

BEHDZI AHDA' FIRST NATION BAND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

FIRST NATION'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements for Behdzi Ahda' First Nation Band are the responsibility of management and have been approved by the Chief and Council.

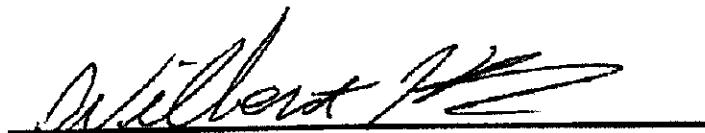
The consolidated financial statements have been prepared by management in accordance with the accounting principles described in Note 1 to the financial statements and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Council members meet periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Bulat & Poustie, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Behdzi Ahda' First Nation Band and meet when required.



Chief

INDEPENDENT AUDITOR'S REPORT

TO THE CHIEF, COUNCIL AND MEMBERSHIP BEHDZI AHDA' FIRST NATION BAND

We have audited the accompanying financial statements of Behdzi Ahda' First Nation Band, which comprise the consolidated statement of financial position as at March 31, 2016 and the consolidated statement of operations, statement of accumulated surplus, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Behdzi Ahda' First Nation Band as at March 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

BULAT & POUSTIE

Bulat & Poustie

July 22, 2016
Winnipeg, Manitoba

CHARTERED ACCOUNTANTS

BEHDZI AHDA' FIRST NATION BAND
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2016

| | 2016 | 2015 |
|--|----------------------|---------------------|
| FINANCIAL ASSETS | | |
| Unrestricted cash and term deposits, note 3 | \$ 2,216,413 | \$ 1,944,664 |
| Restricted cash and term deposits, note 4 | 970,445 | 1,469,496 |
| Accounts and loans receivable, Schedule 67 | 1,390,047 | 1,096,279 |
| Investment in Berah Gutone Tue" Enterprises Ltd., note 5 | 50 | 50 |
| Due from related parties, note 6 | 800,000 | 800,000 |
| Loan receivable, note 7 | - | 46,006 |
| | <u>\$ 5,376,955</u> | <u>\$ 5,356,495</u> |
| LIABILITIES | | |
| Accounts payable and accrued, Schedule 68 | \$ 484,417 | \$ 382,214 |
| Contributions repayable, note 8 | 8,119 | 2,635 |
| Deferred revenue, note 9 | 1,153,445 | 1,469,496 |
| Due to related parties, note 10 | 240,607 | 240,607 |
| | <u>1,886,588</u> | <u>2,094,952</u> |
| NET FINANCIAL ASSETS | <u>\$ 3,490,367</u> | <u>\$ 3,261,543</u> |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets, Schedule 69 | \$ 7,135,483 | \$ 6,369,292 |
| Prepaid expenses and deposits | 36,026 | 95,590 |
| | <u>7,171,509</u> | <u>6,464,882</u> |
| ACCUMULATED SURPLUS, Schedule 70 | <u>\$ 10,661,876</u> | <u>\$ 9,726,425</u> |
| CONTINGENCIES, note 11 | | |

Approved on Behalf of the First Nation:

Frank D. Bandz John Blanchard SR

BEHDZI AHDA' FIRST NATION BAND
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2016

