

**Lutsel K'e Dene First Nation  
Consolidated Financial Statements**  
*March 31, 2014*

## Independent Auditors' Report

---

To the Members of Lutsel K'e Dene First Nation:

We have audited the accompanying consolidated financial statements of Lutsel K'e Dene First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations and accumulated surplus, changes in net debt, cash flows and the related schedules for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the 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 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 statement.

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

### *Basis for Qualified Opinion*

The First Nation was not able to provide reasonable estimates on future reclamation costs associated with the restorations of the solid waste landfill. We were unable to satisfy ourselves concerning those reclamation liabilities which would factor in the determination of the results of operations, we were unable to determine whether adjustments to expenditures for the year might be necessary.

The First Nation derives revenue from the general public in the form of cash receipts and incurs related cash expenses. The completeness of these transactions are not susceptible to satisfactory audit verification. Accordingly, our verification of these revenue and expenses were limited to the amounts recorded in the records of the First Nation and we were unable to determine if further adjustments were required.

The First Nation has not recorded the equity amount of business entities owned and controlled by the Nation and the financial statements for these entities were unaudited. Since the earnings (losses) of these entities enters into the determination of the results from operations and valuation of investments, we were unable to determine whether an adjustment might be necessary to investment in the First Nation business entities, earnings (loss) from investments in First Nation business entities, statement of operations and accumulated surplus.

We were unable to observe sufficient evidence of the review and approval of Lutsel K'e Dene First Nation's budget. Therefore, we were unable to determine whether adjustments to budgeted operations or budgeted changes in net debt might be necessary to present these figures as originally planned in the financial statements.

### *Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly in all material respects the financial position of Lutsel K'e Dene First Nation as at March 31, 2014 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Grande Prairie, Alberta

September 26, 2014

**MNP LLP**  
Chartered Accountants

**Lutsel K'e Dene First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Financial assets</b>		
Cash (Note 3), (Note 4)	2,650,315	2,931,662
Accounts receivable (Note 5)	708,599	742,473
GST recoverable	351,764	210,284
<b>Total of financial assets</b>	<b>3,710,678</b>	<b>3,884,419</b>
<b>Liabilities</b>		
Bank indebtedness (Note 3)	497,468	-
Accounts payable and accruals (Note 6)	1,291,933	552,571
Deferred revenue (Note 7)	2,813,615	3,428,688
Advances from related Nation entities (Note 8)	20,458	20,458
Contributions repayable (Note 9)	30,853	38,393
Liability for source deductions (Note 10)	279,860	279,860
<b>Total of financial liabilities</b>	<b>4,934,187</b>	<b>4,319,970</b>
<b>Net debt</b>	<b>(1,223,509)</b>	<b>(435,551)</b>
<b>Contingencies (Note 11)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 12)	3,458,571	2,337,509
Prepaid expenses	1,550	1,550
<b>Total non-financial assets</b>	<b>3,460,121</b>	<b>2,339,059</b>
<b>Accumulated surplus (Note 14)</b>	<b>2,236,612</b>	<b>1,903,508</b>

Approved on behalf of the Council



Chief



Councilor

**Lutsel K'e Dene First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2014*

	<i>Schedules</i>	<b>2014</b>	<b>2013</b>
Government transfers		4,276,842	4,234,120
Contract Revenue		202,977	306,508
Other revenue		478,561	880,950
Water and sewer		134,880	135,885
Deferred revenue opening		3,428,688	2,965,707
Deferred revenue closing		(2,813,615)	(3,428,688)
		<b>5,708,333</b>	<b>5,094,482</b>
<b>Program expenses</b>			
Administration	1	2,034,455	1,764,280
Recreation	2	251,341	181,713
Wildlife	3	958,131	840,178
Public Works	4	910,258	783,445
Wellness	5	86,324	181,965
Education	6	706,213	593,734
Parks Canada	7	391,716	426,625
Environmental Monitoring Advisory Board	8	-	262
Treaty 8 Negotiations	9	348,126	410,825
Health	10	71,507	40,507
Culture	11	206,392	169,311
IBA Coordinator	12	242,042	165,499
Contract Services	13	200,335	208,405
<b>Total program expenses</b>		<b>6,406,840</b>	<b>5,766,749</b>
<b>Deficiency of revenue over expenses before IBA transactions</b>		<b>(698,507)</b>	<b>(672,267)</b>
<b>IBA transactions</b>			
IBA funding		1,051,511	1,019,199
IBA distributions to members		(2,900)	(6,000)
IBA scholarship		(17,000)	(15,000)
IBA trust cost		-	(12,088)
		<b>1,031,611</b>	<b>986,111</b>
<b>Excess of revenue over expenses</b>		<b>333,104</b>	<b>313,844</b>
<b>Accumulated surplus, beginning of year</b>		<b>1,903,508</b>	<b>1,589,664</b>
<b>Accumulated surplus, end of year</b>		<b>2,236,612</b>	<b>1,903,508</b>

