

Lutsel K'e Dene First Nation
Financial Statements
March 31, 2015

Management's Responsibility

To the Chief and Council of Lutsel K'e Dene First Nation:

The accompanying consolidated financial statements of Lutsel K'e Dene First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Lutsel K'e Dene First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by the Chief and Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 17, 2015



Senior
Administrative
Officer

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, 2015 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, 2015 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

August 17, 2015

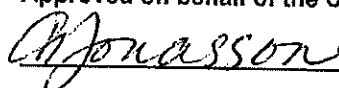
MNP LLP
Chartered Accountants

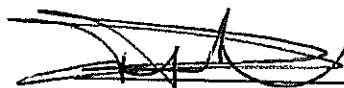
Lutsel K'e Dene First Nation Statement of Financial Position

As at March 31, 2015

	2015	2014
Financial assets		
Cash (Note 3)	2,792,264	2,650,315
Accounts receivable (Note 5)	1,084,589	708,599
GST recoverable	349,572	351,764
Total financial assets	4,226,425	3,710,678
Liabilities		
Bank indebtedness (Note 3)	392,819	497,468
Accounts payable and accruals (Note 6)	659,169	1,291,933
Deferred revenue (Note 7)	3,102,774	2,813,615
Advances from related Nation entity (Note 8)	20,458	20,458
Contributions repayable (Note 9)	29,808	30,853
Liability for source deductions (Note 10)	279,860	279,860
Total financial liabilities	4,484,888	4,934,187
Net debt	(258,463)	(1,223,509)
Contingencies (Note 11)		
Non-financial assets		
Tangible capital assets (Note 12)	3,986,486	3,458,571
Prepaid expenses	1,550	1,550
Total non-financial assets	3,988,036	3,460,121
Accumulated surplus (Note 14)	3,729,573	2,236,612

Approved on behalf of the Council

 Sub-Chief



Councilor

Lutsel K'e Dene First Nation
Statement of Operations and Accumulated Surplus
For the year ended March 31, 2015

	<i>Schedules</i>	2015	2014
Revenue			
Government transfers		4,364,773	4,276,842
Contract revenue		411,254	202,977
Other revenue		602,370	478,561
Water and sewer		125,312	134,880
Deferred revenue opening		2,813,615	3,428,688
Deferred revenue closing		(3,102,774)	(2,813,615)
		5,214,550	5,708,333
Program expenses			
Administration	1	1,673,418	2,034,455
Recreation	2	175,087	251,341
Wildlife	3	667,390	958,131
Public Works	4	812,901	910,258
Wellness	5	129,668	86,324
Education	6	385,655	706,213
Parks Canada	7	488,745	391,716
Negotiations	8	207,377	348,126
Health	9	99,778	71,507
Culture	10	147,276	206,392
IBA Coordinator	11	263,185	242,042
Contract Services	12	156,101	200,335
Total program expenses		5,206,581	6,406,840
Deficiency of revenue over expenses before IBA transactions		7,969	(698,507)
IBA transactions			
IBA funding		1,847,924	1,051,511
IBA distributions to members		(344,000)	(2,900)
IBA scholarship		(12,450)	(17,000)
IBA distribution to members for business		(6,482)	-
		1,484,992	1,031,611
Excess of revenue over expenses		1,492,961	333,104
Accumulated surplus, beginning of year		2,236,612	1,903,508
Accumulated surplus, end of year		3,729,573	2,236,612

The accompanying notes are an integral part of these financial statements

Lutsel K'e Dene First Nation
Statement of Change in Net Debt

For the year ended March 31, 2015

	2015	2014
Excess of revenue over expenses	1,492,961	333,104
Purchases of tangible capital assets	(890,000)	(1,521,971)
Amortization of tangible capital assets	362,085	400,909
	(527,915)	(1,121,062)
Decrease (increase) in net debt	965,046	(787,958)
Net debt, beginning of year	(1,223,509)	(435,551)
Net debt, end of year	(258,463)	(1,223,509)

Lutsel K'e Dene First Nation
Statement of Cash Flows
For the year ended March 31, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenue over expenses	1,492,961	333,104
Non-cash items		
Amortization	362,085	400,909
	1,855,046	734,013
Changes in working capital accounts		
Accounts receivable	(375,990)	33,874
GST recoverable	2,192	(141,480)
Accounts payable and accruals	(632,764)	739,362
Deferred revenue	289,159	(615,073)
Contributions repayable	(1,045)	(7,540)
	1,136,598	743,156
Capital activities		
Purchases of tangible capital assets	(890,000)	(1,521,971)
Increase (decrease) in cash resources	246,598	(778,815)
Cash resources, beginning of year	2,152,847	2,931,662
Cash resources, end of year	2,399,445	2,152,847
Cash resources are composed of:		
Cash	2,792,264	2,650,315
Bank indebtedness	(392,819)	(497,468)
	2,399,445	2,152,847
Supplementary cash flow information		
Interest paid	16,312	82,400
Interest received	3,779	6,039

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 Akitcho 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.

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.

Cash and cash equivalents

Cash and cash equivalents 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 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:

	Method	Rate
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 First 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.

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 12 (2014 - 12) reportable segments: Administration, Recreation, Wildlife, Public Works, Wellness, Education, Parks Canada, 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

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 Financial Statements
For the year ended March 31, 2015

3. Cash

	2015	2014
General bank account	577	577
IBA bank account	212	192,095
Gas Tax	114,921	251,020
CPI	2,676,554	2,206,623
	2,792,264	2,650,315

Cash accounts bear interest at prime less 2.50% per annum (2014 - prime less 2.50% per annum).

