

**FORT GOOD HOPE DENE
COMMUNITY COUNCIL**

Fort Good Hope, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2014



PAUL TEOH

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Fort Good Hope Dene Community Council

I have audited the accompanying consolidated financial statements of Fort Good Hope Dene Community Council, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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. 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 consolidated financial statements.

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

Basis for Qualified Audit Opinion

The Fort Good Hope Dene Community Council derives significant amount of revenues from donations and fundraising, which are included in other revenues and recoveries. The completeness of which is not susceptible to satisfactory audit verification. Accordingly my verification of these revenues was limited to the amounts recorded in the records of the Fort Good Hope Dene Community Council and I was unable to determine if further adjustments might be necessary to other revenue and annual deficit.

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Paul Teoh Professional Corporation • 408 – 20th Avenue NE • Calgary • Alberta • T2E 1R2

Tel: 1.403.520.7428 • Toll Free: 1.877.PAUL.TEOH / 1.877.285.8364 • Fax: 1.403.520.7431 • Web: www.paulteoh.ca

PAUL TEOH

Chartered Accountants

On July 25, 2013, the auditors expressed a disclaimer of opinion on the financial statements of the Fort Good Hope Dene Community Council for the year ended March 31, 2013 concerning donations and fundraising and inventory quantities and I was unable to satisfy myself by alternative means concerning the opening balances at April 1, 2013. Since opening balances enter into the determination of the financial performance and cash flows, I was unable to determine whether adjustments might have been necessary in respect of annual deficit, accumulated surplus and changes in net financial debt.

Qualified Opinion

In my opinion, except for the matters described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Fort Good Hope Dene Community Council as at March 31, 2014, and the consolidated results of its operations, changes in net financial assets and cash flows of the year then ended in accordance with Canadian Canadian public sector accounting standards.

Other Matter

The comparative figures have been audited by other auditors.

Paul Teoh

Chartered Accountant

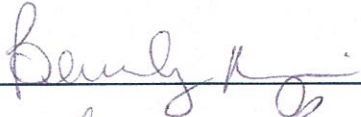
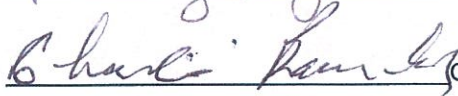
Calgary, Alberta
September 3, 2014

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2014	2013
Financial Assets		
Cash	\$ 152,718	\$ 260,717
Accounts receivable (note 2)	112,502	174,637
Contributions receivable (note 3)	178,770	147,928
Receivable from related party (note 4)	7,481	13,981
Inventory	12,000	84,540
Long term Investments (note 5)	237,203	-
Total Financial Assets	700,674	681,803
Liabilities		
Accounts payable and accrued liabilities	179,847	192,730
Contributions payable (note 7)	11,583	38,487
Deferred contributions (note 8)	283,966	168,884
Total Liabilities	475,396	400,101
Net Financial Assets	225,278	281,702
Non-Financial Assets		
Tangible capital assets (note 9)	105,032	170,233
Prepaid expenses and deposits	23,080	3,500
Total Non-Financial Assets	128,112	173,733
Accumulated Surplus (note 10)	\$ 353,390	\$ 455,435
Contingent Liabilities (note 11)		

Approved on behalf of the Council:

 Councillor
 Councillor

The accompanying notes and schedules are an integral part of these financial statements.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2014	2014	2013
	Budget	Actual	Actual
Revenue			
Contributions:			
- Aboriginal Affairs and Northern Development Canada	\$ 320,437	\$ 345,443	\$ 389,538
- Government of Canada	-	142,631	180,483
- Government of NWT	-	795,057	689,199
- Others	-	297,512	121,071
Other revenue and recoveries	-	217,921	1,062,332
Add opening deferred revenue	-	168,885	197,025
Less closing deferred revenue	-	(283,966)	(168,885)
	320,437	1,683,483	2,470,763
Expenditure			
Administration	-	24,931	29,634
Amortization	-	13,166	13,866
Bad debts (recovered)	-	14,329	332
Bank charges and interest	3,000	5,684	4,618
Community events	-	21,650	31,220
Contracted services	-	14,800	73,084
Donations	3,000	88,815	9,594
Equipment rental	2,400	11,557	200,808
Freight and postage	-	10,738	2,160
Honoraria	36,000	39,062	64,550
Loss on disposal of capital assets	-	52,035	-
Materials and supplies	31,637	310,084	461,584
Meeting and workshop	-	27,450	71,809
Office	1,200	12,932	7,157
Professional fees	42,000	110,276	145,747
Rent and property taxes	-	30,000	34,000
Repairs and maintenance	-	63,969	78,726
Telephone and Internet	48,000	39,908	47,023
Training and scholarships	-	63,651	84,042
Travel and accommodation	7,200	109,448	159,492
Utilities	-	48,798	51,753
Wages and benefits	146,000	672,245	741,222
	320,437	1,785,528	2,312,421
Annual Surplus (Deficit)	-	(102,045)	158,342
Accumulated Surplus, beginning of year	455,435	455,435	297,093
Accumulated Surplus, end of year	\$ 455,435	\$ 353,390	\$ 455,435

The accompanying notes and schedules are an integral part of these financial statements.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2014	2014	2013
	Budget	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(102,045)	\$ 158,342
Amortization of tangible capital assets	-	13,166	13,866
Loss (gains) on sale of tangible capital assets	-	52,035	-
Decrease (increase) in prepaid expenses and deposits	-	(19,580)	-
Increase (Decrease) in Net Financial Assets	-	(56,424)	172,208
Net Financial Assets, beginning of year	281,702	281,702	109,494
Net Financial Assets, end of year	\$ 281,702	\$ 225,278	\$ 281,702

The accompanying notes and schedules are an integral part of these financial statements.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2014	2013
Operating Activities		
Cash receipts from contributions	\$ 1,829,858	\$ 2,484,586
Cash payments to suppliers and employees	(1,707,154)	(2,328,454)
	122,704	156,132
Financing Activities		
Decrease (increase) in receivable from related parties	6,500	-
	6,500	-
Investing Activities		
Decrease (increase) in long term investments	(237,203)	-
	(237,203)	-
Net Increase (Decrease) in Cash	(107,999)	156,132
Cash, beginning of year	260,717	104,585
Cash, end of year	\$ 152,718	\$ 260,717

The accompanying notes and schedules are an integral part of these financial statements.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

The Fort Good Hope Dene Community Council (the "Council") is an Indian band which represents the K'asho Got'ine First Nation people in Fort Good Hope, Northwest Territories. It is exempt for income tax purposes under Section 149(1)(c) of the *Income Tax Act*.

1. Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of Canadian Institute of Chartered Accountants.

(b) Reporting Entity

Fort Good Hope Dene Community Council reporting entity includes the accounts of Fort Good Hope Dene Community Council and all related entities controlled by the Council.

(c) Principles of Consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Fort Good Hope Dene Community Council's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Fort Good Hope Dene Community Council.

Organizations consolidated in Fort Good Hope Dene Community Council's financial statements include:

- K'asho Got'ine Development Corporation - 100% interest

Organizations accounted for on a modified equity basis include:

- Sahtu Dene Inn Limited Partnership - 25% interest

(d) Inventory

Inventory comprised of office supplies, parts inventory for own use, are recorded at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(e) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

(f) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Amortization expense is recorded over the estimated useful lives of the assets, using the following method and annual rates:

Buildings	3%	Straight Line
Vehicles	30%	Straight Line
Computer equipment	33%	Straight Line
Furniture and fixtures	10%	Straight Line
Office equipment	20%	Straight Line
Sawmill equipment	30%	Straight Line
Sound stage	10%	Straight Line
Language software	33%	Straight Line

(g) Allocation of Expenditure

Certain common expenditure have been allocated to programs based on estimate of services provided.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(h) Financial Instruments

The Council has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash is classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction cost incurred on acquisition and financing costs, which are amortized using the straight line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

As the Council does not have any unrealized gains or losses, a statement of remeasurement gains and losses has not been prepared.