**Lutsel K'e Dene First Nation**  
**Consolidated Statement of Change in Net Debt**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Excess of revenue over expenses</b>	<b>333,104</b>	<b>313,844</b>
Purchases of tangible capital assets	(1,521,971)	(500,707)
Amortization of tangible capital assets	400,909	367,932
	<b>(1,121,062)</b>	<b>(132,775)</b>
Use of prepaid expenses	-	7,614
Use of inventory	-	22,169
<b>Decrease (increase) in net debt</b>	<b>(787,958)</b>	<b>210,852</b>
<b>Net debt, beginning of year</b>	<b>(435,551)</b>	<b>(646,403)</b>
<b>Net debt, end of year</b>	<b>(1,223,509)</b>	<b>(435,551)</b>

**Lutsel K'e Dene First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2014*

	<b>2014</b>	<b>2013</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	333,104	313,844
Non-cash items		
Amortization	400,909	367,932
	734,013	681,776
Changes in working capital accounts		
Accounts receivable	33,874	(188,512)
GST recoverable	(141,480)	(59,877)
Accounts payable and accruals	739,362	230,252
Deferred revenue	(615,073)	462,981
Contributions repayable	(7,540)	(66,112)
Inventory	-	22,169
Prepaid expenses	-	7,614
	743,156	1,090,291
<b>Financing activities</b>		
Repayment of advances from related Nation entities	-	(111,163)
<b>Capital activities</b>		
Purchases of tangible capital assets	(1,521,971)	(500,707)
<b>Investing activities</b>		
Repayment of advances to related Nation entity	-	8,251
<b>Increase (decrease) in cash resources</b>	<b>(778,815)</b>	<b>486,672</b>
<b>Cash resources, beginning of year</b>	<b>2,931,662</b>	<b>2,444,990</b>
<b>Cash resources, end of year</b>	<b>2,152,847</b>	<b>2,931,662</b>
<b>Cash resources are composed of:</b>		
Cash	2,650,315	2,931,662
Bank indebtedness	(497,468)	-
	2,152,847	2,931,662
<b>Supplementary cash flow information</b>		
Interest paid	82,400	14,727
Interest received	6,039	1,070

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

---

**1. Operations**

Lutsel K'e Dene First Nation (the "First Nation") was established pursuant to the Indian Act of Canada. The First Nation's 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 Akaitcho Territory Government. 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 Lutsel K'e, Northwest Territories.

**2. Significant accounting policies**

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards, except for the following:

***Solid waste landfill closure and post-closure liability***

The First Nation is required to recognize a liability related to the closure of its solid waste landfill site and for the provision of post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, control and visual inspection. The requirement has not been satisfied as described in Note 11.

***Investments in Nation owned entities***

Investments in entities that are owned, controlled or influenced by the First Nation reporting entity are not recorded in the consolidated financial statements.

The First Nation has applied the following significant accounting policies in accordance with Canadian public sector accounting standards.

***Reporting entity***

The financial statements reflect the assets, liabilities, revenue and expenses, changes in net financial debt and change in financial position of the reporting entity. This entity is comprised of operations and all organizations that are owned or controlled by the First Nation and are, therefore, accountable to the Council for administration of their financial affairs and resources.

The First Nation received significant funding from the Government of the Northwest Territories in the form of operating grants and capital grants. Administration is of the opinion that discontinuance of funding would significantly disrupt operations.

***Basis of presentation***

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

***Use of estimates***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets.

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

---

**2. Significant accounting policies (Continued from previous page)**

***Asset classification***

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

***Net financial assets (net debt)***

The First Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus (deficit).

