

**Yellowknives Dene First Nation**  
**Consolidated Financial Statements**  
**March 31, 2014**

## Management's Responsibility Statement

The accompanying consolidated financial statements of the Yellowknives Dene First Nation and all the information included in this annual report are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. The consolidated financial statements are not precise since they are based on estimates and judgments according to the information that was available. When alternate accounting methods exist, management has chosen those it deems to be most appropriate in these circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all respects.

The First Nation maintains systems of internal accounting and administrative controls of quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that all assets are appropriately accounted for and adequately protected.

Management is responsible for reviewing and approving these consolidated financial statements.

Management has reviewed the First Nation's consolidated financial statements and recommend their approval. They also meet with management and external auditors, to discuss internal controls over the financial reporting process, auditing issues and financial reporting matters, to insure that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by Crowe MacKay LLP, Chartered Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the First Nation. Crowe MacKay LLP has full and free access to the records of the Yellowknives Dene First Nation.

Chief



Chief Executive Officer



## **Independent Auditors' Report**

### **To the Members of Yellowknives Dene First Nation**

We have audited the accompanying consolidated financial statements of Yellowknives Dene First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, changes in net financial assets, changes in accumulated surplus and cash flows for the year 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 auditors consider internal control relevant to the Yellowknives Dene 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 Yellowknives Dene 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*

The Yellowknives Dene First Nation's subsidiary, Deton' Cho Corporation, has issued audited financial statements; however, they have been qualified because some of the subsidiary companies of Deton' Cho Corporation are unaudited. Consequently we are not able to determine if the investment in government business enterprises and the equity in earnings (loss) of Deton' Cho Corporation in these consolidated financial statements are presented free from material misstatement.

Furthermore the investment in Deton' Cho Corporation Limited Partnership has issued unaudited financial statements. As a result we are not able to determine if the investment in government business partnerships and the equity earnings (loss) in Deton' Cho Limited Partnership are presented free from material misstatement.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Yellowknives Dene First Nation as at March 31, 2014, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

**Yellowknife, Canada  
August 6, 2014**

*Crowe MacKay LLP*

**Chartered Accountants**

# Yellowknives Dene First Nation

## Consolidated Statement of Financial Position

For the year ended March 31,

2014

2013  
Restated

### Financial Assets

Cash and cash equivalents (note 4)	\$ 4,582,183	\$ 2,906,532
Accounts receivable (note 5)	665,133	582,021
GST receivable	354,777	725,080
Investments in government business enterprises (note 6)	-	4,125,724
Funds held in trust (note 7)	238,034	233,871
Due from subsidiaries (note 8)	7,597,921	6,755,845

**13,438,048**      **15,329,073**

### Liabilities

Investments in government business enterprises (note 6)	10,541	-
Accounts payable and accrued liabilities (note 9)	1,099,596	1,043,950
Deferred revenue (note 10)	4,629,699	4,220,678
Contributions repayable (note 11)	253,576	332,302
Due to NWTHC	217,299	220,280
Loan payable (note 12)	684,941	1,022,584
Impact benefit agreement payable (note 13)	333,500	347,000
Obligation under capital lease (note 14)	11,291	16,446
Employee leave and termination benefits	46,440	44,038
Security deposits in trust	23,416	23,272

**Total liabilities**      **7,310,299**      **7,270,550**

**Net Financial Assets**      **6,127,749**      **8,058,523**

### Non-Financial Assets

Tangible capital assets (note 15)	2,124,131	2,285,090
Prepaid expenses and deposits	8,909	52,033
Inventory	25,546	55,792

**Total Non-Financial Assets**      **2,158,586**      **2,392,915**

### Accumulated Surplus

General operating fund	2,973,801	5,515,287
IBA Reserve	3,884,536	3,884,536
Investment in tangible capital assets	1,427,998	1,051,615

**Accumulated Surplus**      **\$ 8,286,335**      **\$10,451,438**

Guarantee (Note 20)

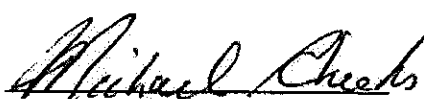
Commitments (Note 21)

Approved by Chief and Council:

Chief



Chief Executive Officer



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## Yellowknives Dene First Nation

