

NAHANNI BUTTE DENE BAND

Nahanni Butte, NT

CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended March 31, 2014



PAUL TEOH

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Nahanni Butte Dene Band

I have audited the accompanying consolidated financial statements of Nahanni Butte Dene Band, 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 financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nahanni Butte Dene Band as at March 31, 2014, and the consolidated results of its operations, its changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountant

Calgary, Alberta
September 10, 2014

3.



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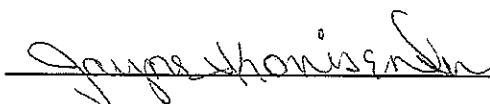
NAHANNI BUTTE DENE BAND

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2014	2013
Financial Assets		
Cash and cash equivalents	\$ 527,169	\$ 98,660
Restricted deposits (note 2)	2,247,518	2,366,503
Accounts receivable (note 3)	200,919	328,267
Contributions receivable (note 4)	224,852	287,126
Receivable from related parties (note 5)	158,353	-
Long term investments (note 6)	276,847	328,376
Total Financial Assets	3,635,658	3,408,932
Liabilities		
Accounts payable and accrued liabilities (note 7)	280,711	167,659
Contributions payable (note 8)	84,068	103,195
Deferred contributions (note 9)	2,761,704	2,536,525
Total Liabilities	3,126,483	2,807,379
Net Financial Assets	509,175	601,553
Non-Financial Assets		
Prepaid expenses and deposits	49,919	29,164
Tangible capital assets (note 10)	3,589,783	3,031,731
Total Non-Financial Assets	3,639,702	3,060,895
Accumulated Surplus	\$ 4,148,877	\$ 3,662,448

Approved on behalf of the Council:

 Councillor

 Councillor

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

NAHANNI BUTTE DENE BAND

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,

2014

2013

	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - MACA	\$ -	\$ 2,076,891	\$ 1,992,810
Contributions - AANDC	-	285,388	534,550
Contributions - DFN	-	39,697	19,090
Contributions - GNWT	-	163,021	216,920
Other revenue and recoveries	-	506,506	355,626
Earnings (loss) from subsidiaries	-	3,665	82,365
Add opening deferred revenue	-	2,536,525	2,543,719
Less closing deferred revenue	-	(2,761,704)	(2,536,525)
	-	2,849,989	3,208,555
Expenditure			
Municipal Services:			
Municipal administration	-	965,043	664,061
Utilities and operating	-	195,249	110,145
Road and works	-	71,291	94,308
Recreation	-	20,332	14,038
Water and sewage	-	376,875	272,999
Youth programs	-	8,847	689
Other programs	-	4,210	-
Band Member Services:			
Band support administration	-	100,512	124,046
Consultation and policy development	-	3,798	-
Political and institutional development	-	87,875	13,260
Self-government	-	10,309	89,618
Summer and youth work experience	-	18,306	18,951
Resource management	-	73,516	132,338
Dehcho First Nation Funded Programs:			
Advisory	-	3,185	5,685
Language and culture	-	10,568	9,225
Resource management	-	7,502	2,625
Literacy programs	-	8,649	-
GNWT Funded Programs:			
Education, cultural and employment	-	1,600	5,712
Health and social services	-	70,315	28,192
Hunters and trappers assistance	-	36,011	65,909
Economic development	-	9,229	70,368
Other programs	-	-	5,800
Others:			
Office administration	-	214,338	221,395
Loss on disposal of tangible capital assets	-	-	205,130
Membership distributions	-	66,000	-
	-	2,363,560	2,154,494
Annual Surplus	-	486,429	1,054,061
Accumulated Surplus, beginning of year	3,662,448	3,662,448	2,608,387
Accumulated Surplus, end of year	\$ 3,662,448	\$ 4,148,877	\$ 3,662,448

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

NAHANNI BUTTE DENE BAND

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2014	2014	2013
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$ 486,429	\$ 1,054,061
Acquisition of tangible capital assets	-	(904,860)	(1,024,183)
Proceeds on sale of tangible capital assets	-	-	20,600
Amortization of tangible capital assets	-	346,808	365,682
Loss (gains) on sale of tangible capital assets	-	-	205,130
Decrease (increase) in prepaid expenses and deposits	-	(71,623)	621,290
	-	(20,755)	(339)
Increase (Decrease) in Net Financial Assets	-	(92,378)	620,951
Net Financial Assets (Debt), beginning of year	601,553	601,553	(19,398)
Net Financial Assets (Debt), end of year	\$ 601,553	\$ 509,175	\$ 601,553