***Cash and cash equivalents***

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes are disclosed in restricted cash.

***Tangible capital assets***

Tangible capital assets are initially recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets is amortized on a straight-line or declining balance basis over the estimated useful life. One-half of the annual amortization is charged in the year of acquisition. Assets under construction are not amortized until the asset is available for production use. Contributed tangible capital assets are initially recorded at fair value at the date of receipt and are also recorded as revenue.

***Amortization***

Amortization of tangible capital assets is provided using rates intended to amortize the cost of the assets over their estimated useful lives. Assets under construction are not amortized until the asset is available for use. One-half of the annual amortization is charged in the year of acquisition. The methods and rates of calculating amortization are as follows:

	<b>Method</b>	<b>Rate</b>
Buildings	straight-line	25-50 years
Infrastructure	straight-line	10-20 years
Leasehold improvements	straight-line	25-40 %
Equipment	declining balance	20 %
Automotive	declining balance	30 %
Floating Dock	declining balance	20 %
Computers	declining balance	30-100 %

***Contributions 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.

***Long-lived assets***

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value.

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

---

**2. Significant accounting policies (Continued from previous page)**

***Revenue recognition***

***Funding***

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

***Government Transfers***

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

***Externally restricted revenue***

The First Nation recognizes externally restricted inflows as revenue in the period the resources are used for the purpose specified in accordance with an agreement or legislation. Until this time, the First Nation records externally restricted inflows in deferred revenue.

***Pension expenditures***

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

***Segments***

The First Nation conducts its business through 13 (2013 - 13) reportable segments: Administration, Recreation, Wildlife, Public Works, Wellness, Education, Parks Canada, Environmental Monitoring Board, Treaty 8 Negotiations, Health, Culture, IBA Coordinator, and Contracted Services. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reportable segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

***Recent accounting pronouncements***

***Liability for contaminated sites***

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect of the new section in its financial statements.

***Financial instruments***

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its financial statements.

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**3. Cash**

	<b>2014</b>	<b>2013</b>
General bank account	577	(152,293)
IBA bank account	192,095	21,197
Gas Tax	251,020	424,725
CPI	2,206,623	2,638,033
	<b>2,650,315</b>	<b>2,931,662</b>

Cash accounts bear interest at prime less 2.50% (2013 - prime less 2.50%).

Prior year General bank account relates to \$110,238 cash, less outstanding cheques of \$262,531 as at March 31, 2013.

Current year bank indebtedness is composed of \$71,924 bank overdraft bearing interest prime plus 5.00%, plus \$425,544 in outstanding cheques as at March 31, 2014.

**4. Restricted cash**

	<i>2014 Unspent deposits</i>	<i>2014 Bank balance</i>	<i>2014 Receivable</i>	<i>2014 Deposit surplus (deficiency)</i>
IBA - internally restricted	630,598	192,095	-	(438,503)
Gas Tax	472,566	251,020	112,384	(109,162)
CPI	2,116,383	2,206,623	-	90,240
	<b>3,219,547</b>	<b>2,649,738</b>	<b>112,384</b>	<b>(457,425)</b>

Sufficient funds must be deposited into separate bank accounts to correspond with the respective restricted balances. Interest earned on these accounts are deposited into the appropriate restricted bank account. As of March 31, 2014, the First Nation has overdrawn their restricted funding and will need to replace it.

**5. Accounts receivable**

	<b>2014</b>	<b>2013</b>
GNWT	167,592	192,630
AANDC	116,533	47,483
Akiatcho Territory Government	110,729	74,236
MACA	158,574	112,384
Parks Canada	24,927	103,706
	<b>578,355</b>	<b>530,439</b>
Trade/Member/Other	140,273	222,063
Allowance for doubtful accounts	(10,029)	(10,029)
	<b>708,599</b>	<b>742,473</b>

**6. Accounts payable and accruals**

Included in accounts payable and accruals is \$32,397 (2013 - \$24,030) in payroll and source deduction liabilities.

