

**Pehdzeh Ki First Nation**  
**Consolidated Financial Statements**  
**March 31, 2014**



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## Independent Auditors' Report

### To Chief and Council of Pehdzeh Ki First Nation

We have audited the accompanying consolidated financial statements of Pehdzeh Ki First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, change in net debt 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 consolidated financial statements. The procedures selected depend on the auditors' 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 First Nation'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 First Nation'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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.



## Independent Auditors' Report (continued)

### *Basis for Qualified Opinion*

Pehdzeh Ki First Nation operates a municipal landfill. Under Canadian public sector accounting standards reporting requirements, the First Nation must estimate the closure and post-closure costs associated with the remediation of the landfill. The First Nation has not recorded an estimate of these costs. Due to the complexity of such an estimate, we were not able to satisfy ourselves as to an appropriate value by any other means. Accordingly, we were unable to determine if further adjustments may be necessary for liabilities associated with the landfill.

Pehdzeh Ki First Nation owns a 100% interest in Pehdzeh Ki Contractors Ltd, a 50% equity interest in Ti K'edeh Enterprises Ltd, and a 50% interest in Ndulée Enterprises Ltd. We were unable to obtain sufficient appropriate audit evidence about equity adjustments recorded in the current year. As such, we are unable to determine if further adjustments were necessary to the investments in subsidiary and investee companies, equity in subsidiary and investee earnings, excess of revenues over expenditures and changes in net assets.

Pehdzeh Ki First Nation derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2014 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*Crowe MacKay LLP*  
Chartered Accountants

Yellowknife, Canada  
October 16, 2014

**Pehdzeh Ki First Nation**

**Consolidated Statement of Financial Position**

<u>As at March 31,</u>	<u>2014</u>	<u>2013</u>
<b>Financial Assets</b>		
Cash and cash equivalents (Note 4)	\$ 1,627,102	\$ 1,631,700
Accounts receivable (Note 6)	458,671	243,018
Investments in government business enterprises (Note 7)	163,323	100,332
	<u>2,249,096</u>	<u>1,975,050</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	399,413	552,308
Deferred revenue (Note 9)	1,822,523	1,802,867
Contributions refundable (Note 10)	50,266	33,268
Loans Payable (Note 11)	120,448	160,633
	<u>2,392,650</u>	<u>2,549,076</u>
<b>Net financial debt</b>	<b>(143,554)</b>	<b>(574,026)</b>
<b>Non-financial Assets</b>		
Tangible capital assets (Note 12)	7,006,989	7,651,247
Prepaid expenses and deposits	32,299	39,984
	<u>7,039,288</u>	<u>7,691,231</u>
<b>Accumulated Surplus (Note 14)</b>	<b>\$ 6,895,734</b>	<b>\$ 7,117,205</b>
Subsequent events (Note 18)		

Approved on behalf of the Chief and Council

, Chief

Mark Macnall, Chief Executive Officer

## Pehdzeh Ki First Nation

### Consolidated Statement of Operations

For the year ended March 31	2014	2013
<b>Revenue</b>		
Government of the Northwest Territories	\$ 1,707,552	\$ 2,192,817
Government of Canada - Aboriginal Affairs and Northern Development	357,151	397,932
Dehcho First Nation	86,502	47,668
Other revenue	154,642	92,468
Water and sewage fees	143,104	190,682
Rental revenue	125,580	4,000
Donations	66,400	19,680
Interest income	6,971	9,168
Deferred revenue transfers	(19,656)	15,520
Refundable Contributions	(27,820)	(2,101)
	\$ 2,600,426	\$ 2,967,834
<b>Expenses</b>		
Advertising	9,794	528
Amortization	694,656	669,018
Bad debts (recovery)	(11,333)	16,914
Equipment purchases and rental	177,056	145,584
Grants and contributions	6,700	24,362
Insurance	80,077	73,185
Interest and bank charges	8,325	4,498
Interest on long-term debt	3,835	6,976
Materials and supplies	153,795	174,221
Medical and funeral expenses	12,647	26,162
Office and administrative expenses	24,758	37,360
Petroleum and oil	180,319	164,269
Professional fees	197,401	144,794
Repairs and maintenance	37,356	33,316
Student allowance	13,608	43,633
Subcontract	127,475	154,242
Travel	94,318	177,421
Utilities and telephone	237,393	210,714
Wages, honoraria and benefits	860,058	911,534
	2,908,238	3,018,731
<b>Deficiency of revenue over expenses before other items</b>	(307,812)	(50,897)
<b>Other items</b>		
Income from investment in government business enterprises	62,991	121,670
Recovery (writedown) of advances to government business enterprises	23,350	(124,549)
	86,341	(2,879)
<b>Annual deficit</b>	\$ (221,471)	\$ (53,776)

