

**JEAN MARIE RIVER FIRST
NATION**
Jean Marie River, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2014



PAUL TEOH
Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

To the members of Jean Marie River First Nation

I have audited the consolidated financial statements of Jean Marie River 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 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 Jean Marie River First Nation as at March 31, 2014, and the consolidated results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Paul Teoh

Chartered Accountant

Calgary, Alberta
September 10, 2014

3.



Paul Teoh Professional Corporation • 408 – 20th Avenue NE • Calgary • Alberta • T2E 1R2
Tel: 1.403.520.7428 • Toll Free: 1.877.PAUL.TEOH / 1.877.285.8364 • Fax: 1.403.520.7431 • Web: www.paulteoh.ca

JEAN MARIE RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<u>March 31,</u>	<u>2014</u>	<u>2013</u>
(Restated)		
Financial Assets		
Cash	\$ 658,224	\$ 353,761
Short term Investments	71,669	70,000
Restricted deposits (note 2)	2,261,313	2,496,431
Accounts receivable (note 3)	201,030	280,019
Contributions receivable (note 4)	206,951	153,629
Long term Investments (note 5)	759,071	630,681
Total Financial Assets	4,158,258	3,984,521
Liabilities		
Accounts payable and accrued liabilities (note 6)	341,277	255,804
Contributions repayable (note 7)	64,360	59,080
Deferred contributions (note 8)	2,273,994	2,628,866
Total Liabilities	2,679,631	2,943,750
Net Financial Assets	1,478,627	1,040,771
Non-Financial Assets		
Tangible capital assets (note 9)	2,370,433	2,122,492
Prepaid expenses and deposits	115,868	105,656
Total Non-Financial Assets	2,486,301	2,228,148
Accumulated Surplus (note 11)	\$ 3,964,928	\$ 3,268,919

Approved on behalf of the Council:

Angus Langney Councillor

George Gross Councillor

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

JEAN MARIE RIVER FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2014	2014	2013
	Budget (Unaudited)	Actual	(Restated) Actual
Revenue			
Contributions - MACA	\$ -	\$ 1,501,813	\$ 1,379,441
Contributions - AANDC	- -	375,546	290,458
Contributions - DFN	- -	49,636	65,772
Contributions - GNWT	- -	248,805	238,032
Contributions - others	- -	- -	185,188
Other revenue and recoveries	- -	271,229	451,259
Earnings (loss) from subsidiaries	- -	184,237	181,122
Add opening deferred revenue	- -	2,828,866	2,491,773
<u>Less closing deferred revenue</u>	<u>- -</u>	<u>(2,273,994)</u>	<u>(2,628,866)</u>
		2,986,138	2,634,179
Expenditure			
Municipal Services:			
Municipal administration	- -	580,554	552,213
Roads and works	- -	112,650	50,603
Recreation	- -	14,208	20,872
Utilities and operating	- -	482,874	450,026
Water and sewage	- -	322,240	311,229
Youth programs	- -	14,735	- -
AANDC Band Member Services:			
Band support administration	- -	172,630	120,783
Resource management	- -	184,815	78,863
Summer and youth programs	- -	5,494	21,985
Political and institutional development	- -	29,140	- -
Community economic development	- -	- -	48,142
Dehcho First Nation Funded Programs:			
Advisory	- -	7,049	7,049
Literacy programs	- -	6,600	5,000
Language and culture	- -	9,228	8,926
Resource management	- -	26,762	45,162
GNWT Funded Programs:			
Education, cultural and employment	- -	32,864	18,600
Health and social services	- -	22,297	28,778
Transportation and public works	- -	152,160	107,896
Resource programs	- -	39,978	35,675
Others:			
Administration	- -	38,146	41,929
Community events	- -	11,805	2,853
Environmental	- -	2,249	326,481
Loss (Gains) on Disposal of Capital Assets	- -	11,661	15,053
		2,290,129	2,298,118
Annual Surplus (Deficit)			
Accumulated Surplus, beginning of year	3,268,919	696,009	336,061
Accumulated Surplus, end of year	\$ 3,268,919	\$ 3,964,928	\$ 3,268,919

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

JEAN MARIE RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2014	2014	2013
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$ 696,009	\$ 336,061
Acquisition of tangible capital assets	- (625,406)	(207,698)
Proceeds on sale of tangible capital assets	- 5,250		
Amortization of tangible capital assets	- 360,554		358,480
Loss (gains) on sale of tangible capital assets	- 11,661		30,106
Decrease (increase) in prepaid expenses and deposits	- 448,068		516,949
	- (10,212)	(35,366)	
Increase (Decrease) in Net Financial Assets	- 437,856		481,583
Net Financial Assets, beginning of year	1,040,771	1,040,771	559,188
Net Financial Assets, end of year	\$ 1,040,771	\$ 1,478,627	\$ 1,040,771