### Consolidated Statement of Operations

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For the year ended March 31,	2014	2013
<b>Revenues</b>		
Government of Canada		
Aboriginal Affairs and Northern Development Canada	\$ 1,208,608	\$ 1,038,603
Health Canada	340,605	291,605
Government of the Northwest Territories	5,017,162	4,475,367
Akaiicho Territory Government	126,372	324,892
IBA revenue	2,926,339	2,392,607
Housing Division	1,607,701	1,448,910
Yellowknife Health and Social Services	-	66,493
Administration fees	469,663	290,337
Other income	355,900	299,268
Water and sewer fees	37,561	150,541
Transfer to deferred revenue	(409,021)	(100,691)
Training centre	449,857	-
Transfers	120,293	109,222
Interest income	88,532	83,549
Contributions repayable	(3,175)	(164,066)
	<b>12,336,397</b>	<b>10,706,637</b>

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# Yellowknives Dene First Nation

## Consolidated Statement of Operations

For the year ended March 31,	2014	2013
<b>Expenditures</b>		
Accounting and legal	312,869	214,074
Administration fees	495,037	315,335
Advertising	23,311	33,974
Amortization	160,959	193,083
Bad debts	382,738	799,882
Basic needs	37,000	35,151
Contract service	2,077,159	1,417,975
Cultural events	62,978	57,881
Deficit funding by NWTHC (recovery)	-	18,182
Donations	42,424	29,698
Equipment lease	75,007	96,119
Impact benefit agreement payouts	428,630	435,600
Insurance	102,460	82,720
Interest and bank charges	44,159	11,244
Interest on long-term debt	-	70,436
Language, culture and interpreting	224,612	236,946
Management salaries and bonuses	253,229	216,442
Materials and supplies	385,214	430,794
Meals and entertainment	34,825	37,633
Occupancy costs	817,446	727,851
Professional fees	460,480	499,177
Office equipment	5,695	39,816
Rent	145,976	164,915
Repairs and maintenance	190,844	163,182
Student allowance	103,600	154,677
Subscriptions, permits and licenses	-	12,545
Training	53,775	22,059
Travel	319,502	322,942
Utilities and telephone	364,813	319,369
Wages and benefits	3,480,693	3,305,405
	<b>11,085,435</b>	<b>10,465,107</b>
<b>Surplus before other items</b>	<b>1,250,962</b>	<b>241,530</b>
<b>Other items</b>		
Share of partnership (earnings) loss	(8,044)	62,642
Equity (earnings) loss	3,310,976	(152,318)
Deficit funding - NWTHC	18,795	-
Writedown of Weledeh Holdings Inc.	94,338	97,256
	<b>3,416,065</b>	<b>7,580</b>
<b>Surplus (deficit)</b>	<b>\$ (2,165,103)</b>	<b>\$ 233,950</b>

## Yellowknives Dene First Nation

### Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31,	2014	2013 Restated
Surplus (deficit)	\$ (2,165,103)	\$ 233,950
Amortization of tangible capital assets	160,959	193,083
Acquisition of tangible capital assets	-	(60,466)
Use (acquisition) of prepaid expenses and deposits	43,124	(51,191)
Use (acquisition) of inventory	30,246	(20,540)
<b>Increase (decrease) in net financial assets</b>	<b>(1,930,774)</b>	<b>294,836</b>
Opening Net financial assets, as previously stated	9,128,523	8,182,243
Correction of accounting error (note 16)	(1,070,000)	(418,556)
<b>Opening net financial assets, as restated</b>	<b>8,058,523</b>	<b>7,763,687</b>
<b>Net financial assets, end of year</b>	<b>\$ 6,127,749</b>	<b>\$ 8,058,523</b>

## Yellowknives Dene First Nation

### Consolidated Statement of Changes in Accumulated Surplus

For the year ended March 31,

	General Operating Fund	IBA Reserves	Investment in Capital Assets	Total 2014	Restated Total 2013
Surplus (deficit)	\$ (2,165,103)	\$ -	\$ -	\$ (2,165,103)	\$ 233,950
Net interfund transfers:					
To (from) investment in capital assets	(160,959)	-	160,959	-	-
<b>Change in fund balances</b>	<b>(2,326,062)</b>	<b>-</b>	<b>160,959</b>	<b>(2,165,103)</b>	<b>233,950</b>
Balance, beginning of year - as previously stated	6,390,843	3,884,536	1,246,059	11,521,438	10,636,044
Correction of accounting error (note 16)	(1,070,000)	-	-	(1,070,000)	(418,556)
<b>Balance, beginning of year - as restated</b>	<b>5,320,843</b>	<b>3,884,536</b>	<b>1,246,059</b>	<b>10,451,438</b>	<b>10,217,488</b>
<b>Balance, end of year</b>	<b>\$ 2,994,781</b>	<b>\$ 3,884,536</b>	<b>\$ 1,407,018</b>	<b>\$ 8,286,335</b>	<b>\$10,451,438</b>