(i) Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

2. Accounts Receivable

	2014	2013
Trades and others	\$ 73,684	\$ 134,707
GST refundable	38,818	39,930
	<u>\$ 112,502</u>	<u>\$ 174,637</u>

3. Contributions Receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada:		
Governance	\$ -	\$ 1,500
Website	-	1,000
Youth Work Experience	2,500	5,770
Political and Social Development	14,065	-
CanNor	-	22,544
Others:		
Sahtu Dene Council	9,002	20,234
Yamoga Lands Corporation	-	11,149
Government of NWT:		
GNWT - ENR	30,000	63,306
GNWT - DOT	56,063	22,425
GNWT - ITI	2,204	-
GNWT - ECE	13,824	-
GNWT - Justice	51,112	-
	<u>\$ 178,770</u>	<u>\$ 147,928</u>

4. Receivable from Related Party

	2014	2013
Charter Community of K'asho Got'ine - common control	\$ 7,481	\$ 13,981

Amount receivable from related party is unsecured, non-interest bearing and repayable on demand though there is no set term of repayment.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

5. Long Term Investments

The Council's wholly owned subsidiary, K'asho Got'ine Development Corporation, owns 24.90% of Sahtu Dene Inn Limited Partnership (the "Partnership"). The Partnership was established in accordance with the partnership agreement dated February 13, 2013 pursuant to the *Partnership Act* of Northwest Territories. The Partnership is located in Deline, Northwest Territories.

The Partnership's principal activities are to own and operate the Sahtu Dene Inn (formerly Mackenzie Valley Hotel Ltd.) in Norman Wells, Northwest Territories. The partners are:

(i)	Berah Gutone Tue" Enterprises Ltd. - Limited Partner	249 units
(ii)	K'asho Got'ine Development Corporation - Limited Partner	249 units
(iii)	Techi?q Ltd. - Limited Partner	249 units
(iv)	Tulita Developments Ltd. - Limited Partner	249 units
(v)	Sahtu Dene Inn Inc. - General Partner	4 units

The following summarizes the financial position and results of operations of the Partnership as at and for the year ended March 31, 2014.

	2014	2013
Financial Position		
Current assets	\$ 793,676	\$ -
Non-current assets	1,964,844	-
Total assets	2,758,520	-
Liabilities	(1,805,897)	-
Total partnership's equity	\$ 952,623	\$ -
Total partnership's equity attributable to the Council	\$ 237,203	\$ -
Financial Performance		
Revenue	\$ 1,674,356	\$ -
Expenses	(1,022,938)	-
Net earnings (loss)	\$ 651,418	\$ -
Net earnings attributable to the Council	\$ 162,203	\$ -
Investment:		
Limited Partnership units at cost	\$ 75,000	\$ -
Accumulated earnings	162,203	-
Total partnership's equity attributable to the Council	\$ 237,203	\$ -

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

6. Bank Indebtedness

The Council has a revolving line of credit up to \$100,000 with the Canadian Imperial Bank of Commerce. It bears interest at prime plus 3.0%.

7. Contributions Repayable

	2014	2013
Government of NWT:		
GNWT - Justice - Moving Forward Victim Services	\$ 3,085	\$ 3,085
GNWT - ENR - Renewable Resources	-	8,877
GNWT - ECE - Outreach	-	11,154
GNWT - ITI - Economic Development Office	-	5,048
GNWT - Justice - Community Justice	-	1,825
GNWT - ITI - Development Corporation	8,498	8,498
	<u>\$ 11,583</u>	<u>\$ 38,487</u>

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

8. Deferred Contributions	2014	2013
Aboriginal Affairs and Northern Development Canada:		
AANDC-Council Training Support	\$ 28,027	\$ -
Government of NWT:		
GNWT ECE-Outreach	20,129	9,087
GNWT ECE-CBQE Radio	11,645	6,983
GNWT ITI-Harvest Logs	-	11,800
GNWT Justice-Victim Services-Crime	32,726	12,794
GNWT Justice	23,704	-
GNWT ITI-Arts & Crafts	1,217	-
GNWT ECE-Cultural Camps	2,231	-
GNWT ECE-Mother's Traditional Sewing	5,048	-
GNWT ECE-Literacy Skills, Youth and Adults	14,547	-
Others:		
Akita Drilling-Wood Stoves for Elders	1,000	1,000
K'asho Got'ine Development Corporation	-	1,240
New Horizons-Elders	8,953	21,226
Sahtu Dene Council-SSI Language	-	55,500
First Voices-Language Archiving	5,210	9,339
Yamoga-Student Counselling	28,653	37,331
Yamoga-Ladies Spa/Vision Night	-	1,410
Yamoga-Tugoke Youth Society	1,175	1,175
Grieving Fund	5,550	-
Graduation Events	3,183	-
Xahweguweh-Safety Training	15,713	-
Xahweguweh-Language & Culture	66,200	-
HSS-Youth Wellness	3,977	-
Cooking & Nutrition	5,079	-
	\$ 283,967	\$ 168,885