JEAN MARIE RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2014	2013
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 2,122,478	\$ 1,934,002
Cash receipts from contributions and recoveries	355,498	448,184
<u>Cash paid to suppliers and employees</u>	(1,842,653)	(1,823,196)
	<hr/>	<hr/>
	635,323	558,990
Cash Flows from Investing Activities		
Decrease (increase) in receivable from related parties	55,847	32,246
<u>Decrease (increase) in short term investment</u>	(1,669)	(70,000)
	<hr/>	<hr/>
	54,178	(37,754)
Capital Transactions		
Purchase of tangible capital assets	(625,406)	(207,698)
<u>Proceeds from disposal of tangible capital assets</u>	5,250	-
	<hr/>	<hr/>
	(620,156)	(207,698)
Net Increase (Decrease) in Cash and Cash Equivalents	69,345	313,538
Cash and Cash Equivalents, beginning of year	2,850,192	2,536,654
Cash and Cash Equivalents, end of year	\$ 2,919,537	\$ 2,850,192
Represented By:		
Cash	\$ 658,224	\$ 353,761
Restricted cash	2,261,313	2,496,431
	<hr/>	<hr/>
	\$ 2,919,537	\$ 2,850,192

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

The Jean Marie River First Nation ("Council") is an Indian Band registered under the *Indian Act*. It provides services to the band members of Jean Marie River First Nation. 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 Jean Marie River.

The Council recognized as a municipality and 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 generally accepted accounting principles for governments 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 Jean Marie River First Nation and Tthets' Ehk' E Deli Society along with its following subsidiary and associated companies using the modified equity method.

	Percentage Owned	Year End
Jean Marie River Development Corporation Ltd.	100%	March 31, 2014
Deh Cho Helicopters Regional Limited Partnership	14.3%	May 31, 2013

(c) Fund Accounting

The Jean Marie River First Nation 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.

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(d) 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.

(e) 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

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:

- Office and community	2% - 5%	Declining Balance
- Playgrounds	10%	Declining Balance
- Staff houses	10%	Declining Balance
- Youth/Elder Centre	10%	Declining Balance
Land improvements	2.5%	Declining Balance
Landfills and lagoon	5%	Declining Balance
Mobile equipment	30%	Declining Balance
Office furniture and equipment	20%	Declining Balance
Shop equipment	10%	Declining Balance
Street lights	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.

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(f) Short Term Investments

Short term investments consist of Guaranteed Income Certificates bearing interest at 0.85% per annum.

(g) Long Term Investments

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

(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) 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.

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

1. Significant Accounting Policies (Continued)

(k) 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.

2. Restricted Deposits

	2014	2013
CIBC Business Interest Account - Community Public Infrastructure	\$ 1,192,810	\$ 1,558,648
CIBC Business Interest Account - Federal Gas Tax	608,266	479,870
CIBC Business Interest Account - Reserve Account	460,237	457,913
	<hr/> \$ 2,261,313	<hr/> \$ 2,496,431

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.

Deposit for Deferred Contributions	Required Balance	Restricted Cash Deposit	Deposit Deficiency
Community Public Infrastructure	\$ 1,551,784	\$ 1,192,810	\$ 358,974
Federal Gas Tax Funding	706,671	608,266	98,405
Reserve Account	-	460,237	(460,237)
	<hr/> \$ 2,258,455	<hr/> \$ 2,261,313	<hr/> \$(2,858)

Sufficient funds must be deposited to separate restricted bank accounts to correspond with the respective balances required. Interest earned on these accounts is credited to the appropriate restricted bank accounts.

JEAN MARIE RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

3. Accounts Receivable

	2014	2013
Trade and other GST refundable	\$ 259,007 64,046	\$ 357,192 44,850
Less allowances for doubtful for trade and other	(323,053 122,023)	(402,042 122,023)
	<hr/> \$ 201,030	<hr/> \$ 280,019

4. Contributions Receivable

	2014	2013
(Restated)		
Dehcho First Nations	\$ 19,715	\$ 23,153
Dehcho Health and Social Services	5,757	5,757
Aboriginal Affairs and Northern Development Canada	52,586	34,969
Government of NWT	128,893	89,750
	<hr/> \$ 206,951	<hr/> \$ 153,629

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

5. Long Term Investments

	2014	2013
Jean Marie River Development Corporation Ltd. - 100% Interest:		
Share at cost	\$ 200	\$ 200
Receivable	726,825	782,672
<u>Accumulated equity in earnings (loss)</u>	<u>(289,115)</u>	<u>(410,361)</u>
	<u>\$ 437,910</u>	<u>\$ 372,511</u>
Deh Cho Helicopters Regional Limited Partnership - 14.3% interest:		
Limited partnership units at cost	\$ 5,000	\$ 5,000
<u>Accumulated equity in earnings (loss)</u>	<u>316,161</u>	<u>253,170</u>
	<u>\$ 321,161</u>	<u>\$ 258,170</u>
Total Net Investments	\$ 759,071	\$ 630,681

