program	59,020	59,020	-
Information Management and Technology	-	-	193,570
Administration	10,000	50,130	31,978
Brighter Futures	220,547	220,547	165,732
TYC Land Program	25,000	25,000	-
Community Justice Program	48,775	48,775	49,612
Victim Service	90,000	89,981	90,553
Nutrition North	38,220	38,220	35,928
Youth Center	13,141	13,141	23,290
Summer Student	10,000	11,663	10,175
Take a Kid on the Land	10,000	10,401	10,000
Inac Fishing and Hunting	-	2,115	-
Out on the Land	30,578	30,578	19,250
Miscellaneous Programs	-	-	16,507
Cultural Language Camp	22,000	22,000	10,000
Language Coordinator	48,483	48,483	-
Language Resources	22,000	22,000	46,197
Total Expenses	998,569	1,032,859	1,041,760
Annual Operating Surplus	770	344	39,758
Income (loss) from Subsidiary	20,000	15,755	(21,394)
Prior Year Adjustment	-	-	(26,151)
Accumulated Surplus at the beginning of the year	673,848	673,848	681,635
<b>Accumulated Operating Surplus at the end of the year</b>	<b>\$ 694,618</b>	<b>\$ 689,947</b>	<b>\$ 673,848</b>

**STATEMENT 11a**

**Statement of Operations-Tulita Development Ltd**

<b>Year-ended March 31,</b>	<b>Budget</b>	<b>2018</b>	<b>2017</b>
<b>REVENUE</b>			
Grants	\$ -	\$ -	\$ 12,375
Fees for Services	150,000	202,706	131,600
Rental Income	180,000	163,923	172,932
Dividends	-	15,400	-
Donations	-	-	-
Miscellaneous	7,000	4,000	1,226
	337,000	386,029	318,133
<b>EXPENSES</b>			
Cedo	\$ -	\$ -	\$ 12,375
Forestry Contract	115,000	143,542	96,742
RDC Building	197,000	201,482	224,422
Miscellaneous	-	21,873	-
Motor Vehicles	5,000	3,377	5,979
	317,000	370,274	339,518
Annual operating surplus (deficit)	20,000	15,755	(21,385)
Accumulated operating surplus beginning of the year	529,823	529,823	551,208
	\$ 549,823	\$ 545,578	\$ 529,823

## Consolidated Statement of Change in Net Financial Assets

Year Ended March 31,	2018	2017
Surplus (Deficit)	\$ 344	\$ 39,758
Loss of subsidiary	15,755	(21,394)
Prior year adjustment		(26,151)
Amortization of tangible capital assets	74,436	62,534
(Acquisition) Disposal f capital assets	-	
	<b>90,535</b>	<b>54,747</b>
(Increase ) decrease in prepaid expenses	9,175	(9,175)
Net Financial Assets, beginning of year	(618,062)	(663,634)
<b>Net Financial Assets end of year</b>	<b>\$ (518,352)</b>	<b>\$ (618,062)</b>

## Consolidated Statement of Change in Net Debt

Year Ended March 31,	2018	2017
Balance March 31,		
Current Liabilities	\$ 426,807	\$ 427,007
Long-Term Debt	227,805	294,502
Related Parties	205,879	205,879
	<b>860,491</b>	<b>927,388</b>
Balance March 31,		
Current Liabilities	441,307	426,807
Long-Term Debt	145,625	227,805
Due To Related Parties	205,879	205,879
	792,811	860,491
<b>Decrease (Increase) in Net Debt</b>	<b>\$ 67,680</b>	<b>66,897</b>

## Consolidated Statement of Cash Flow

Year Ended March 31,	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss)	\$ 16,099	\$ 18,364
Prior year adjustment	-	(26,151)
Items not affecting cash		
Amortization	74,436	62,534
<b>Change in non-cash operating working capital</b>		
Accounts receivable	(18,533)	31,775
GST receivable	(8,019)	(10,450)
Prepaid expenses and deposits	9,175	(9,175)
Accounts payable and accrued liabilities	21,368	47,906
Government payroll remittances	33,107	(21,951)
Corporate taxes	3,403	
Deferred income	(40,958)	(70,743)
	90,078	22,109
<b>Financing activities</b>		
Long-term debt	(81,462)	(65,979)
<b>Cash increase</b>	<b>8,616</b>	<b>(43,870)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>(89,700)</b>	<b>(45,830)</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ (81,084)</b>	<b>\$ (89,700)</b>

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

---

**March 31, 2018**

---

**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, 2018**

---

**(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**

---

**March 31, 2018**

---

**(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**

	2018	2017
Contributions	\$ 82,168	\$ 52,363
Other	2,650	3,458
Services	12,809	21,616
	<hr/>	<hr/>
	97,627	77,437

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

**March 31, 2018**

**4. Investments**

	2018	2017
Tulita District Investment Company	\$ 5,000	\$ 5,000
Two Rivers Development Group Ltd. 117 Class A common shares (19% interest)	117,000	117,000
	<b>\$122,000</b>	<b>\$122,000</b>