| | Budget Unaudited | 2016 Actual | 2015 Actual |
|--|--------------------------|--------------------------|----------------------------|
| REVENUE | | | |
| Grants - Government of the Northwest Territories | | | |
| Operating | \$ 1,980,121 | \$ 2,024,179 | \$ 1,995,100 |
| Capital | 730,000 | 952,270 | 784,913 |
| Grants - Federal government | | | |
| Aboriginal Affairs and Northern Development | | | |
| Canada | 782,341 | 772,041 | 796,222 |
| Federal gas tax funding | 150,000 | 164,731 | 536,394 |
| Other | 19,500 | 85,118 | - |
| Contributions and donations | 209,514 | 361,554 | 333,505 |
| First Nation Financial Management Board | 13,447 | 13,447 | 1,553 |
| Interest | 29,175 | 23,321 | 32,348 |
| Management support | - | 138,332 | 128,341 |
| Rental | 18,000 | 18,000 | 12,000 |
| Sahtu Dene Council | 71,460 | 71,460 | 47,710 |
| Sahtu Health and Social Services Authority | 20,160 | 11,141 | - |
| Sahtu Renewable Resources Board | 18,889 | 18,889 | - |
| Sahtu Secretariat Inc. | 86,121 | 86,121 | 84,144 |
| Utilities | - | 129,300 | - |
| Total revenue (Schedule 1) | <u>4,128,728</u> | <u>4,869,904</u> | <u>4,752,230</u> |
| EXPENSES | | | |
| Band government | 1,063,396 | 1,198,100 | 1,131,021 |
| Community services | 436,365 | 749,214 | 638,610 |
| Health services | 75,713 | 66,694 | 16,862 |
| Protective services | 20,225 | 26,207 | 54,089 |
| Recreation and cultural services | 315,994 | 331,667 | 232,074 |
| Regional planning and economic development | 19,500 | 116,619 | 40,944 |
| Resource conservation | 120,010 | 117,191 | 123,730 |
| Self government | 636,447 | 628,494 | 653,743 |
| Transportation services | 239,144 | 326,259 | 248,257 |
| Water and sewer services | <u>368,415</u> | <u>374,008</u> | <u>401,401</u> |
| Total expenses (Schedule 1) | <u>3,295,209</u> | <u>3,934,453</u> | <u>3,540,731</u> |
| SURPLUS FOR THE YEAR | <u>\$ 833,519</u> | <u>\$ 935,451</u> | <u>\$ 1,211,499</u> |

The accompanying notes are an integral part of the financial statements

BEHDZI AHDA' FIRST NATION BAND
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

| | 2016 | 2015 |
|--|----------------------------|----------------------------|
| ANNUAL SURPLUS | \$ 935,451 | \$ 1,211,499 |
| Purchase of tangible capital assets | (1,124,000) | (1,321,309) |
| Amortization of tangible capital assets | 357,809 | 295,459 |
| Decrease (increase) in prepaid expenses | <u>59,564</u> | <u>(55,042)</u> |
| | <u>(706,627)</u> | <u>(1,080,892)</u> |
| CHANGE IN NET FINANCIAL ASSETS | 228,824 | 130,607 |
| NET FINANCIAL ASSETS, BEGINNING OF YEAR | <u>3,261,543</u> | <u>3,130,936</u> |
| NET FINANCIAL ASSETS, END OF YEAR | <u>\$ 3,490,367</u> | <u>\$ 3,261,543</u> |

BEHDZI AHDA' FIRST NATION BAND
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2016

| | 2016 | 2015 |
|---|--------------------------|----------------------------|
| CASH FLOW FROM OPERATING TRANSACTIONS | | |
| Cash receipts from funding arrangements and customers | \$ 4,165,126 | \$ 3,900,003 |
| Cash paid to suppliers, employees and others | (3,289,254) | (3,183,769) |
| Interest received | 23,321 | 32,348 |
| Interest paid | <u>(2,495)</u> | <u>(2,669)</u> |
| | <u>896,698</u> | <u>745,913</u> |
| CASH FLOW FROM CAPITAL TRANSACTIONS | | |
| Purchase of tangible capital assets | <u>(1,124,000)</u> | <u>(1,321,309)</u> |
| CASH FLOW FROM INVESTING TRANSACTIONS | | |
| Purchase of investments/interest reinvested | (22,678) | (2,312,399) |
| Proceeds on disposal of investments | - | 2,591,441 |
| Change in amounts due from related parties | <u>-</u> | <u>(1,000)</u> |
| | <u>(22,678)</u> | <u>278,042</u> |
| DECREASE IN CASH | (249,980) | (297,354) |
| CASH, BEGINNING OF YEAR | <u>1,094,487</u> | <u>1,391,841</u> |
| CASH, END OF YEAR | <u>\$ 844,507</u> | <u>\$ 1,094,487</u> |
| CASH IS COMPRISED OF: | | |
| Unrestricted cash, note 3 | \$ 339,797 | \$ 87,305 |
| Restricted cash, note 4 | <u>504,710</u> | <u>1,007,182</u> |
| | <u>\$ 844,507</u> | <u>\$ 1,094,487</u> |

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

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.

