



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, 2018, 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 Modified Opinion

As disclosed in note 1 and 8 to the consolidated financial statements, public sector accounting standards require that Fort Good Hope Dene Community Council account for its investments in government business enterprises and partnerships using the modified equity method. The financial statements for the investee Sahtu Dene Inn Limited Partnership were not available. I was unable to determine whether any adjustments were required to Fort Good Hope Dene Community Council's investment in Sahtu Dene Inn Limited Partnership and its earnings from investments as at and for the year ended March 31, 2018.

2.



Modified Opinion

In my opinion, except for the possible effects of the matters described in the Basis for Modified 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, 2018, and the consolidated results of its operations, changes in net financial assets and cash flows of the year then ended in accordance with Canadian public sector accounting standards.

Paul Teoh

Chartered Accountant

Calgary, Alberta
July 12, 2018

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2018	2017
Financial Assets		
Cash (note 2)	\$ 16,926	\$ 46,483
Accounts receivable (note 3)	70,222	24,498
Contributions receivable (note 4)	58,050	209,580
Receivable from related party (note 5)	257,533	192,069
Total Financial Assets	402,731	472,630
Liabilities		
Bank indebtedness (note 6)	132,822	118,172
Accounts payable and accrued liabilities	112,659	225,519
Deferred contributions (note 7)	166,828	150,770
Total Liabilities	412,309	494,461
Net Financial Debt	(9,578)	(21,831)
Non-Financial Assets		
Long term Investments (note 8)	382,154	382,154
Tangible capital assets (note 9)	74,255	79,821
Prepaid expenses and deposits	2,922	-
Total Non-Financial Assets	459,331	461,975
Accumulated Surplus (note 10)	\$ 449,753	\$ 440,144

Contingent Liabilities (note 12)

Approved on behalf of the Council:

_____ Councillor

_____ Councillor

The accompanying notes and schedules are an integral part of these consolidated financial statements. 4.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2018	2018	2017
	Budget	Actual	Actual
Revenue			
Contributions:			
- Aboriginal Affairs and Northern Development Canada	\$ -	\$ 685,909	\$ 218,764
- Government of Canada	-	-	22,000
- Government of NWT	-	539,790	828,124
- Others	-	181,704	188,392
Other revenue and recoveries	-	404,343	287,520
Add opening deferred revenue	-	175,770	93,260
Less closing deferred revenue	-	(166,828)	(150,770)
	-	1,820,688	1,487,290
Expenditure			
Broadcasting	-	5,123	9,073
Community programs	-	333,788	99,812
Community wellness	-	259,643	243,559
Contract services	-	144,760	178,013
Council administration	-	323,209	402,177
Economic developments	-	270,680	138,335
Elder programs	-	15,066	22,062
Youth Employment Strategy	-	61,881	-
Justice programs	-	191,585	219,215
Governance	-	57,819	56,891
Language programs	-	45,751	64,944
Health and nutrition	-	21,447	25,448
Social programs	-	1,725	-
Youth programs	-	78,602	179,087
	-	1,811,079	1,638,616
Annual Surplus (Deficit)	-	9,609	(151,326)
Accumulated Surplus, beginning of year	440,144	440,144	591,470
Accumulated Surplus, end of year	\$ 440,144	\$ 449,753	\$ 440,144

The accompanying notes and schedules are an integral part of these consolidated financial statements. 5.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT

For the year ended March 31,	2018		2018	2017
	Budget		Actual	Actual
Annual Surplus (Deficit)	\$	-	\$ 9,609	\$(151,326)
Amortization of tangible capital assets		-	5,566	6,697
Decrease (increase) in prepaid expenses and deposits		-	(2,922)	6,044
Increase (Decrease) in Net Financial Debt		-	12,253	(138,585)
Net Financial Debt, beginning of year	(21,831)	(21,831)	116,754
Net Financial Debt, end of year	\$(21,831)	\$(9,578)	\$(21,831)

The accompanying notes and schedules are an integral part of these consolidated financial statements. 6.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2018	2017
Operating Activities		
Cash receipts from contributions	\$ 1,942,552	\$ 1,485,587
Cash payments to suppliers and employees	(1,921,295)	(1,637,471)
	21,257	(151,884)
Financing Activities		
Decrease (increase) in receivable from related parties	(65,464)	75,153
	(65,464)	75,153
Net Increase (Decrease) in Cash	(44,207)	(76,731)
Cash, beginning of year	(71,689)	5,042
Cash, end of year	\$(115,896)	\$(71,689)
Represented by:		
Cash	\$ 16,926	\$ 46,483
Bank indebtedness	(132,822)	(118,172)
	\$(115,896)	\$(71,689)

The accompanying notes and schedules are an integral part of these consolidated financial statements. 7.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

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 the Chartered Professional Accountants of Canada.