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**7. Deferred revenue**

	<b>2014</b>	<b>2013</b>
Community Public Infrastructure	2,116,383	2,529,344
Federal Gas Tax	472,566	620,071
Traditional Knowledge Archive	52,207	23,167
Parks Canada	62,459	103,706
GNWT - Public Transit - MACA	110,000	110,000
DDMI Archives	-	42,400
	<b>2,813,615</b>	<b>3,428,688</b>

The First Nation does not currently have sufficient funds to cover their deferred revenue.

**8. Advances from related Nation entities**

Advances from related Nation entities are unsecured, non-interest bearing, and have no specific terms of repayment.

	<b>2014</b>	<b>2013</b>
East Arm Air Services - related through common control	20,458	20,458

**9. Contributions repayable**

	<b>2014</b>	<b>2013</b>
AANDC - Ni'Hatni Dene project	5,665	-
Walter Duncan Foundation	25,188	25,188
GNWT - Department of health and social services	-	8,731
GNWT - Department of municipal and community affairs	-	4,474
	<b>30,853</b>	<b>38,393</b>

**10. Liability for source deductions**

The First Nation has received demands to pay from Canada Revenue Agency related to source deductions not withheld from employee's payroll. The First Nation did not deduct the withholdings as required by current legislation as they are of the opinion that the collection of tax is in violation of their Treaty rights. However, the legislation as it currently stands does not exempt the First Nation from withholding and remitting amounts for territorial and federal income taxes. As the liability is difficult to determine as Canada Revenue Agency will first seek restitution from the employee, whether they continue to work for the First Nation or whether they are employed elsewhere, the First Nation has recorded an estimate for the amounts. The estimate has been determined by considering the total remuneration paid to employees in 2009, 2010, 2011 and 2012 and comparing the actual remittances to an estimate of what the correct withholdings would have been. No estimate has been prepared for years prior to 2008 although it is probable that additional amounts may become payable. These amounts are unknown at this time and will be recorded as they are known. During the year the First Nation is deducting, withholding and remitting current territorial and federal income taxes on behalf of all employees.

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**11. Contingencies**

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments, that may include repayment of amounts funded, could be made based on the results of their reviews.

The total liability to close the landfill and solid waste landfill can not be reasonably estimated at this time due to the uncertainty of the future costs. When the costs can be reasonably estimated a liability will be accrued to record the future costs.

**12. Tangible capital assets**

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2014 Net book value</b>
Buildings	3,087,784	416,000	-	1,951,291	1,552,493
Equipment	294,796	18,000	-	238,493	74,303
Infrastructure	1,566,587	942,950	-	1,056,638	1,452,899
Computers	350,861	-	-	342,413	8,448
Leasehold improvements	87,891	-	-	60,791	27,100
Automotive	1,086,709	145,022	-	889,776	341,955
Floating Dock	22,204	-	-	20,831	1,373
	<b>6,496,832</b>	<b>1,521,972</b>	<b>-</b>	<b>4,560,233</b>	<b>3,458,571</b>

	<b>Cost</b>	<b>Additions</b>	<b>Disposals</b>	<b>Accumulated amortization</b>	<b>2013 Net book value</b>
Buildings	2,860,593	227,191	-	1,850,255	1,237,529
Equipment	256,976	36,681	-	222,452	71,205
Infrastructure	1,476,739	89,768	-	957,204	609,303
Computers	231,652	120,427	-	276,743	75,336
Leasehold improvements	87,891	-	-	57,882	30,009
Automotive	1,060,071	26,640	-	774,301	312,410
Floating Dock	22,204	-	-	20,487	1,717
	<b>5,996,126</b>	<b>500,707</b>	<b>-</b>	<b>4,159,324</b>	<b>2,337,509</b>

**13. Amortization on tangible capital assets**

	<b>2014</b>	<b>2013</b>
<b>Amortization by asset type</b>		
Buildings	101,035	84,868
Equipment	16,041	13,216
Infrastructure	99,434	61,716
Computer	65,671	76,612
Leasehold improvements	2,909	2,909
Automotive	115,476	128,182
Floating dock	343	429
	<b>400,909</b>	<b>367,932</b>

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

**14. Accumulated surplus (deficit)**

Accumulated surplus (deficit) is comprised of the following:

	<b>2014</b>	<b>2013</b>
General operating	(1,852,557)	(918,843)
Equity in tangible capital assets	3,458,571	2,337,509
IBA reserve (Note 15)	630,598	484,842
	<b>2,236,612</b>	<b>1,903,508</b>