Reporting Entity

The Behdzi Ahda First Nation reporting entity includes Behdzi Ahda First Nation and all related entities that are either owned or controlled by the First Nation. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend agreements.

Principles of Consolidation

These consolidated financial statements report on the assets, liabilities and results of operations for all the following entities which are considered to be extensions of the Behdzi Ahda' First Nation Band government operations:

Behdzi Ahda' First Nation Band
Colville Lake Development Fund

All of the above entities were subject to an audit. All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions between them have not necessarily been eliminated on the individual schedules.

Fund Accounting

The Behdzi Ahda' First Nation Band uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. These funds have been amalgamated for the purpose of presentation in the consolidated financial statements. The Behdzi Ahda' First Nation Band maintains the following funds:

- (i) Operating fund which reports the general activities of the First Nation Administration.
- (ii) Capital fund which reports the tangible capital assets of the First Nation not included in other funds, together with their related financing.
- (iii) Water and sewer services fund which reports the water and sewer activities of the First Nation Administration.

Asset Classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets normally include tangible capital assets, prepaid expenses and inventories of supplies.

Cash

Cash and cash equivalents include cash on hand and balances with banks net of outstanding cheques and bank overdrafts.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

Significant Accounting Policies - continued

Term Deposit and Investment

The term deposit is recorded at market value. The investments in Berah Gutone Tue" Enterprises Ltd. is recorded at cost.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Donated assets are recorded at their estimated fair value upon acquisition. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical or cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Assets under construction are not amortized until the asset is available to be put into service.

Amortization is provided for as follows:

| | <u>Rate</u> | <u>Method</u> |
|-----------------------------------|----------------|---------------|
| Land improvements | 3 to 30 years | Straight line |
| Buildings | 20 to 50 years | Straight line |
| Vehicles and equipment | 5 to 10 years | Straight line |
| Computer hardware and software | 4 years | Straight line |
| Roads and streets | 30 to 40 years | Straight line |
| Water and sewer | 30 years | Straight line |

Net Financial Assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets or net debt as the measurement of financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities.

Revenue Recognition

All revenue is recorded on an accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

Significant Accounting Policies - continued

Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Economic Dependence

The primary source of cash flow is funding from Aboriginal Affairs and Northern Development Canada and the Government of the Northwest Territories. The funding agreement can be cancelled if the First Nation does not observe certain established guidelines. The First Nation's ability to continue viable operations is dependent upon maintaining its current funding agreements.

2. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Fair Value of Financial Instruments

The fair values of cash, term deposit, accounts and loans receivable, loan receivable, accounts payable and accrued liabilities and contributions repayable approximate their carrying values due to their short-term maturity.

The fair values of the amounts due from and to related parties cannot be readily and have not been disclosed due to the fact that the amounts are non-interest bearing, have no terms of repayment and cash flow stream is not determinable.

The fair values of due from and to related parties and investment in Berah Gutone Tue" Enterprises Ltd. cannot be readily determined.

Financial Risk Management - overview

The First Nation has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest risk; and foreign currency risk.

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the First Nation to credit risk consist principally of cash, term deposits, accounts and loans receivables, loans receivables and due from related parties.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

Financial Instruments and Financial Risk Management - continued

The maximum exposure of the First Nation to credit risk at year end is:

| | 2016 | 2015 |
|-------------------------------------|---------------------|---------------------|
| Unrestricted cash and term deposits | \$ 2,216,413 | \$ 1,944,664 |
| Restricted cash and term deposits | 970,445 | 1,469,496 |
| Accounts and loans receivables | 1,390,047 | 1,096,279 |
| Loan receivable | - | 46,006 |
| Due from related parties | <u>800,000</u> | <u>800,000</u> |
| | \$ 5,376,905 | \$ 5,356,445 |

Cash and term deposit: The First Nation is not exposed to significant credit risk as the cash and term deposit is primarily held by major financial institutions.