(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 - 24.9% 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, 2018

1. Significant Accounting Policies (Continued)

(e) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

(f) 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.

(g) 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

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

1. Significant Accounting Policies (Continued)

(h) Allocation of Expenditure

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

(i) 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.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

1. Significant Accounting Policies (Continued)

(j) 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.

(k) Related Party Transactions

Monetary related party transactions and non-monetary related party transactions that have commercial substance are measured at the exchange amount when they are in the normal course of business, except when the transaction is an exchange of a product or property held for sale in the normal course of operations. Where the transaction is not in the normal course of operations, it is measured at the exchange amount when there is a substantive change in the ownership of the item transferred and there is independent evidence of the exchange amount. All other related party transactions are measured at the carrying amount.

2 Cash

	2018	2017
Bank current account - K'asho Got'ine Development Corporation	\$ 16,926	\$ 46,483

3. Accounts Receivable

	2018	2017
Trades and others	\$ 65,368	\$ 20,046
GST refundable	4,856	4,452
	\$ 70,224	\$ 24,498

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

4. Contributions Receivable

	2018	2017
Aboriginal Affairs and Northern Development Canada:		
Consultation & Policy Development - 2015/16	\$ -	\$ 11,000
Consultation & Policy Development - 2016/17	-	1,667
Community Development and Capacity (Consultation & Policy Development) - 2017/18	11,000	-
Council Retreat (Intergovernmental Forums) - 2017/18	5,000	-
Youth Employment Strategy (FNS&Inuit Link Program) - 2017-18)	6,050	-
Sahtu Dene Council	46,493	53,150
Government of NWT:		
GNWT - ENR	11,218	11,218
GNWT - DOT	106,425	55,475
GNWT - ITI	-	5,279
GNWT - ECE	-	8,662
GNWT - Justice	6,478	-
GNWT - HSS	2,207	157,685
	194,871	304,136
Less allowances for contributions receivable	(136,821)	(94,557)
	\$ 58,050	\$ 209,579

5. Receivable from Related Party

	2018	2017
Charter Community of K'asho Got'ine - common control	\$ 257,533	\$ 192,069

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

6. Bank Indebtedness

The Council has a revolving line of credit up to \$200,000 with the Canadian Imperial Bank of Commerce. It bears interest at prime plus 3.0%.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

7. Deferred Contributions

	2018	2017
Aboriginal Affairs and Northern Development Canada:		
AANDC - Community Development and Capacity (2017-18)	\$ 52,181	\$ -
Government of NWT:		
HSS - Community Wellness	10,302	29,587
HSS - Journeying to Self	25,813	96,981
Others:		
XFC - Wood Stoves for Elders	-	3,750
Yamoga - Ladies Spa/Vision Night	-	2,584
Xahweguweh - Safety Training	-	17,868
Xahweguweh - Language & Culture Program	47,560	-
KGDC - Agribusiness Pilot Project	30,972	-
	\$ 166,828	\$ 150,770

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

8. Long Term Investments

K'asho Got'ine Development Corporation

The Council owns 100% of K'asho Got'ine Development Corporation. The Corporation was incorporated on July 4, 2011 under the Business Corporation Act of the Northwest Territories and commenced operations in September 2011. The Corporation is a government not-for-profit organization incorporated to pursue community economic development initiatives for the benefit of Fort Good Hope, Northwest Territories.

The Corporation is exempt from income tax under subsection 149(1) of the Income Tax Act. The Corporation is economically dependent on development projects with, and funding received from, the Government of Northwest Territories. The Corporation owns 24.9% of Sahtu Dene Inn Limited Partnership

The following summarizes the consolidated financial position and results of consolidated operations of the Partnership as at and for the year ended March 31, 2018.