**15. Impact Benefit Agreements (IBA) reserve**

	<i>Opening surplus</i>	<i>Funding received and allocated</i>	<i>Expenses incurred, net of other revenue</i>	<i>Current year surplus (deficit)</i>	<i>Ending surplus</i>
Youth	17,983	30,000	28,736	1,264	19,247
Education	136,043	300,000	299,512	488	136,531
Scholars	11,500	15,000	17,000	(2,000)	9,500
IBA Coordinator	-	133,640	204,320	(70,680)	-
Elders	19,850	50,000	57,563	(7,563)	12,287
Operating fund	160,860	260,740	221,287	39,453	200,313
Caribou Hunt	40,948	100,000	102,514	(2,514)	38,434
Harvest	92	-	22,720	(22,720)	-
Nanula Court Case	44,955	-	62,014	(62,014)	-
Thaiden Nene Trust	37,912	-	457	(456)	37,456
Unallocated funds	470,143	889,380	1,016,123	(126,742)	453,768
	14,699	162,131	-	162,131	176,830
	<b>484,842</b>	<b>1,051,511</b>	<b>1,016,123</b>	<b>35,389</b>	<b>630,598</b>

**16. Economic dependence**

The First Nation receives substantially all of its revenue from the Government of the Northwest Territories, Minister of Municipal and Community Affairs (MACA), the Akaitcho Territory Government, and Aboriginal Affairs and Northern Development Canada (AANDC), as a result of Treaties and Acts entered into with the Government of Canada. These treaties are administered by the forementioned agencies under the terms and conditions of the Indian Act.

The ability of the First Nation to continue operations is dependent upon the Akaitcho Territory Government, the Government of the Northwest Territories, and the Government of Canada's continued financial commitments as guaranteed by these treaties and agreements.

**Lutsel K'e Dene First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2014*

---

**17. Related party transactions**

The following is a list of related parties to the First Nation:

- Tsa Corporation (owned by the First Nation)
- 1456982 Alberta Ltd. (10% interest owned by Tsa Corporation)
- I&D Management Services (25% interest owned by Tsa Corporation)
- KeTe Whii Ltd. (25% interest owned by Tsa Corporation)
- Ta'egera Company Ltd. (100% interest owned by Tsa Corporation)
- Denesoline Emoc Incorporated (51% interest owned by Tsa Corporation)
- Denesoline Western Explosives (51% interest owned by Tsa Corporation)
- Denesoline/McCaw North Joint Venture (Tsa Corporation is a venturer)
- Denesoline/Nuna Joint Venture (Tsa Corporation is a venturer)
- 4768 Northwest Territories Ltd. (owned by the First Nation)
- 5454 Northwest Territories Ltd. (owned by the First Nation)
- Lutsel K'e Dene First Nation Society

During the year, the following related party transactions took place:

- I. Included in revenue is \$13,201 (2013 - \$18,202) from Ta'egera Company Ltd. for the delivery of water
- II. Included in revenue is \$8,032 (2013 - \$5,850) from Denesoline Corporation resulting from donations
- III. Included in expenses is \$21,500 (2013 - \$76,045) to Ta'egera Company Ltd. for office rental

The above transactions were made in the regular course of business and measured at the exchange amount, which is the amount of consideration agreed to between the related parties.

**18. Financial instruments**

The First Nation's financial instruments consist of cash, accounts receivable, amounts due to/from related First Nation entities, bank indebtedness, accounts payable and accrued liabilities. It is management's opinion that the community is not exposed to significant interest or currency risk arising from these financial instruments.

The First Nation is subject to credit risk with respect to trade and other receivables. Credit risk arises from the possibility that entities to which the community provides services may experience financial difficulty and be unable to fulfil their obligations. As most receivables are due from senior levels of government, credit risk is minimal.

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Nation manages exposure through the course of its normal operating and financing activities. The Nation is exposed to interest rate risk primarily through its cash accounts.

Unless otherwise noted, the carrying value of the financial instruments approximate fair value.

**19. Approval of the financial statements**

Council and management have approved these financial statements.

**20. Budget information**

The consolidated budgeted revenue and expenses, surplus, and capital expenditures have not been reported in these financial statements as no budget was approved by Chief and Council during the year.