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

9. Tangible Capital Assets

	Balance, beginning of year	Disposals	Additions	Balance, end of year
Cost				
Buildings	\$ 177,922	\$(80,000)	\$ -	\$ 97,922
Vehicles	2,223	-	-	2,223
Computers	142,396	-	-	142,396
Furniture and fixtures	34,280	-	-	34,280
Office equipment	65,542	-	-	65,542
Sawmill equipment	1	-	-	1
Sound stage	46,406	-	-	46,406
Language software	10,000	-	-	10,000
Total	\$ 478,770	\$(80,000)	\$ -	\$ 398,770

	Balance, beginning of year	Disposals	Current Charge	Balance, end of year
Accumulated Amortization				
Buildings	\$ 62,195	\$(27,965)	\$ 1,910	\$ 36,140
Vehicles	1,962	-	78	2,040
Computers	134,917	-	2,468	137,385
Furniture and fixtures	24,792	-	1,012	25,804
Office equipment	46,935	-	3,531	50,466
Sawmill equipment	-	-	-	-
Sound stage	37,736	-	867	38,603
Language software	-	-	3,300	3,300
Total	\$ 308,537	\$(27,965)	\$ 13,166	\$ 293,738

	Balance, beginning of year	Balance, end of year
Net Book Value	\$ 170,233	\$ 105,032

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

10. Accumulated Surplus

	2014	2013
Unrestricted		
General Operating Fund	\$ 11,155	\$ 285,202
Investment Fund	237,203	-
Equity in Tangible Capital Assets	105,032	170,233
	<u>\$ 353,390</u>	<u>\$ 455,435</u>

11. Contingent Liabilities

The Council has a guaranteed line of credit from the Canadian Imperial Bank of Commerce for the Charter Community of K'asho Got'ine in the amount of \$200,000. As at March 31, 2014, the amount extended was \$175,469.

12. Economic Dependence

The Council receives a major portion of its revenue from the Aboriginal Affairs and Northern Development Canada and the Government of NWT. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

13. Comparative Figures

Certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

14. Capital Management

The Council's capital is composed of its working capital. The Council's objectives in managing capital are to safeguard the Council's ability to operate as a going concern and have adequate cash flows so that it can continue to provide services in accordance to contribution agreements with funding agencies. To maintain adequate working capital, the Council monitors its expenditure in accordance with contribution cash flows from funding agencies.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

15. Related Party Transactions

	2014	2013
The Council's transactions with related parties during the year are summarized as follows:		
Charter Community of K'asho Got'ine - common control		
- Airport maintenance expense	\$ 60,000	\$ 60,000
- GNWT Justice - Rent	6,000	6,000
- GNWT-ECE-Outreach - Rent	6,000	6,000
- Sahtu Dene Council-SSI Language - Rent	6,000	7,000
- Wellness Initiative AANDC - Rent	-	1,500
- Airstrip maintenance - Water	3,402	4,462
- Brighter Futures - Frontiers - Water	-	62
- Other Revenue and Expense - Water	195	-
	<u>\$ 85,024</u>	<u>\$ 85,024</u>

Company controlled by the Chief:

- Other Revenue and Expense - Accommodation	\$ -	\$ 5,630
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The transactions are in the normal course of operations and are measured at the exchange amount, being the amount of considerations established and agreed to by both parties.

16. Financial Instruments and Risk Management

The Council's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Council is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Council's non-compliance to the contribution agreements. The Council manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Liquidity Risk - Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council manages liquidity risk through the management of its capital structure.

Unless otherwise noted, it is management's opinion that the Council is not exposed to other significant interest, currency or credit risks arising from these financial instruments.