	2018	2017
Consolidated Financial Position		
Total financial assets	\$ 117,264	\$ 90,571
Liabilities	11,000	11,000
Net financial assets	106,264	79,571
Total non-financial assets	382,156	382,156
Accumulated surplus	\$ 488,420	\$ 461,727
Consolidated Financial Performance		
Revenue	\$ 283,310	\$ 2,334
Expenses	256,617	628
Consolidated net earnings (loss)	\$ 26,693	\$ 1,706

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

8. Long Term Investments (Continued)

Sahtu Dene Inn Limited Partnership

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 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 financial statements for the Sahtu Dene Inn Limited Partnership are not available.

Investment:

Limited Partnership units at cost	\$	75,000	\$	75,000
Accumulated earnings		307,154		307,154
<hr/>				
Total partnership's equity attributable to the Council	\$	382,154	\$	382,154

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

9. Tangible Capital Assets

	Balance, beginning of year	Disposals	Additions	Balance, end of year
Cost				
Buildings	\$ 97,922	\$ -	\$ -	\$ 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	\$ 398,770	\$ -	\$ -	\$ 398,770

	Balance, beginning of year	Disposals	Current Charge	Balance, end of year
Accumulated Amortization				
Buildings	\$ 41,536	\$ -	\$ 1,692	\$ 43,228
Vehicles	2,160	-	19	2,179
Computers	140,889	-	497	141,386
Furniture and fixtures	28,272	-	663	28,935
Office equipment	57,389	-	1,462	58,851
Sawmill equipment	-	-	-	-
Sound stage	40,718	-	568	41,286
Language software	7,985	-	665	8,650
Total	\$ 318,949	\$ -	\$ 5,566	\$ 324,515

	Balance, beginning of year	Balance, end of year
Net Book Value	\$ 79,821	\$ 74,255

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

10. Accumulated Surplus

	2018	2017
Unrestricted		
General Operating Fund	\$(6,656)	\$(21,831)
Investment Fund	382,154	382,154
Equity in Tangible Capital Assets	74,255	79,821
	<u>\$ 449,753</u>	<u>\$ 440,144</u>

11. Expenditure by Object

	2018	2018	2017
	Budget	Actual	Actual
Administration	\$ -	\$ 38,654	\$ 52,172
Amortization	-	5,566	6,697
Band debts (recovered)	-	8,650	12,120
Bank charges and interest	-	14,232	7,459
Community events	-	14,172	29,534
Contracted services	-	138,923	71,410
Contributions repaid	-	13,982	32,232
Donations	-	2,587	15,652
Equipment rental	-	34,782	25,560
Freight and postage	-	3,138	1,723
Honoraria	-	41,750	21,273
Insurance	-	50,000	-
Materials and supplies	-	142,590	154,310
Meeting and workshop	-	87,725	63,948
Miscellaneous	-	28,702	20,043
Office	-	3,489	8,009
Professional fees	-	64,800	90,959
Rent	-	74,917	25,481
Repairs and maintenance	-	63,880	3,830
Telephone and Internet	-	4,271	19,380
Training and scholarships	-	58,351	3,627
Travel and accommodation	-	61,862	147,114
Utilities	-	56,946	54,026
Wages and benefits	-	797,110	772,057
	<u>\$ -</u>	<u>\$ 1,811,079</u>	<u>\$ 1,638,616</u>

12. 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 \$300,000. As at March 31, 2018, the amount extended was \$230,383 (2017: \$203,874).

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018

13. Budget

No budget was prepared by the Council in the current year. As such, no budget amounts have been disclosed in the financial statements.

Canadian public sector accounting standards ("PSAB") require disclosure of budget information for comparison to the Council's actual revenues and expenses. The consolidated budgeted revenues and expenses, and surplus (deficit) has not been reported in these consolidated financial statements as there was no approved budget. While having no effect on reported revenues, expenses, and surplus (deficit), omission of this information is considered a departure from PSAB.

14. 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.

15. Comparative Figures

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

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.

Interest Rate Risk - Interest rate risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate because of changes to market interest rates. The Council is exposed from time to time to interest rate risk in respect of the bank indebtedness due to changes in interest rate.

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.