

**NAHANNI BUTTE DENE
BAND**
Nahanni Butte, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2017

NAHANNI BUTTE DENE BAND

CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended March 31, 2017

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Nahanni Butte Dene Band

GENERAL DELIVERY • NAHANNI BUTTE, NT • X0E 0N0

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following financial discussion and analysis has been prepared by management and should be read in conjunction with the audited consolidated financial statements and their accompanying notes and schedules.

Financial Position

The Consolidated Statement of Financial Position reports the Nahanni Butte Dene Band's financial and non-financial resources, obligations and accumulated surplus as at March 31, 2017, on a comparative basis. This statement is used to evaluate the Council's ability to finance its activities and to meet its liabilities and commitments. The Council's financial assets changed from \$2,078,249 to \$2,149,576 due mainly to increase in contributions receivable.

During the 2013-14 fiscal year, the Council had originally invested \$1,023,533 into the Nahanni Butte General Store Ltd. as renovations under the Community Public Infrastructure program so that it can better serve the community. The amount was subsequently disallowed and the expenditure is being recorded as receivable from related parties. This has resulted in the cash deficiency of \$1,075,925 in the CPI program in the 2014-15 fiscal year. In order to reduce the cash deficiency, and upon negotiations with the Government of NWT, the Council agreed not to receive the \$665,000 of 2015-16 year and a further \$535,000 in current year's CPI annual allocation. As a result, the Council contributed a further \$535,000 in 2016-17 to the Nahanni Butte General Stores Ltd. totaling \$1,200,000. This has subsequently eliminated the cash deficiency as at March 31, 2017.

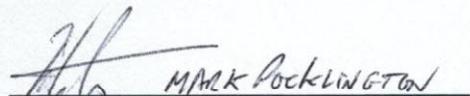
Further, the deferred contributions have changed from \$1,991,210 to \$1,647,137 resulting in a change in the liabilities from \$2,371,362 to \$1,890,126.

The Consolidated Statement of Changes in Net Financial Assets provides an indication of the Council's affordability of additional spending. The improvement of net financial debt from \$293,113 to financial assets of \$259,450 was the result of above contributions to Nahanni Butte General Stores Ltd. under the CPI program.

The changes in Accumulated Surplus reflect the changes in the Council's net assets. As the Council has an annual surplus of \$61,048, the resulting accumulated surplus has changed from \$4,852,018 to \$4,913,066.

Results from Operations

The Statement of Operations and Accumulated Surplus reports the Council's changes in economic resources and accumulated surplus for the year ended March 31, 2017, on a comparative basis. During 2017, the Council recorded a consolidated revenue of \$2,285,066 (2016: \$2,367,620). The annual surplus for the year amount to \$61,048 (2016: surplus of \$60,070) due mainly to the better monitoring of expenditure by the Council. The management will continue to monitor future expenditure carefully to ensure that they are more in-line with budget.



Mark Rockington
Senior Administrative Officer

Nahanni Butte, NT
September 28, 2017

Nahanni Butte Dene Band

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Nahanni Butte Dene Band are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with the Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Nahanni Butte Dene Band maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Nahanni Butte Dene Band's assets are appropriately accounted for and adequately safeguarded.

Nahanni Butte Dene Band's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Paul Teoh Professional Corporation in accordance with Canadian generally accepted auditing standards. Its report to the members of Nahanni Butte Dene Band, stating the scope of its examination and opinion on the consolidated financial statements, follows.

Peter Morrelli
Chief

Nahanni Butte, NT
September 28, 2017

Mark Pocklington
Senior Administrative Officer



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, 2017, 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, 2016, 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 28, 2017

3.