6. Accounts Payable and Accrued Liabilities

	2014	2013
Trade and other	\$ 305,555	\$ 204,888
Accrued wages and benefits	9,524	8,622
Remittances payable	26,197	42,300
	<u>\$ 341,276</u>	<u>\$ 255,810</u>

7. Contributions Repayable

	2014	2013
Dehcho First Nations	\$ 10,776	\$ 5,496
Aboriginal Affairs and Northern Development Canada	41,520	41,520
Government of NWT	6,120	6,120
Government of Canada	5,944	5,944
	<u>\$ 64,360</u>	<u>\$ 59,080</u>

JEAN MARIE RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

8. Deferred Contributions

	2014	2013
(Restated)		
Community Public Infrastructure	\$ 1,551,784	\$ 2,025,408
Deh Cho First Nations - Edehzhie	-	5,000
Federal Gas Tax Funding	706,671	578,049
Government of NWT	15,539	20,409
	<hr/>	<hr/>
	\$ 2,273,994	\$ 2,628,866

9. Tangible Capital Assets

	2014	2013		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 3,017,074	\$ 1,711,638	\$ 1,305,436	\$ 1,383,697
Land improvements	67,165	20,066	47,099	48,308
Landfills and lagoon	409,223	375,777	33,446	35,206
Mobile equipment	2,592,175	1,656,551	935,624	600,449
Office furniture and equipment	122,228	98,035	24,193	27,462
Shop equipment	24,906	5,323	19,583	21,759
Street lights	7,295	2,243	5,052	5,613
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 6,240,066	\$ 3,869,633	\$ 2,370,433	\$ 2,122,492

10. Equity In Tangible Capital Assets

	2014	2013
Tangible capital assets	\$ 6,240,066	\$ 5,783,770
Accumulated amortization	(3,869,633)	(3,661,278)
	<hr/>	<hr/>
	\$ 2,370,433	\$ 2,122,492

JEAN MARIE RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

11. Accumulated Surplus

	2014	2013
Unrestricted		
General Operating Fund	\$ 835,424	\$ 515,746
Enterprise Fund	759,071	630,681
<u>Equity in Tangible Capital Assets</u>	<u>2,370,433</u>	<u>2,122,492</u>
	<hr/>	<hr/>
	\$ 3,964,928	\$ 3,268,919

12. Government Transfers

	2014	2013
Government of NWT - MACA	\$ 1,501,813	\$ 1,379,441
Government of NWT	248,805	238,032
Aboriginal Affairs and Northern Development Canada	375,546	290,458
Dehcho First Nations	49,636	65,772
	<hr/>	<hr/>
	\$ 2,175,800	\$ 1,973,703

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

13. Expenditure by Object

	2014	2013
	Actual	Actual
Advertising and promotion	\$ 7,542	\$ 17,380
Administration	20,735	36,241
Amortization	360,554	358,480
Bad debts	-	(24,788)
Bank charges and interest	3,538	2,466
Community events	3,992	3,413
Contracted services	6,480	877
Contributions repaid	6,139	36,083
Donations	5,324	450
Equipment rental	18,943	22,864
Freight and postage	2,783	2,370
Honoraria	19,456	45,042
Insurance	89,148	72,243
Loss (gain) on disposal of assets	11,661	15,053
Materials and supplies	87,537	52,416
Meeting and workshop	30,194	24,019
Miscellaneous	1,137	1,183
Mobile equipment costs	160,589	142,677
Office	18,544	24,522
Power	232,693	263,626
Professional fees	256,024	229,655
Rent and utilities	73,770	80,090
Special events	-	669
Telephone and Internet	33,035	25,997
Training and scholarships	36,164	62,130
Travel and accommodation	60,852	67,526
Wages and benefits	743,295	735,434
Total Expenditure	\$ 2,290,129	\$ 2,298,118

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2014

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.

15. Comparative Figures

For the year ended March 31, 2013, \$81,722 of contributions receivable in respect of the Federal Gas Tax was omitted.

As a result, the comparative figures have been restated as follows:

	Originally Stated	Adjustments	Re-stated
Statement of Financial Position:			
Contributions receivable	\$ 71,907	\$ 81,722	\$ 153,629
Deferred contributions	\$ 2,547,144	\$(81,722)	\$ 2,628,866
Statement of Operations:			
Contributions - MACA	\$ 1,297,719	\$ 81,722	\$ 1,379,441
Less closing deferred revenue	\$(2,547,144)	\$(81,722)	\$(2,628,866)
Notes to Financial Statements			
Note 4. Contributions Receivable:			
- Government of NWT	\$ 8,028	\$ 81,722	\$ 89,750
Note 8. Deferred Contributions:			
- Federal Gas Tax Funding	\$ 496,327	\$ 81,722	\$ 578,049

In addition, certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.