Current year bank indebtedness relates to \$34,545 cash, less outstanding cheques of \$427,364 as at March 31, 2015.

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

4. Restricted cash

	2015 Unspent deposits	2015 Bank balance	2015 Receivable	2015 Deposit surplus (deficiency)
IBA - internally restricted	572,535	212	-	(572,323)
Gas Tax	98,005	114,921	-	16,916
CPI	2,787,954	2,676,554	-	(111,400)
	3,458,494	2,791,687	-	(666,807)

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, 2015, the First Nation has overdrawn their restricted funding and will need to replace it.

5. Accounts receivable

	2015	2014
GNWT	198,672	167,592
AANDC	188,325	116,533
Akiatcho Territory Government	48,664	110,729
MACA	-	158,574
Parks Canada	108,669	24,927
The Nature Conservatory	25,000	-
	569,330	578,355
Trade/Member/Other	525,288	140,273
Allowance for doubtful accounts	(10,029)	(10,029)
	1,084,589	708,599

6. Accounts payable and accruals

Included in accounts payable and accruals is \$39,285 (2014 - \$32,397) in payroll and source deduction liabilities.

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2015

7. Deferred revenue

	2015	2014
Community Public Infrastructure	2,787,954	2,301,824
Federal Gas Tax	98,005	287,125
Traditional Knowledge Archive	20,395	52,207
Parks Canada	61,702	62,459
GNWT - Public Transit - MACA	110,000	110,000
CANOR	24,718	-
	3,102,774	2,813,615

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

8. Advances from related Nation entity

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

	2015	2014
East Arm Air Services - related through common control	20,458	20,458

9. Contributions repayable

	2015	2014
AANDC - Ni'Hatni Dene project	4,620	5,665
Walter Duncan Foundation	25,188	25,188
	29,808	30,853

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 Financial Statements
For the year ended March 31, 2015

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

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2015 Net book value</i>
Buildings	3,503,784	140,277	-	2,051,356	1,592,705
Equipment	311,658	-	-	253,126	58,532
Infrastructure	2,509,536	682,348	-	1,183,365	2,008,519
Computers	351,999	-	-	347,195	4,804
Leasehold improvements	87,891	-	-	63,700	24,191
Automotive	1,231,730	67,375	-	1,002,469	296,636
Floating Dock	22,204	-	-	21,105	1,099
	8,018,802	890,000	-	4,922,316	3,986,486

	<i>Cost</i>	<i>Additions</i>	<i>Disposals</i>	<i>Accumulated amortization</i>	<i>2014 Net book value</i>
Buildings	3,087,784	416,000	-	1,951,291	1,552,493
Equipment	294,796	18,000	-	238,493	74,303
Infrastructure	1,566,589	942,949	-	1,056,638	1,452,900
Computers	350,861	-	-	342,413	8,448
Leasehold improvements	87,891	-	-	60,791	27,100
Automotive	1,086,709	145,021	-	889,776	341,954
Floating Dock	22,204	-	-	20,831	1,373
	6,496,834	1,521,970	-	4,560,233	3,458,571

13. Amortization on tangible capital assets

	<i>2015</i>	<i>2014</i>
Amortization by asset type		
Buildings	100,067	101,035
Equipment	14,633	16,041
Infrastructure	126,727	99,434
Computer	4,782	65,671
Leasehold improvements	2,909	2,909
Automotive	112,692	115,476
Floating dock	275	343
	362,085	400,909

Lutsel K'e Dene First Nation
Notes to the Financial Statements
For the year ended March 31, 2015

14. Accumulated surplus

Accumulated surplus is comprised of the following:

	2015	2014
General operating	(724,448)	(1,852,557)
Equity in tangible capital assets	3,986,486	3,458,571
IBA reserve (Note 15)	467,535	630,598
	3,729,573	2,236,612

15. Impact Benefit Agreements (IBA) reserve

	<i>Opening Surplus</i>	<i>Transfers to general operating</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	19,247	-	50,000	50,186	(186)	19,061
Education	136,531	-	300,000	253,272	46,728	183,259
Scholars	9,500	-	15,000	12,450	2,550	12,050
IBA Coordinator	-	(70,680)	150,910	149,295	1,615	-
Elders	12,287	-	50,000	42,526	7,474	19,761
Operating fund	200,313	(350,740)	146,500	67,578	78,422	-
Caribou Hunt	38,434	(108,873)	218,900	61,417	38,583	87,044
Negotiations	-	(208,253)	469,922	82,527	387,395	179,142
Thaidene Nene Trust	37,456	-	-	-	-	37,456
Recreation	-	-	90,000	83,308	6,692	6,692
	453,768	(738,546)	1,491,232	802,559	569,273	544,465
Unallocated funds	176,830	-	356,692	350,482	6,210	183,040
	630,598	(738,546)	1,847,924	1,153,041	575,483	467,535

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.

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'egeera 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 \$13,039 (2014 - \$13,201) from Ta'egeera Company Ltd. for the delivery of water
- II. Included in revenue is \$9,679 (2014 - \$8,032) from Denesoline Corporation resulting from donations
- III. Included in expenses is \$13,000 (2014 - \$21,500) to Ta'egeera Company Ltd. for office rental
- IV. Included in expenses is \$10,080 (2014 - \$nil) to Denesoline Corporation 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

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus, omission of this information is considered a departure from PSA standards.