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	2018 Net Book Value	2017 Net Book Value
Land		\$ 24,903	\$ -	\$ 24,903	\$ 24,903
Harbour		71,016	14,203	56,813	71,016
Buildings	4%	2,474,286	1,348,684	1,125,602	1,174,695
Equipment	20%	38,104	36,395	1,709	2,137
Office equipment	20%	61,957	60,102	1,855	2,319
Telephone system	20%	4,841	3,057	1,784	2,231
Computer equipment	30%	24,671	18,447	6,224	10,372
Automotive	30%	58,091	43,893	14,198	20,285
Snowmachine	30%	12,000	10,286	1,714	2,449
		<b>2,769,869</b>	<b>1,535,067</b>	<b>1,234,802</b>	<b>1,310,407</b>
Deferred gov't assistance		( 45,700)	( 17,697)	( 28,003)	( 29,172)
		<b>\$2,724,169</b>	<b>\$ 1,517,370</b>	<b>\$1,206,799</b>	<b>\$ 1,281,235</b>

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

**March 31, 2017**

**6 Deferred Revenue**

	2017	Taken into Revenue	Amount Returned	Additional	2018
-Cultural Committee	24,538	-	-	-	24,538
Brighter Futures	40,958	(40,958)	-	-	-
	<u>\$ 65,496</u>	<u>\$ (40,958)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 24,538</u>

	2018	2017
<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	\$ 200,985	\$ 274,567
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	19,924	27,804
Current Portion	220,909 (75,284)	302,371 ( 74,566)
	<u>\$ 145,625</u>	<u>\$ 227,805</u>

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

2018	-	74,566
2019	75,284	75,284
2020	76,002	76,002
2020	69,623	76,519
	<u>\$ 220,909</u>	<u>\$ 302,371</u>

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

---

**March 31, 2018**

---

**8. Due to Related Parties**

	2018	2017
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**

---

**March 31, 2017**

---

**12. Income tax reconciliation**

The reconciliation of income taxes is as follows	2018	2017
Net income (loss) before income taxes	33,361	(20,432)
Amortization differences between accounting and tax purposes	5,716	20,432
<u>Non-taxable dividend</u>	<u>(15,400)</u>	<u>nil</u>
 Taxable income	 23,677	 nil
<u>Statutory rates</u>	<u>38%</u>	<u>38%</u>
 Expected income tax expenses	 8,997	 nil
Small business deduction	(4,173)	nil
<u>Federal abatement</u>	<u>(2,368)</u>	<u>nil</u>
 Federal tax	 2,456	 nil
Provincial tax	947	nil
<u>Tax adjustment of prior year</u>	<u>-</u>	<u>953</u>
 <u>Tax Expense</u>	 <u>3,403</u>	 <u>953</u>

**13. Management fees paid by Tulita Development**

Management fees paid to Tulita Dene Band	\$ 22,100.00
Executive Staff of the Tulita Dene Band	<u>37,900.00</u>
	\$ 60,000.00

Fees paid to staff exceeded the authorized amount by \$ 7,900.00

---

**Tulita Dene Band****14 a Expenses by object-Tulita Dene Band**

---

The following is a summary of expenses by object

YEAR ENDED MARCH 31,	2018	2017
<b>EXPENDITURES</b>		
Wages and Benefits	573,958	464,268
Honoraria	28,600	27,200
Administration fees	9,363	-
Audit fees	8,844	-
Advertising and promotion	2,898	4,794
Amortization	7,513	10,003
Bad debts	-	669
Bank charges and interest	6,760	5,020
Communications	22,092	22,406
Computer equipment	-	5,596
Donations and funerals	288	955
Meetings and workshops	2,031	2,900
Office supplies, photocopies	8,688	8,238
Refreshments, food, snacks	31,700	19,165
Rent	28,164	28,164
Travel	94,312	88,468
Utilities	9,229	14,246
Materials, crafts and supplies	2,136	1,158
Maintenance	4,399	2,908
Cultural activities	300	1,875
Insurance	845	803
Facilitators, resource people and subcontractors	52,960	159,192
Registration	1,220	927
Freight postage and local transportation	3,557	5,002
Professional fees	10,854	21,321
Community projects	122,148	146,482
	<b>\$ 1,032,859</b>	<b>\$ 1,041,760</b>

**Tulita Dene Band****Notes to the Financial Statements****Year ended March 31,****2018****2017****14 a Expenses by object-Tulita Development Ltd**

The following is a summary of expenses by object

**EXPENSES**

Amortization	\$ 66,923	\$ 52,534
Audit fees	7,804	12,384
Automotive	1,952	6,702
Bank charges and interest	3,211	2,148
Bad debts	13,296	-
Honoraria	3,000	-
Insurance	18,765	17,610
Interest on long-term debt	23,895	19,632
Legal fees	3,532	-
Licences, Fees and Office expenses	-	250
Management fees	60,000	-
Miscellaneous	-	-
Motor Vehicles	3,377	5,979
Office Supplies	744	767
Property Taxes	4,433	1,986
Repairs and maintenance	4,144	14,774
Supplies	526	2,822
Travel and accomodations	656	7,174
Utilities	44,935	53,678
Wages	105,678	140,134
Corporate taxes	3,403	944
	<b>\$ 370,274</b>	<b>\$ 339,518</b>