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**Pehdzeh Ki First Nation**

**Consolidated Statement of Accumulated Surplus**

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<b>For the year ended March 31,</b>	<b>2014</b>	<b>2013</b>
<b>Accumulated surplus, beginning of year</b>	<b>\$ 7,117,205</b>	<b>\$ 7,170,981</b>
<b>Annual deficit</b>	<b>(221,471)</b>	<b>(53,776)</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 6,895,734</b>	<b>\$ 7,117,205</b>

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**Pehdzeh Ki First Nation****Consolidated Statement of Changes in Net Financial Debt**

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<b>For the year ended March 31,</b>	<b>2014</b>	<b>2013</b>
<b>Annual deficit</b>	<b>(221,471)</b>	<b>(53,776)</b>
Amortization of tangible capital assets	694,656	669,018
Acquisition of tangible capital assets	(50,398)	(811,483)
(Acquisition) use of prepaid expenses and deposits	7,685	(38,033)
	<b>651,943</b>	<b>(180,498)</b>
Increase (decrease) in net financial debt	430,472	(234,274)
Net financial debt, beginning of year	(574,026)	(339,752)
<b>Net financial debt, end of year</b>	<b>\$ (143,554)</b>	<b>\$ (574,026)</b>

**Pehdzeh Ki First Nation**

**Consolidated Statement of Cash Flows**

<b>For the year ended March 31,</b>	<b>2014</b>	<b>2013</b>
<b>Cash flows from Operating activities</b>		
Annual deficit	\$ (221,471)	\$ (53,776)
Items not affecting cash		
Amortization	694,656	669,018
Income from investment in government business enterprises	(62,991)	(121,670)
Writtenown (recovery) of advances to government business enterprises	(23,350)	124,549
	386,844	618,121
Change in non-cash operating working capital		
Accounts receivable	(215,653)	(64,961)
Prepaid expenses and deposits	7,685	(38,033)
Accounts payable and accrued liabilities	(152,895)	333,184
Deferred revenue	19,656	(16,764)
Contributions refundable	16,998	(37,374)
	62,635	794,173
<b>Financing activities</b>		
Repayment of loans payable	(40,185)	(57,288)
<b>Investing activities</b>		
Recovery of advances to government business enterprises	23,350	(42,565)
Acquisition of tangible capital assets	(50,398)	(811,483)
	(27,048)	(854,048)
<b>Decrease in cash and cash equivalents</b>	<b>(4,598)</b>	<b>(117,163)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>1,631,700</b>	<b>1,748,863</b>
<b>Cash and cash equivalents, end of year (Note 4)</b>	<b>\$ 1,627,102</b>	<b>\$ 1,631,700</b>

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## **Pehdzeh Ki First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **1. Nature of Operations**

The Pehdzeh Ki First Nation (the "First Nation") is established pursuant to the *Indian Act* of Canada. The First Nation Chief and Council administers the affairs of the First Nation. The First Nation is economically dependent on the Government of Canada, the Government of the Northwest Territories and the Dehcho First Nations. The First Nation is classified as an Indian Band which is a non-taxable entity under the Income Tax Act. Operating activities of the First Nation include the administration and delivery of services to the community of Wrigley, Northwest Territories.

