

**JEAN MARIE RIVER FIRST
NATION**

Jean Marie River, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2015



Jean Marie River First Nation

General Delivery

Jean Marie River, NT

XOE ONO

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Jean Marie River First Nation 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.

Jean Marie River First Nation 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 Jean Marie River First Nation's assets are appropriately accounted for and adequately safeguarded.

Jean Marie River First Nation'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 Jean Marie River First Nation, stating the scope of its examination and opinion on the financial statements, follows.

Gladys Norwegian
Chief

Chief

Senior Administrative Officer

Jean Marie River, NT
August 25, 2015



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, 2015, 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, 2015, and the consolidated results of its operations, changes net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Chartered Accountant

Calgary, Alberta
August 25, 2015

3.



JEAN MARIE RIVER FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2015	2014
Financial Assets		
Cash	\$ 826,595	\$ 658,224
Short term investments	71,886	71,669
Restricted deposits (note 2)	2,186,962	2,261,313
Accounts receivable (note 3)	213,314	201,030
Contributions receivable (note 4)	1,010,752	206,951
<u>Long term investments (note 5)</u>	<u>810,357</u>	<u>759,071</u>
Total Financial Assets	5,119,866	4,158,258
Liabilities		
Accounts payable and accrued liabilities (note 6)	144,059	341,274
Contributions repayable (note 7)	60,251	64,360
<u>Deferred contributions (note 8)</u>	<u>3,100,164</u>	<u>2,273,994</u>
Total Liabilities	3,304,474	2,679,628
Net Financial Assets	1,815,392	1,478,630
Non-Financial Assets		
Tangible capital assets (note 9)	2,089,720	2,370,433
<u>Prepaid expenses and deposits</u>	<u>29,215</u>	<u>115,868</u>
Total Non-Financial Assets	2,118,935	2,486,301
Accumulated Surplus (note 11)	\$ 3,934,327	\$ 3,964,931

Approved on behalf of the Council

Gesell Gossen Councillor

Yvonne Norwiegian 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,	2015	2015	2014
Revenue			
Contributions - MACA	\$ -	\$ 2,034,070	\$ 1,501,813
Contributions - AANDC	- -	99,190	375,546
Contributions - DFN	- -	107,479	49,636
Contributions - GNWT	- -	371,209	248,805
Other revenue and recoveries	- -	344,500	271,229
Earnings (loss) from subsidiaries	- -	30,286	184,237
Add opening deferred revenue	- -	2,273,994	2,628,866
Less closing deferred revenue	- -	(3,094,557)	(2,273,994)
		2,166,171	2,986,138
Expenditure			
Municipal Services:			
Municipal administration	- -	657,094	590,551
Roads and works	- -	68,799	112,650
Recreation	- -	25,905	14,208
Utilities and operating	- -	554,252	482,874
Water and sewage	- -	322,449	322,240
Youth programs	- -	14,286	14,735
AANDC Band Member Services:			
Band support administration	- -	98,074	172,630
Resource management	- -	-	184,815
Summer and youth programs	- -	2,858	5,494
Political and institutional development	- -	-	29,140
Dehcho First Nation Funded Programs:			
Advisory	- -	-	7,049
Community assembly	- -	21,748	-
Literacy programs	- -	-	6,600
Language and culture	- -	9,225	9,228
Resource management	- -	60,256	26,762
GNWT Funded Programs:			
Education, cultural and employment	- -	23,355	32,854
Economic Development	- -	56,105	-
Health and social services	- -	48,622	22,297
Hunters and trappers assistance	- -	1,659	-
Transportation and public works	- -	104,256	152,160
Resource programs	- -	43,561	39,978
Others:			
Administration	- -	47,833	38,146
Community events	- -	27,449	11,805
Environmental	- -	8,989	2,249
Loss (Gains) on Disposal of Capital Assets	- -	-	11,661
		2,196,775	2,290,126
Annual Surplus (Deficit)	- -	(30,604)	696,012
Accumulated Surplus, beginning of year	3,964,931	3,964,931	3,268,919
Accumulated Surplus, end of year	\$ 3,964,931	\$ 3,934,327	\$ 3,964,931