Accounts and loans receivables: The First Nation is not exposed to significant credit risk as no one party accounts for a significant balance and payment in full is typically collected when it is due. The First Nation establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from related parties: The First Nation is exposed to normal credit risk which has been mitigated due to offsetting amounts due to certain related parties.

The change in the allowance for doubtful accounts during the year was as follows:

| | 2016 | 2015 |
|-------------------------------------|-----------------|-----------------|
| Balance, beginning of the year | \$ 5,421 | \$ - |
| Provision for receivable impairment | 46,006 | 5,421 |
| Amounts written off | (46,006) | - |
| Amounts recovered | - | - |
| Balance, end of the year | \$ 5,421 | \$ 5,421 |

Liquidity Risk

Liquidity risk is the risk that the First Nation will not be able to meet its financial obligations as they come due.

The First Nation manages liquidity risk by maintaining adequate cash balances and monitoring by management to ensure adequate funding will be received to meet the obligations.

Market Risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the First Nation's income or the fair values of its financial instruments. The significant market risks the First Nation is exposed to are interest rate risk and foreign currency risk.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

Financial Instruments and Financial Risk Management - continued

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to the term deposit.

The interest rate risk on the term deposit is considered to be low because of the short term nature.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The First Nation is not exposed to significant foreign currency risk as it does not have any financial instruments denominated in foreign currency.

| | 2016 | 2015 |
|--|----------------------------|----------------------------|
| 3. UNRESTRICTED CASH AND TERM DEPOSITS | | |
| General operations | | |
| Guaranteed investment certificate earning interest at 0.90% and maturing December 8, 2016. The balance includes \$1,147,671 principal plus \$3,198 accrued interest (2015 - interest at 1.25%, maturing December 9, 2015, \$1,133,502 principal plus \$4,348 accrued interest) | \$ 1,150,869 | \$ 1,137,850 |
| Cash | <u>(124.415)</u> | <u>(277.554)</u> |
| | <u>1,026,454</u> | <u>860,296</u> |
| Water and sewer | | |
| Guaranteed investment certificate earning interest at 0.70% and maturing April 15, 2016. The balance includes \$724,566 principal plus \$1,181 accrued interest (2015 - interest at 1.00%, maturing June 19, 2015, \$719,115 principal plus \$394 accrued interest) | 725,747 | 719,509 |
| Cash | <u>464.212</u> | <u>364.859</u> |
| | <u>1,189,959</u> | <u>1,084,368</u> |
| | <u>\$ 2,216,413</u> | <u>\$ 1,944,664</u> |

The First Nation does not have a bank overdraft. The cash for general operations and water and sewer are held in the same bank account.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

| 4. RESTRICTED CASH AND TERM DEPOSITS | 2016 | 2015 |
|--|--------------------------|----------------------------|
| CPI Funding Guaranteed investment certificate earning interest at 0.60% and maturing December 8, 2016. The balance includes \$462,624 principal plus \$859 accrued interest (2015 - interest at 0.80%, maturing December 9, 2015, \$458,952 principal plus \$1,127 accrued interest) | \$ 463,483 | \$ 460,079 |
| Cash | <u>276,366</u> | <u>558,983</u> |
| Required balance | 739,849 | 1,019,062 |
| Federal Gas Tax Funding Guaranteed investment certificate earning interest at 0.60% and maturing December 8, 2016. The balance includes \$2,248 principal plus \$4 accrued interest (2015 - interest at 0.80%, maturing December 9, 2015, \$2,230 principal plus \$5 accrued interest) | 2,252 | 2,235 |
| Cash (2016 funding of \$183,000 has not been received and is included in accounts receivable) | <u>43,829</u> | <u>208,551</u> |
| Required balance | 46,081 | 210,786 |
| Community Capacity Building Fund - cash | 73,945 | 95,032 |
| Federal government - Personal Credits Redemption - cash | 3,382 | 33,000 |
| Sahtu Renewable Resources Board - cash | 28,297 | 28,297 |
| MACA - New sewage lagoon - cash | 69,872 | 69,872 |
| First Nation Financial Management Board - cash | - | 13,447 |
| Supportive Home Services - cash | <u>9,019</u> | <u>-</u> |
| | <u>\$ 970,445</u> | <u>\$ 1,469,496</u> |