#### **2. Basis of Presentation and Significant Accounting Policies**

The financial statements of the First Nation are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the First Nation are as follows:

##### **(a) Reporting Entity**

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial debt and change in financial position of the reporting entity. This entity is comprised of the operations plus all of the organizations that are owned or controlled by the First Nation and are, therefore, accountable to Council for the administration of their financial affairs and resources. The First Nation owns 100% of the issued and outstanding shares of Pehdzeh Ki Contractors Ltd. In addition, the First Nation has 50% interests in Ndulée Enterprises Ltd. and Ti K'edeh Enterprises Ltd. Finally, the First Nation has a 14% interest in Deh cho Helicopters Regional Limited Partnership.

##### **(b) 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 enterprises or government business partnerships, which are included in the consolidated financial statements on a modified equity basis. Interorganizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the First Nation's investments in the government business enterprises and the government business partnerships and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of enterprises that are different from those of the First Nation.

Organizations accounted for on a modified equity basis include:

- Pehdzeh Ki Contractors Ltd. (wholly owned subsidiary)
- Ndulée Enterprises Ltd. (50% interest)
- Ti K'edeh Enterprises Ltd. (50% interest)
- Dehcho Helicopter Limited Regional Partnership (14% interest)

##### **(c) Contributions refundable**

Contributions repayable consist of unspent deposits received for which deferment to future periods is not allowed under the terms of the contributing agreement.

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## **Pehdzeh Ki First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **2. Basis of Presentation and Significant Accounting Policies (continued)**

##### **(d) Deferred revenue**

Deferred revenue consists of non-refundable deposits which will be used up by the First Nation following the year end. Funding received for restricted purposes that has not been expended is required to be deferred. Where the commitments of the First Nation under the funding agreement have been met, any remaining balance will be recognized in income in the period the related expenses are incurred.

##### **(e) Net financial debt**

The First Nation's financial statements are presented so as to highlight net financial debt as the measurement of financial position. The net financial debt of the First Nation is determined by its liabilities less its financial assets. Net financial debt is comprised of two components, non-financial assets and accumulated surplus.

##### **(f) Tangible capital assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

The cost, less residual value, of the tangible capital assets are amortized over their estimated useful lives as follows:

Buildings	4 - 10% Declining balance
Computers	30% Declining balance
Machinery and equipment	30% Declining balance
Vehicles	30% Declining balance
Water Treatment Plant	5 - 10% Declining balance

One half the regular amortization is recorded in the year of acquisition for assets using the declining balance method. No amortization is recorded in the year of disposal.

##### **(g) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

##### **(h) Contribution of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

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## **Pehdzeh Ki First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **2. Basis of Presentation and Significant Accounting Policies (continued)**

##### **(i) Revenue recognition**

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenues when the transfer is authorized and any eligible 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.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Capital transfers or transfers of restricted funding tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built or eligible expenses incurred.

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.

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.

Interest from portfolio investments is recognized when earned.

# Pehdzeh Ki First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 3. Future accounting changes

#### Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1200

PSAB approved new Section PS 3450, Financial Instruments, and related Section PS 1201, Financial Statement Presentation. The effective date for Section PS 3450 is April 1, 2012 for government organizations and April 1, 2015 for governments. Earlier adoption is permitted. Governments and government organizations adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted. This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments.

The impact of the transition to these accounting standards has not yet been determined.

#### Liability for Contaminated Sites, Section PS 3260

PSAB released Section PS 3260, Liability for Contaminated Sites. This new Section establishes recognition, measurement and disclosure standards for liabilities relating to contaminated sites of governments and those organizations applying the CICA Public Sector Accounting Handbook.

This Section is effective for fiscal periods beginning on or after April 1, 2014. The impact of the transition to these accounting standards has not yet been determined.