# Yellowknives Dene First Nation

## Consolidated Statement of Cash Flows

For the year ended March 31,	2014	2013 Restated
<b>Cash Provided by (used for)</b>		
<b>Operating activities</b>		
Surplus (deficit)	\$ (2,165,103)	\$ 233,950
Items not affecting Cash		
Amortization	160,959	193,083
Equity (earnings) loss	3,310,976	(152,318)
Share of partnership (earnings) loss	(8,044)	62,642
Writedown of Weledeh Holdings Inc.	94,338	97,256
	<b>1,393,126</b>	<b>434,613</b>
Change in non-cash working capital items		
Accounts receivable	(83,112)	780,940
GST receivable	370,303	(44,384)
Funds held in trust	(4,163)	(5,086)
Accounts payable and accrued liabilities	55,646	84,825
Deferred revenue	409,021	119,851
Contributions repayable	(78,726)	149,538
Due to NWTFC	(2,981)	7,240
Impact benefit agreement payable	(13,500)	20,750
Employee leave and termination benefits	2,402	(10,387)
Inventory	30,246	(20,540)
Security deposits in trust	144	(369)
Prepaid expenses and deposits	43,124	(51,191)
	<b>2,121,530</b>	<b>1,465,800</b>
<b>Financing activities</b>		
Loan payable	(337,643)	(320,125)
Obligation under capital lease	(5,155)	(6,936)
	<b>(342,798)</b>	<b>(327,061)</b>
<b>Capital activity</b>		
Acquisition of tangible capital assets	-	(60,466)
<b>Investing activity</b>		
Received from subsidiaries	(103,081)	86,326
<b>Increase in cash</b>	<b>1,675,651</b>	<b>1,164,599</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>2,906,532</b>	<b>1,741,933</b>
<b>Cash and cash equivalents, end of year (Note 4)</b>	<b>\$ 4,582,183</b>	<b>\$ 2,906,532</b>

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# Yellowknives Dene First Nation

## Notes to the Consolidated Financial Statements

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March 31, 2014

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### 1. Nature of operations

Yellowknives Dene First Nation ("YKDFN") is established pursuant to the *Indian Act*. Operating activities of YKDFN include the administration and delivery of services to the communities of Dettah, Northwest Territories and N'Dilo, Northwest Territories. YKDFN is classified as an Indian Band and as such is a non-taxable entity under section 149 of the *Income Tax Act*.

### 2. Significant accounting policies

The consolidated financial statements of YKDFN are the representation of administration prepared in accordance with Canadian public sector accounting standards, as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants. Significant aspects of the accounting policies adopted by YKDFN are as follows:

#### (a) Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

#### (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 YKDFN'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 the enterprise that are different from those of the YKDFN.

Organizations consolidated in the YKDFN's financial statements include:

Yellowknives Dene First Nation Housing Division

Organizations accounted for on a modified equity basis include:

Deton' Cho Corporation (wholly owned subsidiary)

Deton' Cho Limited Partnership (99.99% partner)

Weledeh Holdings Inc. (wholly owned subsidiary)

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 2. Significant accounting policies (continued)

##### (c) 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, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets.

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.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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, sales, user fees, miscellaneous and interest income are recognized in the period when the related expenses are incurred, services performed or the related tangible capital assets built, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Amounts received in advance of the service being provided are deferred to the period the service is provided.

Rental revenue is recognized when housing units are occupied. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

Funding and contributions from NWTFC are recognized as the funding and contributions are received or receivable.

Transitional revenue is recognized when the actual rental subsidy from NWTFC is greater than the assessed rental subsidy.

Water and sewer fees are recognized when services are provided.

Interest income is recognized as it is earned.

##### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, restricted cash and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 2. Significant accounting policies (continued)

##### (e) Inventory

Inventory held for use consists of materials and supplies to be consumed in the process of constructing or maintenance of the buildings or properties administered by NWT Housing Corporation. The cost of inventory is assigned by using the first-in, first-out (FIFO) cost formula.