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

NAHANNI BUTTE DENE BAND

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2014	2013
Cash Flows from Operating Activities		
Cash receipts from government transfers	2,627,270	3,200,451
Cash receipts from contributions and other recoveries	421,186	361,661
Cash paid to suppliers and employees	(1,730,913)	(1,699,757)
	1,317,543	1,862,355
Cash flows from Investing Activities		
Decrease (increase) in advance to subsidiary companies	55,194	65,840
Decrease (increase) in receivable from related parties	(158,353)	-
	(103,159)	65,840
Capital Transactions		
Purchase of tangible capital assets	(904,860)	(1,024,183)
Proceeds on disposal of tangible capital assets	-	20,600
	(904,860)	(1,003,583)
Net Increase (Decrease) in Cash and Cash Equivalents	309,524	924,612
Cash and Cash Equivalents, beginning of year	2,465,163	1,540,551
Cash and Cash Equivalents, end of year	\$ 2,774,687	\$ 2,465,163
Represented by:		
Cash	\$ 527,169	\$ 98,660
Restricted cash	2,247,518	2,366,503
	\$ 2,774,687	\$ 2,465,163

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

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

The Nahanni Butte Dene Band (the "Council") is an Indian Band registered under the *Indian Act*. It provides services to the band members of Nahanni Butte Dene Band. It is also recognized by Department of Municipal and Community Affairs, the Government of NWT, as the designated authority responsible for the provision of municipal services to the Community of Nahanni Butte.

The Council is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

1. Significant Accounting Policies

(a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Reporting Entity

The consolidated financial statements includes the accounts of Nahanni Butte Dene Band and Nahanni Butte Dene Band Society and its following subsidiary and associated companies using the modified equity method.

	Percentage Owned	Year End
Naha Dehe Development Corporation	100%	March 31, 2014
Deh Cho Helicopters Regional Limited Partnership	14.3%	May 31, 2013

(c) Fund Accounting

The Nahanni Butte Dene Band follows the deferral method of accounting for capital contributions. Externally restricted contributions are recognized as revenue when the related capital expenditures are incurred. Contributions received in advance of making the related expenditures is recorded as deferred revenue.

The General Operating Fund reports the core operating accounts of the Council and other programs in accordance with contribution agreements with funding agencies.

The Enterprise Fund reports the assets, liabilities, revenue and expenditure relating to investments held by the Council.

(d) Long Term Investments

Long term investments are recorded at amortized costs plus adjustments for accumulated earnings and loss less any permanent decline in value.

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(e) Revenue Recognition

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipts of goods or services and /or legal obligations to pay.

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. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(f) 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 consolidated Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

Land and building is stated at nominal value. Purchased tangible capital assets are recorded at cost. Amortization expense is recorded over the estimated useful lives of the assets, using the following method and annual rates:

Buildings:		
- Community office	2%-5%	Declining Balance
- Trailers	10%	Declining Balance
- Garages	4%	Declining Balance
Land improvements	2.5%	Declining Balance
Landfills and lagoon	4%-10%	Declining Balance
Automotive equipment	30%	Declining Balance
Office equipment and furniture	10%-30%	Declining Balance
Heavy equipment	10%	Declining Balance

(ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. There is no significant inventory at year end.

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(g) Allocation of Expenditure

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

(h) Financial Instruments - Recognition and Measurement

The Council has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash and restricted cash are classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(i) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

(j) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

2. Restricted Deposits

	2014	2013
CIBC Business Interest Account - Nahanni Butte Dene Band - Community Capacity Building Fund	\$ -	\$ 15
CIBC Business Interest Account - Nahanni Butte Dene Band - Community Public Infrastructure (CPI)	359,063	1,493,027
Nahanni Butte Dene Band - Gas Tax Fund (GTF)	760,708	669,891
CIBC Business Interest Account - Nahanni Butte Dene Band - Building Canada Plan (BCP)	56	108,330
Cash in Trust	890,462	-
Nahanni Butte Trust	237,229	95,240
	<u>\$ 2,247,518</u>	<u>\$ 2,366,503</u>

Interest on CIBC Business Interest Account are paid monthly at rates ranging from 0.10% to 0.65% per annum depending on monthly average account balance.

Deposits for Deferred Contributions	Required Balance	Restricted Deposits	Deposit Deficiency
Building Canada Plan	\$ 56	\$ 56	\$ -
Community Public Infrastructure	1,632,883	1,249,525	383,358
Federal Gas Tax Funding	847,880	760,708	87,172
	<u>\$ 2,480,819</u>	<u>\$ 2,010,289</u>	<u>\$ 470,530</u>

Sufficient funds must be deposited to separate bank accounts to correspond with the respective restricted cash balances. Interest earned on these accounts is credited to the appropriate restricted bank accounts. As at March 31, 2014, total deposit deficiency amounts to \$470,530.

3. Accounts Receivable

	2014	2013
Trade and other	\$ 154,438	\$ 87,847
GST refundable	48,134	241,676
	202,572	329,523
Less allowances for doubtful accounts	(1,655)	(1,255)
	<u>\$ 200,917</u>	<u>\$ 328,268</u>

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

4. Contributions Receivable

	2014	2013
Aboriginal Affairs and Northern Development Canada	\$ 52,337	\$ 212,600
Government of NWT	160,697	71,901
Dehcho First Nations	11,819	2,625
	<u>\$ 224,853</u>	<u>\$ 287,126</u>

5. Receivable from Related Party

	2014	2013
Nahanni Butte General Stores Ltd. - common control	\$ 152,409	\$ -
Nahendeh Aboriginal Economic Council	5,944	-
	<u>\$ 158,353</u>	<u>\$ -</u>

The amounts receivable from related parties are unsecured, non-interest bearing and there is no set term of repayment.