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,	2015	2015	2014
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(30,604)	\$ 696,012
Acquisition of tangible capital assets	-	(96,690)	(625,406)
Proceeds on sale of tangible capital assets	-	-	5,250
Amortization of tangible capital assets	-	377,403	360,554
Loss (gains) on sale of tangible capital assets	-	-	11,661
Decrease (increase) in prepaid expenses and deposits	-	250,109	448,071
	-	86,653	(10,212)
Increase (Decrease) in Net Financial Assets	-	336,762	437,859
Net Financial Assets, beginning of year	1,478,630	1,478,630	1,040,771
Net Financial Assets, end of year	\$ 1,478,630	\$ 1,815,392	\$ 1,478,630

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

JEAN MARIE RIVER FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2015	2014
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 1,808,147	\$ 2,122,478
Cash receipts from contributions and recoveries	333,714	355,498
<u>Cash paid to suppliers and employees</u>	(1,929,934)	(1,842,653)
	211,927	635,323
Cash Flows from Investing Activities		
Decrease (increase) in receivable from related parties	(21,000)	55,847
<u>Decrease (increase) in short term investment</u>	(217)	(1,669)
	(21,217)	54,178
Capital Transactions		
Purchase of tangible capital assets	(96,690)	(625,406)
<u>Proceeds from disposal of tangible capital assets</u>	-	5,250
	(96,690)	(620,156)
Net Increase (Decrease) in Cash and Cash Equivalents	94,020	69,345
Cash and Cash Equivalents, beginning of year	2,919,537	2,850,192
Cash and Cash Equivalents, end of year	\$ 3,013,557	\$ 2,919,537
Represented By:		
Cash	\$ 826,595	\$ 658,224
<u>Restricted cash</u>	2,186,962	2,261,313
	\$ 3,013,557	\$ 2,919,537

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

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

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 Chartered Professional Accountants of Canada.

(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, 2015
Deh Cho Helicopters Regional Limited Partnership	14.3%	May 31, 2014

(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, 2015

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, 2015

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, 2015

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

	2015	2014
CIBC Business Interest Account - Community Public Infrastructure	\$ 1,114,831	\$ 1,192,810
CIBC Business Interest Account - Federal Gas Tax	610,364	608,266
CIBC Business Interest Account - Reserve Account	461,767	460,237
	<hr/> \$ 2,186,962	<hr/> \$ 2,261,313

Interests 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	Less Contributions Receivable	Restricted Cash Deposit	Deposit Deficiency
Community Public Infrastructure	\$ 2,118,692	\$(640,000)	\$ 1,114,831	\$ 363,861
Federal Gas Tax Funding	872,714	(245,165)	610,364	17,185
Reserve Account	-	-	461,767	(461,767)
	<hr/> \$ 2,991,406	<hr/> \$(885,165)	<hr/> \$ 2,186,962	<hr/> \$ (80,721)

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, 2015

3. Accounts Receivable

	2015	2014
Trade and other GST refundable	\$ 257,098 29,967	\$ 259,007 64,046
Less allowances for doubtful for trade and other	(287,065 73,751)	(323,053 122,023)
	<hr/> \$ 213,314	<hr/> \$ 201,030

4. Contributions Receivable

	2015	2014
(Restated)		
Dehcho First Nations	\$ 35,119	\$ 19,715
Dehcho Health and Social Services	-	5,757
Aboriginal Affairs and Northern Development Canada	43,139	52,586
Government of NWT	932,494	128,893
	<hr/> \$ 1,010,752	<hr/> \$ 206,951

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

5. Long Term Investments

	2015	2014
Jean Marie River Development Corporation Ltd. - 100% interest:		
Share at cost	\$ 200	\$ 200
Receivable	747,825	726,825
Accumulated equity in earnings (loss)	(327,458)	(289,115)
	\$ 420,567	\$ 437,910
Deh Cho Helicopters Regional Limited Partnership - 14.3% interest:		
Limited partnership units at cost	\$ 5,000	\$ 5,000
Accumulated equity in earnings (loss)	384,790	316,161
	\$ 389,790	\$ 321,161
Total Net Investments	\$ 810,357	\$ 759,071