### 4. Cash and cash equivalents

	2014	2013
<b>Externally restricted</b>		
CIBC - Gas Tax funding	\$ 808,989	\$ 804,664
CIBC - Community Public Infrastructure	488,563	488,762
CIBC - Western Harvesters Assistance Program	-	125,940
	<hr/> 1,297,552	<hr/> 1,419,356
<b>Unrestricted</b>		
CIBC - General	329,550	211,610
Cash on hand	-	734
	<hr/> 329,550	<hr/> 212,344
	<hr/> \$ 1,627,102	<hr/> \$ 1,631,700

# Pehdzeh Ki First Nation

## Notes to Consolidated Financial Statements

March 31, 2014

### 5. Restricted deposits

	2014 Restricted Deposits	2014 Required Balance	2014 Excess (Deficiency)
<b>Deposits for Deferred Revenue:</b>			
Gas Tax funding	\$ 808,989	\$ 988,403	\$ (179,414)
Community Public Infrastructure	488,563	757,117	(268,554)
	<b>\$ 1,297,552</b>	<b>\$ 1,745,520</b>	<b>\$ (447,968)</b>

Separate funds must be deposited to separate bank accounts to correspond with the respective restricted balances. Interest earned on these accounts is credited to the appropriate restricted deposit. At March 31, 2014 the First Nation has not complied with this requirement.

### 6. Accounts Receivable

	2014 Gross	2014 Allowance	2014 Net	2013 Net
Trade accounts receivable	\$ 221,932	\$ (61,117)	\$ 160,815	\$ 84,719
Government of Canada	60,714	(2,477)	58,237	10,026
Government of the Northwest Territories	81,639	(7,682)	73,957	25,687
Dehcho First Nations	4,098	-	4,098	18,437
Payroll Advances	18,141	-	18,141	-
Goods and services tax recoverable	143,423	-	143,423	104,149
	<b>\$ 529,947</b>	<b>\$ (71,276)</b>	<b>\$ 458,671</b>	<b>\$ 243,018</b>

## Pehdzeh Ki First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 7. Investments in Government Business Enterprises

	2014	2013
<b>Dehcho Helicopters Regional Limited Partnership</b>		
Limited Partnership Units	\$ 50,000	\$ 50,000
Share of equity in retained earnings since date of acquisition	113,123	50,132
	<u>163,123</u>	<u>100,132</u>
<b>Pehdzeh Ki Contractors Ltd.</b>		
Share Capital	100	100
Due from Pehdzeh Ki Contractors Ltd.	182,161	205,511
Valuation allowance	(182,161)	(205,511)
	<u>100</u>	<u>100</u>
<b>Ti K'edeh Enterprises Ltd.</b>		
Share capital	50	50
Share of equity in retained earnings since date of acquisition	35,353	35,353
Valuation allowance	(35,353)	(35,353)
	<u>50</u>	<u>50</u>
<b>Ndulé Enterprises Ltd.</b>		
Share capital	50	50
Contributed surplus	30,000	30,000
Management fees receivable	116,200	116,200
Valuation allowance	(146,200)	(146,200)
	<u>50</u>	<u>50</u>
	<u><u>\$ 163,323</u></u>	<u><u>\$ 100,332</u></u>

Amounts due from Pehdzeh Ki Contractors Ltd., a wholly-owned government business enterprise and Ndulé Enterprises Ltd., a 50% owned government business enterprise are unsecured, non-interest bearing and have no specified terms of repayment.

During the previous year the First Nation resolved to write-down the value of its investments in Pehdzeh Ki Contractors Ltd., Ndulé Enterprises Ltd. and Ti K'edeh Enterprises Ltd. to a nominal value based on estimated recoverable amounts.

During the current year the First Nation recovered \$23,350 from Pehdzeh Ki Contractors Ltd. The valuation allowance was adjusted to reflect this recovery.