NAHANNI BUTTE DENE BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| March 31, | 2017 | 2016 |
|---------------------------------------------------|---------------------|---------------------|
| Financial Assets | | |
| Cash and cash equivalents | \$ 223,338 | \$ 309,989 |
| Restricted deposits (note 2) | 1,301,175 | 1,358,789 |
| Accounts receivable (note 3) | 102,834 | 110,451 |
| Contributions receivable (note 4) | 522,229 | 299,020 |
| Total Financial Assets | 2,149,576 | 2,078,249 |
| Liabilities | | |
| Accounts payable and accrued liabilities (note 5) | 221,185 | 266,128 |
| Contributions repayable (note 6) | 21,804 | 114,024 |
| Deferred contributions (note 7) | 1,647,137 | 1,991,210 |
| Total Liabilities | 1,890,126 | 2,371,362 |
| Net Financial Assets (Debt) | 259,450 | (293,113) |
| Non-Financial Assets | | |
| Long term investments (note 8) | 733,886 | 1,079,930 |
| Tangible capital assets (note 9) | 3,896,961 | 4,042,732 |
| Prepaid expenses and deposits | 22,769 | 22,469 |
| Total Non-Financial Assets | 4,653,616 | 5,145,131 |
| Accumulated Surplus | \$ 4,913,066 | \$ 4,852,018 |

Approved on behalf of the Council:

Peter Marshall Councillor

Helen Ekatla 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, | | 2017 | 2016 |
|-----------------------------------------------|-----------------------|---------------------|---------------------|
| Revenue | Budget (Unaudited) | Actual | Actual |
| Contributions - MACA | \$ - | \$ 902,524 | \$ 828,566 |
| Contributions - INAC | - | 269,469 | 122,650 |
| Contributions - DFN | - | 26,273 | 25,732 |
| Contributions - GNWT | - | 295,880 | 353,459 |
| Other revenue and recoveries | - | 243,164 | 203,332 |
| Earnings (loss) from subsidiaries | - | 203,682 | 260,956 |
| Add opening deferred revenue | - | 1,991,211 | 2,564,135 |
| <u>Less closing deferred revenue</u> | <u>-</u> | <u>(1,647,137)</u> | <u>(1,991,210)</u> |
| | | 2,285,066 | 2,367,620 |
| Expenditure | | | |
| Municipal Services: | | | |
| Municipal administration | - | 816,588 | 813,565 |
| Utilities and operating | - | 287,764 | 225,261 |
| Road and works | - | 30,154 | 162,615 |
| Recreation | - | 16,588 | 14,589 |
| Water and sewage | - | 294,433 | 269,517 |
| Youth programs | - | 28,924 | 48,014 |
| Band Member Services: | | | |
| Band support administration | - | 128,034 | 110,408 |
| Political and institutional development | - | 100,056 | - |
| Summer and youth work experience | - | 17,700 | 20,087 |
| Resource management | - | 33,207 | - |
| Dehcho First Nation Funded Programs: | | | |
| Language and culture | - | - | 4,613 |
| Resource management | - | 8,977 | 19,730 |
| GNWT Funded Programs: | | | |
| Education, cultural and employment | - | 21,469 | 32,491 |
| Health and social services | - | 116,689 | 179,269 |
| Hunters and trappers assistance | - | 53,389 | 39,065 |
| Environment and natural resources | - | 64,511 | 69,962 |
| Other programs | - | - | 14,948 |
| Others: | | | |
| Office administration | - | 205,535 | 275,344 |
| Loss on disposal of tangible capital assets | - | - | 5,601 |
| Other programs | - | - | 2,471 |
| | | 2,224,018 | 2,307,550 |
| Annual Surplus | - | 61,048 | 60,070 |
| Accumulated Surplus, beginning of year | 4,852,018 | 4,852,018 | 4,791,948 |
| Accumulated Surplus, end of year | \$ 4,852,018 | \$ 4,913,066 | \$ 4,852,018 |