6. Accounts Payable and Accrued Liabilities

	2015	2014
Trade and other	\$ 104,321	\$ 294,288
Accrued wages and benefits	16,847	9,524
Remittances payable	22,896	37,464
	\$ 144,064	\$ 341,276

7. Contributions Repayable

	2015	2014
Dehcho First Nations	\$ 3,679	\$ 10,776
Aboriginal Affairs and Northern Development Canada	44,792	41,520
Government of NWT	11,780	6,120
Government of Canada	-	5,944
	\$ 60,251	\$ 64,360

JEAN MARIE RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

8. Deferred Contributions

	2015	2014
Government of NWT - DHSS - Health & Wellness	\$ 103,151	\$ -
Community Public Infrastructure	2,118,692	1,551,784
Federal Gas Tax Funding	872,714	706,671
Government of NWT - ITI - CHAP	-	15,539
School of Public Health - University of Waterloo	957	-
Mudball Carnival Donations	4,650	-
	<hr/>	<hr/>
	\$ 3,100,164	\$ 2,273,994

9. Tangible Capital Assets

	2015	2014		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 3,054,599	\$ 1,788,229	\$ 1,266,370	\$ 1,305,436
Land improvements	72,790	21,384	51,406	47,099
Landfills and lagoon	409,223	377,450	31,773	33,445
Mobile equipment	2,639,613	1,944,354	695,259	935,624
Office furniture and equipment	128,331	105,590	22,741	24,193
Shop equipment	24,906	7,282	17,624	19,583
Street lights	7,295	2,748	4,547	5,052
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 6,336,757	\$ 4,247,037	\$ 2,089,720	\$ 2,370,432

10. Equity in Tangible Capital Assets

	2015	2014
Tangible capital assets	\$ 6,336,757	\$ 6,240,066
Accumulated amortization	(4,247,037)	(3,869,633)
	<hr/>	<hr/>
	\$ 2,089,720	\$ 2,370,433

JEAN MARIE RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

11. Accumulated Surplus

	2015	2014
Unrestricted		
General Operating Fund	\$ 1,034,250	\$ 835,427
Enterprise Fund	810,357	759,071
<u>Equity in Tangible Capital Assets</u>	<u>2,089,720</u>	<u>2,370,433</u>
	<u>\$ 3,934,327</u>	<u>\$ 3,964,931</u>

12. Government Transfers

	2015	2014
Government of NWT - MACA	\$ 2,034,070	\$ 1,501,813
Government of NWT	371,209	248,805
Aboriginal Affairs and Northern Development Canada	99,190	375,546
Dehcho First Nations	107,479	49,636
	<u>\$ 2,611,948</u>	<u>\$ 2,175,800</u>

JEAN MARIE RIVER FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

13. Expenditure by Object

	2015	2014
	Actual	Actual
Advertising and promotion	\$ 13,351	\$ 7,542
Administration	10,955	20,735
Amortization	377,403	360,554
Bad debts	16,779	-
Bank charges and interest	9,463	3,538
Community events	25,419	3,992
Contracted services	32,528	6,480
Contributions repaid	22,447	6,139
Donations	10,095	5,324
Equipment rental	27,623	18,943
Freight and postage	9,774	2,783
Honoraria	14,277	19,456
Insurance	75,861	89,148
Loss (gain) on disposal of assets	-	11,661
Materials and supplies	130,565	87,537
Meeting and workshop	35,106	30,194
Miscellaneous	6,466	1,137
Mobile equipment costs	195,039	160,589
Office	23,347	18,544
Power	268,220	232,693
Professional fees	37,988	256,024
Rent and utilities	80,151	73,770
Telephone and Internet	29,274	33,032
Training and scholarships	5,000	36,164
Travel and accommodation	59,262	60,852
Wages and benefits	680,382	743,295
Total Expenditure	\$ 2,196,775	\$ 2,290,126

JEAN MARIE RIVER FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2015

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

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