6. Long Term Investments

	2014	2013
Naha Dehe Development Corporation (Formerly Tthenaago Development Corporation) - 100% interest:		
- Share at cost	\$ 10	\$ 10
- Receivable from Naha Dehe Development Corporation	115,526	170,720
- Accumulated equity in earnings (deficit)	(159,848)	(100,522)
	<u>\$(44,312)</u>	<u>\$ 70,208</u>
Deh Cho Helicopters Regional Limited Partnership		
- 14.3% interest:		
- Limited partnership units at cost	\$ 5,000	\$ 5,000
- Accumulated equity in earnings	316,159	253,168
	<u>\$ 321,159</u>	<u>\$ 258,168</u>
Total	<u>\$ 276,847</u>	<u>\$ 328,376</u>

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

7. Accounts Payable and Accrued Liabilities

	2014	2013
Trade and other	\$ 266,601	\$ 161,831
Accrued wages and benefits	20,320	12,038
Other taxes payable (refundable)	(6,210)	(6,210)
	<u>\$ 280,711</u>	<u>\$ 167,659</u>

8. Contributions Payable

	2014	2013
Dehcho First Nations	\$ 49,925	\$ 41,369
Dehcho Health and Social Services	2,424	2,424
Department of Indian and Northern Affairs Canada	23,492	47,768
Government of NWT	8,227	11,634
	<u>\$ 84,068</u>	<u>\$ 103,195</u>

9. Deferred Contributions

	2014	2013
Government of NWT:		
Building Canada Plan	\$ 56	\$ 130,630
Community Public Infrastructure	1,632,883	1,736,004
Federal Gas Tax Funding	847,880	669,891
DHSS - Community Wellness	49,146	-
Aboriginal Affairs and Northern Development Canada:		
Leadership Governance Capacity Development (Amend #6)	22,739	-
Other:		
Canadian Zinc - Capacity Building Funds	9,000	-
Selwyn Chihong - Environmental Monitoring Fund	200,000	-
	<u>\$ 2,761,704</u>	<u>\$ 2,536,525</u>

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

10. Tangible Capital Assets

			2014	2013
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 2,568,013	\$ 1,259,157	\$ 1,308,856	\$ 1,388,472
Land improvements	1,411,060	69,428	1,341,632	573,634
Landfills and lagoon	730,263	531,097	199,166	219,083
Automotive equipment	849,223	836,024	13,199	123,960
Office equipment and furniture	277,781	126,710	151,071	69,024
Heavy equipment	834,579	258,720	575,859	657,558
	<u>\$ 6,670,919</u>	<u>\$ 3,081,136</u>	<u>\$ 3,589,783</u>	<u>\$ 3,031,731</u>

11. Equity in Tangible Capital Assets

	2014	2013
Tangible capital assets	\$ 6,670,919	\$ 5,766,059
Accumulated amortization	(3,081,136)	(2,734,328)
	<u>\$ 3,589,783</u>	<u>\$ 3,031,731</u>

12. Accumulated Surplus (Deficit)

	2014	2013
Unrestricted		
General Operating Fund	\$ 282,247	\$ 302,341
Enterprise Fund	276,847	328,376
Equity in Tangible Capital Assets	3,589,783	3,031,731
	<u>\$ 4,148,877</u>	<u>\$ 3,662,448</u>

13. Government Transfers

	2014	2013
Government of NWT - MACA	\$ 2,076,891	\$ 1,992,810
Department of Indian and Northern Affairs Canada	285,388	534,550
Dehcho First Nations	39,697	19,090
Government of NWT	163,021	216,920
	<u>\$ 2,564,997</u>	<u>\$ 2,763,370</u>

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

14. Expenditure by Object

	2014	2013
Administration	\$ 3,000	\$ 4,259
Amortization	346,808	365,682
Bad debts (recovered)	(3,180)	66,128
Bank charges and interest	9,008	10,484
Contracted services	375	42,767
Contributions repaid	3,441	47,629
Donations	17,364	32,982
Equipment rental	36,950	41,766
Freight and postage	4,577	508
Honoraria	35,699	35,409
Insurance	71,373	65,980
Loss on disposal of capital assets	-	205,130
Materials and supplies	97,741	89,332
Meeting and workshop	13,119	20,275
Membership distribution	66,000	67,000
Miscellaneous	18,166	30,559
Mobile equipment costs	-	58
Office	12,850	2,626
Professional fees	118,313	218,287
Rent and utilities	351,298	289,511
Repairs and maintenance	121,959	15,341
Telephone and Internet	29,754	23,614
Training and scholarships	29,945	-
Travel and accommodation	137,926	93,970
Wages and benefits	841,074	385,197
	\$ 2,363,560	\$ 2,154,494

15. Economic Dependence

The Council receives a major portion of its revenue from the Indian and Northern Affairs Canada of the Government of Canada and the Department of Municipal and Community Affairs of the Government of Northwest Territories. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

16. Comparative Figures

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