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

| <u>For the year ended March 31,</u> | <u>2017</u> | <u>2017</u> | <u>2016</u> |
|-------------------------------------------------------|-----------------------|-------------|---------------|
| | Budget (Unaudited) | Actual | Actual |
| Annual Surplus (Deficit) | \$ - | \$ 61,048 | \$ 60,070 |
| Acquisition of tangible capital assets | - | (24,316) | (16,707) |
| Amortization of tangible capital assets | - | 170,087 | 268,935 |
| Loss (gains) on sale of tangible capital assets | - | - | 5,601 |
| Decrease (increase) in long term investments | - | 346,044 | - |
| | - | 552,863 | 317,899 |
| Decrease (increase) in prepaid expenses and deposits | - | (300) | (20,755) |
| Increase (Decrease) in Net Financial Assets | - | 552,563 | 297,144 |
| Net Financial Assets (Debt), beginning of year | (293,113) | (293,113) | (590,257) |
| Net Financial Assets (Debt), end of year | \$ (293,113) | \$ 259,450 | \$ (293,113) |

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,

| | 2017 | 2016 |
|-------------------------------------------------------------|--------------|--------------|
| Cash Flows from Operating Activities | | |
| Cash receipts from government transfers | \$ 1,270,937 | \$ 1,361,431 |
| Cash receipts from contributions and other recoveries | 159,035 | 299,948 |
| Cash paid to suppliers and employees | (2,099,647) | (1,896,687) |
| | (669,675) | (235,308) |
| Cash flows from Investing Activities | | |
| Decrease (increase) in advance to subsidiary companies | 549,726 | 618,942 |
| | 549,726 | 618,942 |
| Capital Transactions | | |
| Purchase of tangible capital assets | (24,316) | (16,707) |
| | (24,316) | (16,707) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (144,265) | 366,927 |
| Cash and Cash Equivalents, beginning of year | 1,668,778 | 1,301,851 |
| Cash and Cash Equivalents, end of year | \$ 1,524,513 | \$ 1,668,778 |
| Represented by: | | |
| Cash | \$ 223,338 | \$ 309,989 |
| Restricted cash | 1,301,175 | 1,358,789 |
| | \$ 1,524,513 | \$ 1,668,778 |

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, 2017

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 Chartered Professional Accountants of Canada.

(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, 2017 |
| Nahanni Butte General Store Ltd. | 50% | March 31, 2017 |
| Deh Cho Helicopters Regional Limited Partnership | 14.3% | May 31, 2016 |

(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, 2017

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, 2017

1. Significant Accounting Policies (Continued)

(g) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

(h) Allocation of Expenditure

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

(i) 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.

(j) 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.

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

1. Significant Accounting Policies (Continued)

(k) 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.

2. Restricted Deposits

| | 2017 | 2016 |
|------------------------------------------------------|-----------------------|-----------------------|
| Bank account - Community Public Infrastructure (CPI) | \$ 183,127 | \$ 182,986 |
| Bank account - Gas Tax Fund (GTF) | 943,018 | 938,933 |
| Bank account - Nahanni Butte Trust | 175,030 | 236,870 |
| | <hr/> \$ 1,301,175 | <hr/> \$ 1,358,789 |

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.

| | Community Public Infrastructure | Federal Gas Tax Funding | Total |
|-------------------------------|---------------------------------------|----------------------------|---------------------|
| Deferred contributions | \$ 170,379 | \$ 1,266,358 | \$ 1,436,737 |
| Less contributions receivable | (130,000) | (336,172) | 206,172 |
| Required balance | 40,379 | 930,186 | 970,565 |
| Restricted cash deposits | 183,127 | 943,018 | 1,126,145 |
| | <hr/> \$ 142,748 | <hr/> \$ 12,832 | <hr/> \$ 155,580 |

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, 2017, sufficient funds were deposited into the restricted bank accounts.