## Pehdzeh Ki First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 8. Accounts payable and accrued liabilities

	2014	2013
Trade accounts payable	\$ 167,323	\$ 408,423
Accrued Liabilities	75,346	125,821
Payroll Liabilities	82,359	13,609
Vacation Payable	2,437	4,455
Government of Northwest Territories	71,948	-
	<b>\$ 399,413</b>	<b>\$ 552,308</b>

#### 9. Deferred revenue

	2014	2013
<b>Government of the Northwest Territories</b>		
Community Public Infrastructure	\$ 757,117	\$ 754,691
Gas Tax	988,403	984,068
Brighter Futures	2,832	2,832
Western Harvesters Assistance Program	-	1,769
Health and Social Services - Community Wellness	36,690	-
<b>Aboriginal Affairs and Northern Development</b>		
Governance Capacity	-	54,750
Consultation and Policy Development	32,724	-
<b>Other Programs</b>		
New Horizons for Seniors	4,757	4,757
	<b>\$ 1,822,523</b>	<b>\$ 1,802,867</b>

The First Nation does not have sufficient cash nor investments to cover their deferred revenue.

#### 10. Contributions refundable

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 1,018	\$ -
Government of the Northwest Territories:		
Municipal and Community Affairs	9,151	9,151
Justice	3,424	11,840
Health and Social Services	4,504	4,504
Transportation	672	672
Industry, Tourism and Investment	27,450	5,000
Education, Culture and Employment	1,946	-
Dehcho First Nation	2,101	2,101
	<b>\$ 50,266</b>	<b>\$ 33,268</b>

## Pehdzeh Ki First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 11. Loans Payable

	2014	2013
Ford Credit Canada Ltd. demand loan, payable in blended monthly payments of \$1,150 bearing interest at 7.99% per annum, secured by Ford F250 truck (net book value - \$11,345)	\$ 6,729	\$ 19,432
Ford Credit Canada Ltd. demand loan, payable in blended monthly payments of \$1,008 without interest, secured by Ford F350 truck (net book value - \$15,287)	-	7,054
Finning Canada demand loan, repaid during the year.	-	36,647
Arctic Canada Cooperatives Ltd. demand loan, was due in full on July 14, 2011 without interest, secured by old Co-op store and hotel (net book value - \$nil)	97,500	97,500
Ford Credit Canada Ltd. demand loan, payable in blended monthly payments of \$784 bearing interest at 9.89% per annum, secured by Ford F150 truck (net book value - \$21,860)	16,219	-
<u>Less current portion</u>	<u>120,448</u>	<u>160,633</u>
	113,906	154,060
	<u>\$ 6,542</u>	<u>\$ 6,573</u>

Principal portion of long-term debt due within the next five years:

2015	\$ 113,906
2016	6,542
	<u>\$ 120,448</u>

Pehdzeh Ki First Nation

Notes to Consolidated Financial Statements

March 31, 2014

**12. Tangible Capital Assets**

						Cost	Accumulated amortization		
			Balance, beginning of year	Additions	Disposals	Balance, beginning of year	Amortization on disposals	Balance, end of year	2014 Net book value
<b>Buildings</b>	\$ 6,293,994	\$ -	\$ 6,293,994	\$ 1,343,214	\$ 289,424	\$ -	\$ 1,632,638	\$ 4,661,356	
Computers	22,327	2,080	-	24,407	17,687	1,964	-	19,651	
Machinery and equipment	1,168,935	22,599	-	1,191,534	917,396	78,851	-	996,247	
Vehicles	1,430,691	25,719	-	1,456,409	641,150	240,719	-	881,869	
Water treatment plant	1,929,250	-	-	1,929,250	274,503	83,697	-	358,200	
	<b>\$10,845,197</b>	<b>\$ 50,398</b>	<b>\$ -</b>	<b>\$10,895,595</b>	<b>\$3,193,950</b>	<b>\$ 694,655</b>	<b>\$ -</b>	<b>\$ 3,888,605</b>	<b>\$ 7,006,989</b>
						Cost	Accumulated amortization		
			Balance, beginning of year	Additions	Disposals	Balance, beginning of year	Amortization on disposals	Balance, end of year	2013 Net book value
<b>Buildings</b>	\$ 6,293,994	\$ -	\$ 6,293,994	\$ 1,033,474	\$ 309,740	\$ -	\$ 1,343,214	\$ 4,950,780	
Computers	22,327	-	-	22,327	15,699	1,988	-	17,687	
Machinery and equipment	1,165,986	2,949	-	1,168,935	810,226	107,170	-	917,396	
Vehicles	629,657	808,534	(7,500)	1,430,691	486,745	161,904	(7,500)	641,149	
Water treatment plant	1,929,250	-	-	1,929,250	186,289	88,215	-	274,504	
	<b>\$10,041,214</b>	<b>\$ 811,483</b>	<b>\$ (7,500)</b>	<b>\$10,845,197</b>	<b>\$2,532,433</b>	<b>\$ 669,017</b>	<b>\$ (7,500)</b>	<b>\$3,193,950</b>	<b>\$ 7,661,247</b>

## Pehdzeh Ki First Nation

### Notes to Consolidated Financial Statements

March 31, 2014

#### 13. Government transfers

	Operating	Capital	2014 Total	2013 Total
<b>Federal transfers</b>				
Aboriginal Affairs and Northern Development Canada	\$ 357,151	\$ -	\$ 357,151	\$ 397,932
<b>Territorial transfers</b>				
Government of the Northwest Territories	1,707,551	-	1,707,551	2,192,817
	<b>\$ 2,064,702</b>	<b>\$ -</b>	<b>\$ 2,064,702</b>	<b>\$ 2,590,749</b>

#### 14. Accumulated Surplus

	2014	2013
General Operating fund	\$ (297,377)	\$ (608,565)
Water and Sewer fund	306,570	235,156
Equity in tangible capital assets	6,886,541	7,490,614
	<b>\$ 6,895,734</b>	<b>\$ 7,117,205</b>

#### 15. Budget Figures

The budget for the current fiscal year was approved by the Band on May 10, 2013. The budget was not comprehensive and included only budgeted funding from Aboriginal Affairs and Northern Development Canada and Municipal and Community Affairs based on its core funding agreements. As the budget is not comprehensive 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 First Nation's actual revenues and expenses. The consolidated budgeted revenues and expenses, and surplus (deficit) has not been reported in these financial statements as the approved budget is not consistent with the format of the financial results disclosed in the statement of operations and statement of change in net financial assets. While having no effect on reported revenues, expenses, and surplus (deficit), omission of this information is considered a departure from PSAB.

#### 16. Economic Dependence

Pehdzeh Ki First Nation is dependent on Aboriginal Affairs and Northern Development Canada (AANDC), the Government of the Northwest Territories (GNWT), and Municipal and Community Affairs (MACA) for funding. Management is of the opinion that operations would be significantly disrupted if the funding was discontinued. Management expects the funding to be continued.

#### 17. Comparative Amounts

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2014 financial statements.

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## **Pehdzeh Ki First Nation**

### **Notes to Consolidated Financial Statements**

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**March 31, 2014**

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#### **18. Contingent Liabilities**

Pehdzeh Ki First Nation has been named as defendant in certain legal proceedings. The Band is actively defending all lawsuits. Since the amount of loss, if any, cannot be reasonably estimated, no provision has been recorded in these financial statements. Should a loss be incurred, it will be expensed in the year the liability is determined.

#### **19. Subsequent events**

Subsequent to March 31, 2014 the First Nation incorporated two new 100% owned subsidiary corporations; Petanea Corporation, incorporated under the *Business Corporations Act* of the Northwest Territories, and Pehdzeh Ki Development Corporation, a not for profit entity incorporated under the *Canada Not-for-profit Corporations Act*. As at the date of the audit report there were no transactions or balances within the newly incorporated entities.