##### (f) Tangible capital assets under capital lease

Tangible capital assets under capital leases are recorded at cost and are being amortized over their estimated useful lives on a declining balance basis. The annual amortization rates are as follows:

Vehicles	30% Declining balance
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##### (g) 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	3% Declining balance
Computer equipment	55% Declining balance
Equipment	20% Declining balance
Vehicles	30% Declining balance

One half the regular amortization is recorded in the year of acquisition for assets using the declining balance method.

##### (h) 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.

##### (i) Employee leave and termination benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn severance remuneration based on the number of years of service. The YKDFN annually accrues estimated employee leave and termination benefits payable.

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## **Yellowknives Dene First Nation**

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

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**March 31, 2014**

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#### **2. Significant accounting policies (continued)**

##### **(j) Related party transactions**

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

##### **(k) Segment disclosures**

Segment financial information for certain departments is provided in Schedule 1. The accounting policies used in these segments is consistent with those followed in preparation of the financial statements as disclosed in Note 2. Revenues not directly attributable to a specific segment are shown in the general government services revenue. The segments include:

Education which provides educational services and programs to the community;

Health which provides health services and related programs to the community;

Economic Development which provides support and programs to the community to foster job creation and economic growth;

Social Services which provides support services and programs to the community to assist in promoting community justice and to reduce or prevent issues of public concern such as crime, drug and alcohol abuse.

Band Government which provides internal support to the Council and other departments that provide direct services to band members;

Community Services which provides basic municipal services to the community and provides additional services that are a benefit to the entire community.

##### **(l) Measurement uncertainty**

The preparation of financial statements in conformity with Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

##### **(m) Investment in government business enterprises**

The investment in Det'on Cho Corporation and Det'on Cho Limited Partnership is considered to be an investment in a government business enterprise and is accounted for using the modified equity method. It is recorded at cost plus equity in earnings, less losses and write downs.

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 3. Future changes to significant accounting policies

##### **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 to 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.

##### **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>		
Royal Bank of Canada (RBC) - Gas tax	\$ 405,525	\$ 82,244
Royal Bank of Canada (RBC) - Capital	1,773,614	1,788,609
Security deposits "in trust"	23,416	23,272
	<b>2,202,555</b>	<b>1,894,125</b>
<b>Unrestricted</b>		
Cash	2,379,628	1,064,665
Bank indebtedness	-	(52,258)
	<b>2,379,628</b>	<b>1,012,407</b>
	<b>\$ 4,582,183</b>	<b>\$ 2,906,532</b>

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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5. Accounts receivable

	2014	2013 (Restated)
Accounts receivable	\$ 1,215,310	\$ 1,030,625
Tenants receivable	1,097,503	1,130,790
	2,312,813	2,161,415
Less: Allowance for doubtful accounts	1,647,680	1,579,394
	\$ 665,133	\$ 582,021

6. Investments in government business enterprises

	2014	2013
Investment in Det'on Cho Corporation		
1 Class A common share (100% ownership)	\$ 1	\$ 1
Share of equity in retained earnings since date of acquisition	1,642,692	4,537,001
Dividends received since date of acquisition	(1,250,000)	-
	392,693	4,537,002
Investment in Det'on Cho Corporation Limited Partnership		
9999 Class A common shares (99.99% ownership)	99	99
Share of accumulated deficit since date of acquisition	(403,333)	(411,377)
	(403,234)	(411,278)
	\$ (10,541)	\$ 4,125,724

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 6. Investments in government business enterprises (continued)

The following table presents condensed financial information for Deton'Cho Corporation:

	2014	2013
Total assets	\$ 30,582,216	\$ 26,877,471
Total liabilities	28,871,512	21,354,881
Equity	2,544,037	5,522,590
Other items affecting equity	(833,333)	-
Total liabilities and equity	\$ 30,582,216	\$ 26,877,471
Revenues	\$ 65,102,467	\$ 82,944,080
Direct expenses	(53,063,138)	(60,688,089)
Operating expenses	(15,523,841)	(22,844,972)
Other income	568,089	95,793
Other expenses	(268,447)	-
Income taxes	206,315	920,107
Non-controlling interest	(332,421)	(274,601)
Net income (loss)	\$ (3,310,976)	\$ 152,318

The following table presents condensed financial information for Deton'Cho Corporation Limited Partnership:

	2014	2013
Total assets	\$ 698,537	\$ 690,485
Total liabilities	1,101,781	1,101,781
Partners' deficit	(403,244)	(411,296)
Total liabilities and partners' deficit	\$ 698,537	\$ 690,485
Net income (loss)	\$ 8,052	\$ (62,648)



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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 7. Funds held in trust

	2014	2013
One year cashable guaranteed investment certificate - RBC	\$ 76,406	\$ 75,800
Guaranteed investment certificate - RBC	161,628	158,071
	<u>\$ 238,034</u>	<u>\$ 233,871</u>

The term deposits consist of guaranteed investment certificates (GICs). The one year cashable GIC has an annual interest rate of 0.80% and matures on March 5, 2015. The second GIC has an annual interest rate of 2.25% and matures on March 20, 2018 and is held pursuant to a loan guarantee provided on behalf of Deton'Cho Corporation Ltd. in favour of the Government of the Northwest Territories.

#### 8. Due from (to) subsidiaries

	2014	2013
Due from Deton' Cho Corporation Ltd.	\$ 4,547,752	\$ 3,611,338
Due from Weledah Holdings Inc.	3,050,268	3,144,606
Due to Deton' Cho Corporation Limited Partnership	(99)	(99)
	<u>\$ 7,597,921</u>	<u>\$ 6,755,845</u>

#### 9. Accounts payable and accrued liabilities

	2014	2013
Trade payables	\$ 713,230	\$ 809,475
Accrued salaries and benefits payable	386,366	234,475
	<u>\$ 1,099,596</u>	<u>\$ 1,043,950</u>

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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10. Deferred revenue

	2014	2013
<b>Government of Canada</b>		
Health Services	\$ 6,292	\$ 6,292
<b>Government of the Northwest Territories</b>		
Education, Culture and Employment	2,407,984	2,407,984
MACA - Community Public Infrastructure	1,603,442	1,603,442
MACA - Gas tax funds	459,524	151,468
ECE Child and Family Resources	59,752	-
Treaty 8 - IMA coordinator	32,331	32,331
	4,563,033	4,195,225
<b>Akaltcho Territory Government</b>		
Believe in yourself program	19,161	19,161
<b>Other</b>		
DeBeers - IBA Negotiations Funding	41,213	-
	\$ 4,629,699	\$ 4,220,678

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11. Contributions repayable

	2014	2013
<b>Government of Canada</b>		
Aboriginal Affairs and Northern Development Canada	\$ 91,913	\$ 170,639
<b>Government of the Northwest Territories</b>		
Education, Culture and Employment	4,730	4,730
Municipal and Community Affairs	156,933	156,933
	\$ 253,576	\$ 332,302

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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**12. Loan payable**

	2014	2013
RBC loan bearing interest at 5.00% per annum, repayable with blended annual payments of \$390,000, maturing in June 2015, secured by a general security agreement.	\$ 684,941	\$ 1,022,584
Estimated principal repayments are as follows:		
2015	\$ 355,760	
2016	329,181	
	\$ 684,941	

**13. Impact benefit agreement payable**

	2014	2013
Member impact benefit agreement payable	\$ 333,500	\$ 347,000

The amounts consist of portions of funds received pursuant to the Impact Benefit Agreements declared payable to YKDFN members which remain unpaid at March 31, 2014.

**14. Obligation under capital lease**

	2014	2013
Capital lease due October 2016, repayable in monthly installments of \$511 including interest at 8.39% per annum with a maturity date of October 2016, secured by a motor vehicle with a net book value of \$7,909.	\$ 11,291	\$ 16,446
2015	6,139	
2016	6,138	
Total future minimum lease payments	12,277	
Less amount representing interest	986	
Present value of minimum net lease payments	\$ 11,291	

# Yellowknives Dene First Nation

## Notes to the Consolidated Financial Statements

March 31, 2014

### 15. Tangible capital assets

	2014		2013	
	Cost	Accumulated amortization	Net book value	Net book value
Buildings	\$ 2,775,092	\$ 972,888	\$ 1,802,204	\$ 1,857,944
Vehicles	413,985	312,172	101,813	145,448
Equipment	664,869	446,009	218,860	278,912
Computer equipment	201,323	200,069	1,254	2,786
	\$ 4,055,269	\$ 1,931,138	\$ 2,124,131	\$ 2,285,090

### 16. Correction of accounting error

During the year it was determined that an allowance for doubtful accounts for accounts receivable, tenants was to be an allowance for doubtful accounts in the prior year as discussed with the NWT Housing Corporation. The result was an understatement of the allowance for doubtful accounts and an overstatement of accumulated surplus. The effect of the correction of these errors on net income and accumulated surplus for the year ended March 31, 2013 as previously stated is noted below.