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

3. Accounts Receivable

| | 2017 | 2016 |
|---------------------------------------|----------------------|---------------------|
| Trade and other GST refundable | \$ 168,267 27,178 | \$ 98,226 26,705 |
| Less allowances for doubtful accounts | (92,611) | (14,480) |
| | \$ 102,834 | \$ 110,451 |

4. Contributions Receivable

| | 2017 | 2016 |
|-----------------------------------------|-------------------|-------------------|
| Indigenous and Northern Affairs Canada: | | |
| Summer work experience | \$ 1,770 | \$ 1,770 |
| Land resource management | 6,380 | - |
| Community capacity development | 10,006 | - |
| Government of NWT: | | |
| MACA-Federal Gas Tax Funding (2014-15) | 87,172 | 87,172 |
| MACA-Federal Gas Tax Funding (2015-16) | 174,000 | 174,345 |
| MACA-Federal Gas Tax Funding (2016-17) | 75,000 | - |
| MACA-CPI (2016-17) | 130,000 | - |
| ECE-Wage support | 14,400 | 4,800 |
| ITI-Garden project | 1,000 | 1,750 |
| ITI-CED Arbour | - | 1,788 |
| ITI-Spring Carnival | 480 | 300 |
| ITI-SEED Infrastructure | 3,407 | - |
| ITI-Aboriginal Day | 640 | - |
| ENR-IRMA | 6,000 | 7,095 |
| DOT-Access road upgrade | - | 20,000 |
| Dehcho First Nations | | |
| AAROM | 11,974 | - |
| | \$ 522,229 | \$ 299,020 |

5. Accounts Payable and Accrued Liabilities

| | 2017 | 2016 |
|----------------------------------|-------------------|-------------------|
| Trade and other | \$ 136,009 | \$ 236,589 |
| Accrued wages and benefits | 63,707 | 10,274 |
| Other taxes payable (refundable) | 21,469 | 19,265 |
| | \$ 221,185 | \$ 266,128 |

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

6. Contributions Repayable

| | 2017 | 2016 |
|----------------------------------------|--------------------|---------------------|
| Dehcho First Nations | \$ 1,249 | \$ 38,006 |
| Dehcho Health and Social Services | - 937 | |
| Indigenous and Northern Affairs Canada | 20,555 | 43,781 |
| Government of NWT | - 31,300 | |
| | <hr/> \$ 21,804 | <hr/> \$ 114,024 |

7. Deferred Contributions

| | 2017 | 2016 |
|-----------------------------------------------|-----------------------|-----------------------|
| Government of NWT: | | |
| Building Canada Plan | \$ - | \$ 56 |
| Community Public Infrastructure | 170,379 | 599,511 |
| Federal Gas Tax Funding | 1,266,358 | 1,184,243 |
| Other: | | |
| Selwyn Fund | 7,400 | 7,400 |
| Canadian Zinc IBA | 200,000 | 200,000 |
| Great Slave Helicopter's Women's Wellness | 1,000 | - |
| Great Slave Helicopter's Youth Infrastructure | 2,000 | - |
| | <hr/> \$ 1,647,137 | <hr/> \$ 1,991,210 |

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

8. Long Term Investments

Naha Dehe Development Corporation

The Council owns 100% of Naha Dehe Development Corporation, a private company incorporated under the Business Corporation Act of Northwest Territories on July 9, 2001. The Corporation's principal activities are business management and investment activities. The Company is exempt from income tax under Section 149(1)(e) of the *Income Tax Act*.

The following summarizes the financial position and results of operations of the Corporation as at and for the year ended March 31, 2017.

| | 2017 | 2016 |
|-----------------------------------------------|--------------|--------------|
| Financial Position | | |
| Current assets | \$ 36,809 | \$ 60,410 |
| Non-current assets | 26,473 | 48,765 |
| Total assets | 63,282 | 109,175 |
| Current liabilities | 102,046 | 103,819 |
| Non-current liabilities | 121,500 | 135,000 |
| Shareholder's equity (capital deficiency) | \$(160,264) | \$(129,644) |
| Financial Performance | | |
| Revenues | \$ 7,059 | \$ 15,297 |
| Expenses | 37,680 | 46,358 |
| Net earnings (loss) | \$(30,621) | \$(31,061) |
| Investments: | | |
| Investment at cost | \$ 10 | \$ 10 |
| Receivable from Corporation | 87,046 | 69,149 |
| Accumulated equity earnings (deficit) | (160,275) | (129,654) |
| Investment in Corporation | \$(73,219) | \$(60,495) |

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

8. Long Term Investments (Continued)

Nahanni Butte General Stores Ltd.

The Council owns 50% of Nahanni Butte General Stores Ltd., a private company incorporated under the *Business Corporation Act of Northwest Territories* on October 15, 1992. The Company owns and operates The Nahanni Butte General Store and Nahanni Butte Inn in Nahanni Butte, Northwest Territories.

The Company is exempt from income taxes under Section 149(1)(e) of the Income Tax Act.

The following summarizes the financial position and results of operations of the Corporation as at and for the year ended March 31, 2017.

| | 2017 | 2016 |
|-----------------------------------------------------|----------------|------------------|
| Financial Position | | |
| Current assets | \$ 172,794 | \$ 226,992 |
| Non-current assets | <u>687,208</u> | <u>725,077</u> |
| Total assets | 860,002 | 952,069 |
| Current liabilities | 280,553 | 808,048 |
| Non-current liabilities | <u>27,944</u> | <u>27,493</u> |
| Total shareholder's equity (capital deficiency) | \$ 551,505 | \$ 116,528 |
| Financial Performance | | |
| Revenues | \$ 727,481 | \$ 824,183 |
| Expenses | 292,502 | 221,961 |
| Gain (loss) on disposal of assets | - | 105,238 |
| Net earnings (loss) | 434,979 | 496,984 |
| Net earnings (loss) attributable to the Council | \$ 217,490 | \$ 248,492 |
| Investments: | | |
| Investment at cost | \$ 25,000 | \$ 25,000 |
| Receivable from Corporation | 181,475 | 749,098 |
| Accumulated equity earnings (deficit) | <u>175,504</u> | <u>(41,986)</u> |
| Investment in Corporation | \$ 381,979 | \$ 732,112 |

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

8. Long Term Investments (Continued)

Deh Cho Helicopters Regional Limited Partnership

The Council owns 5,000 of 35,000 (14.27%) limited partnership units in Deh Cho Helicopters Regional Limited Partnership (DCHRLP). DCHRLP was formed on June 1, 2004 under the Partnership Act of the Northwest Territories.

The Partnership's principal activities are to own and lease a Eurocopter AS350 B2 Helicopter and other helicopter charters through Great Slave Helicopters Ltd. in the Deh Cho areas in Northwest Territories.

The following summarizes the financial position and results of operations of the Corporation as at and for the year ended May 31, 2016.

| | 2016 | 2015 |
|----------------------------------------------|------------------|------------------|
| Financial Position | | |
| Current assets | \$ 1,611,342 | \$ 1,502,013 |
| Non-current assets | 1,093,580 | 1,259,624 |
| Total assets | 2,704,922 | 2,761,637 |
| Current liabilities | 15,313 | 15,113 |
| Non-current liabilities | 4,796 | 4,403 |
| Total partners' equity | \$ 2,684,813 | \$ 2,742,121 |
| Financial Performance | | |
| Revenues | \$ 439,571 | \$ 559,998 |
| Expenses | 321,878 | 255,327 |
| Net earnings (loss) | 117,693 | 304,671 |
| Net earnings attributable to the Council | \$ 16,813 | \$ 43,523 |
| Investment: | | |
| Investment at cost | \$ 5,000 | \$ 5,000 |
| Accumulated equity earnings | 420,126 | 428,313 |
| Distributions of earnings | - (25,000) | |
| Investment in Partnership | \$ 425,126 | \$ 408,313 |
| Total Investments | \$ 733,886 | \$ 1,079,930 |