During the year it was determined that the investment in Det'on Cho Corporation was understated for an impairment on ones of its subsidiaries. The subsidiary was not adjusted in the 2012 or 2013 financial statements. The effect of the correction of these errors on revenue in excess of expenditures and net financial assets for the year ended March 31, 2012, as previously stated is noted below.

Statement of Operations	2014	2013	2012
Increase in bad debt expenses	\$ -	\$ (550,000)	\$ -
Decrease in equity earnings in Deton' Cho Corporation	-	(260,000)	(260,000)
Total impact on surplus	\$ -	\$ (810,000)	\$ (260,000)
Statement of Financial Position	2014	2013	2012
Increase in allowance for doubtful accounts	\$ 550,000	\$ 550,000	\$ -
Decrease in investment in Deton' Cho Corporation - impairment of subsidiary	(520,000)	(520,000)	(260,000)
Decrease in opening balance - net financial assets	\$ (1,070,000)	\$ (260,000)	-
Decrease in opening balance - accumulated surplus - general operating fund	\$ (1,070,000)	\$ (260,000)	-

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 17. Related party transactions

- (a) During the year, the Yellowknives Dene First Nation entered into transactions with the following related parties:

Deton' Cho Construction, 100% owned subsidiary  
Deton' Cho Corporation, 100% owned subsidiary  
Deton' Cho Corporation Limited Partnership, 99.99% owned subsidiary  
Weledeh Holdings Inc., 100% owned subsidiary

- (b) Transactions

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2014	2013
Deton' Cho Corporation - Project contribution	\$ 11,000	\$ -
Expenses		
Deton' Cho Corporation - Capital projects	\$ 367,375	\$ -
Deton' Cho Corporation - Rent	84,000	84,000
Deton' Cho Construction Ltd - Municipal services	30,503	-
Accounts payable - Deton' Cho Corporation	\$ -	\$ 25,663

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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**18. Government transfers**

	2014		2013	
	Operating	Capital	Total	
<b>Government of Canada</b>				
Aboriginal Affairs and Northern Development Canada	\$ 1,208,608	\$ -	\$ 1,208,608	\$ 1,038,603
Health Canada	340,605	-	340,605	291,605
	1,549,213	-	1,549,213	1,330,208
<b>Government of the Northwest Territories</b>				
	5,452,558	708,136	6,160,694	4,871,416
<b>Other Government</b>	449,857	-	449,857	163,450
	\$ 7,451,628	\$ 708,136	\$ 8,159,764	\$ 6,365,074

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**19. Measurement uncertainty**

Certain amounts recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the YKDFN's best information and judgement. Such amounts are not expected to change materially in the near term. The amounts recorded for accounts receivable and amounts due from Weledeh Holdings Inc. are subject to measurement uncertainty.

**20. Guarantee**

YKDFN has provided an unlimited guarantee to the First Nations Bank of Canada in favour of Bouwa Whee Catering Ltd. As at March 31, 2014, there is an outstanding balance on the loan of \$1,722,546.

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## Yellowknives Dene First Nation

### Notes to the Consolidated Financial Statements

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March 31, 2014

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#### 21. Commitments

As at March 31, 2014, the company has outstanding commitments with the following payments required.

	2015	2016	2017	2018	2019+
Deton' Cho Corporation rent \$	88,200	\$ -	\$ -	\$ -	\$ -
Office equipment lease	50,363	46,669	39,839	39,839	-
Vehicle lease	17,564	3,659	-	-	-
	\$ 156,127	\$ 50,328	\$ 39,839	\$ 39,839	\$ -

#### 22. Comparative figures

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation adopted for the current year.

#### 23. Economic dependence

The YKDFN receives significant funding from the Government of Canada and the Government of the Northwest Territories in the form of operating and capital grants. Management is of the opinion that discontinuance of funding would significantly affect operations.

#### 24. Budget figures

The budget for the YKDFN was approved by Council on October 24, 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.

The budget for the YKDFN Housing Division were those approved by the NWTHC. The budget figures are not audited and are intended for information purposes only.

Canadian public sector accounting standards ("PSAB") require disclosure of budget information for comparison to the YKDFN'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.