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

9. Tangible Capital Assets

| | | 2017 | 2016 |
|--------------------------------|--------------|--------------------------|----------------|
| | Cost | Accumulated Amortization | Net Book Value |
| Buildings | \$ 2,568,013 | \$ 1,465,931 | \$ 1,102,082 |
| Land improvements | 2,424,408 | 242,740 | 2,181,668 |
| Landfills and lagoon | 730,263 | 577,303 | 152,960 |
| Automotive equipment | 867,739 | 852,001 | 15,738 |
| Office equipment and furniture | 270,666 | 194,378 | 76,288 |
| Heavy equipment | 834,579 | 466,354 | 368,225 |
| | <hr/> | <hr/> | <hr/> |
| | \$ 7,695,668 | \$ 3,798,707 | \$ 3,896,961 |
| | <hr/> | <hr/> | <hr/> |
| | \$ 4,042,732 | | |

10. Equity in Tangible Capital Assets

| | 2017 | 2016 |
|--------------------------|--------------|--------------|
| Tangible capital assets | \$ 7,695,668 | \$ 7,671,352 |
| Accumulated amortization | (3,798,707) | (3,628,620) |
| | <hr/> | <hr/> |
| | \$ 3,896,961 | \$ 4,042,732 |
| | <hr/> | <hr/> |

11. Accumulated Surplus (Deficit)

| | 2017 | 2016 |
|-----------------------------------|--------------|--------------|
| Unrestricted | | |
| General Operating Fund | \$ 282,219 | \$(270,644) |
| Enterprise Fund | 733,886 | 1,079,930 |
| Equity in Tangible Capital Assets | 3,896,961 | 4,042,732 |
| | <hr/> | <hr/> |
| | \$ 4,913,066 | \$ 4,852,018 |
| | <hr/> | <hr/> |

12. Government Transfers

| | 2017 | 2016 |
|----------------------------------------------------|--------------|--------------|
| Government of NWT - MACA | \$ 902,524 | \$ 828,566 |
| Aboriginal Affairs and Northern Development Canada | 269,469 | 122,650 |
| Dehcho First Nations | 26,273 | 25,732 |
| Government of NWT | 295,880 | 353,459 |
| | <hr/> | <hr/> |
| | \$ 1,494,146 | \$ 1,330,407 |
| | <hr/> | <hr/> |

NAHANNI BUTTE DENE BAND

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

13. Expenditure by Object

| | 2017 | 2016 |
|------------------------------------|--------------------|--------------------|
| Advertising and promotion | \$ 50 | \$ 2,460 |
| Administration | 15,429 | 22,900 |
| Amortization | 170,087 | 268,935 |
| Bad debts (recovered) | 69,740 | 104,124 |
| Bank charges and interest | 3,215 | 16,235 |
| Community events | 5,000 | - |
| Contracted services | 17,785 | 110,750 |
| Contributions repaid | 26,937 | 20,879 |
| Donations/Contributions | 3,491 | 1,923 |
| Equipment rental | 21,532 | 31,410 |
| Freight and postage | 7,530 | 3,951 |
| Honoraria | 55,625 | 24,947 |
| Insurance | 140,017 | 109,442 |
| Loss on disposal of capital assets | - | 5,601 |
| Materials and supplies | 146,447 | 110,184 |
| Meeting and workshop | 9,018 | 12,865 |
| Membership distribution | 66,500 | - |
| Miscellaneous | 15,823 | 38,326 |
| Office | 15,426 | 5,878 |
| Professional fees | 49,385 | 162,172 |
| Rent and utilities | 329,054 | 341,030 |
| Repairs and maintenance | 48,471 | 48,349 |
| Telephone and Internet | 21,366 | 16,708 |
| Training and scholarships | - | 17,150 |
| Travel and accommodation | 64,160 | 82,968 |
| Wages and benefits | 921,930 | 748,363 |
| | <hr/> \$ 2,224,018 | <hr/> \$ 2,307,550 |

14. Economic Dependence

The Council receives a major portion of its revenue from the Aboriginal Affairs and Northern Development 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2017

15. Financial Instruments and Risk Management

The Council's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Council is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Council's non-compliance to the contribution agreements. The Council manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Liquidity Risk - Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council manages liquidity risk through the management of its capital structure.

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