At year end, the actual CPI bank account has a balance of \$354,614 resulting in a surplus of \$78,248. The actual Federal Gas Tax funding bank account has a balance of \$5,537 resulting in a shortfall of \$38,292. The remaining restricted cash is not held in separate bank accounts.

5. INVESTMENT IN BERAH GUTONE TUE" ENTERPRISES LTD.

The First Nation owns 50 Class A common voting shares (50% ownership) of Berah Gutone Tue" Enterprises Ltd.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

| 6. DUE FROM RELATED PARTIES | 2016 | 2015 |
|--|--------------------------|--------------------------|
| Ayoni Keh Land Corporation, non-interest bearing, unsecured loan with no specific terms of repayment, a corporation set up to administer lands within the region with common board membership. | \$ 50,000 | \$ 50,000 |
| Behdzi Ahda' First Nation Economic Development Trust, non-interest bearing loan with no specific terms of repayment, a Trust set up to administer land claims for the band members. | <u>750,000</u> | <u>750,000</u> |
| | <u><u>\$ 800,000</u></u> | <u><u>\$ 800,000</u></u> |
| 7. LOAN RECEIVABLE | 2016 | 2015 |
| Kapami Cooperative, fixed term loan receivable in monthly instalments of \$1,982 plus interest at 10% per annum and is unsecured | <u>\$ -</u> | <u>\$ 46,006</u> |
| No amounts were received during the year and interest has not been accrued. The balance was written off during the year. | | |
| 8. CONTRIBUTIONS REPAYABLE | 2016 | 2015 |
| Contributions repayable represent unexpended funding which according to the terms of the funding agreement are to be repaid to the issuer as follows: | | |
| Government of the Northwest Territories | \$ - | \$ 2,635 |
| Community Water Monitors Workshop | <u>8,119</u> | <u>-</u> |
| Community Garden | | |
| | <u><u>\$ 8,119</u></u> | <u><u>\$ 2,635</u></u> |

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

9. DEFERRED REVENUE

Deferred revenue consists of amounts received from various sources in excess of eligible amounts expended or for the expenditures that will be incurred in a subsequent fiscal period. This amount is comprised of the following:

| | Balance, Beginning of Year | Funding Received | Interest Earned | Funding Expended | Balance, End of Year |
|---|---|-----------------------------|----------------------------|-----------------------------|-------------------------------------|
| Government of the Northwest Territories | | | | | |
| Community Capacity Building Fund Plan (Sch. 28) | \$ 95,032 | \$ - | \$ - | \$ 21,087 | \$ 73,945 |
| Community Public Infrastructure Funding (Sch. 71) | 1,019,062 | 675,000 | 4,038 | 958,251 | 739,849 |
| Supportive Living Assistance (Sch. 35) | - - | 20,160 | - - | 11,141 | 9,019 |
| MACA - Sewage Lagoon | 69,872 | - - | - - | - - | 69,872 |
| Sahtu Renewable Resources Board | 28,297 | - - | - - | - - | 28,297 |
| Federal Gas Tax Funding (Sch. 72) | 210,786 | 183,000 | 26 | 164,731 | 229,081 |
| First Nations Financial Management Board (Sch. 34) | 13,447 | - - | - - | 13,447 | - - |
| Personal Credits Redemption (Sch. 50) | 33,000 | 36,000 | - - | 65,618 | 3,382 |
| | <u>\$ 1,469,496</u> | <u>\$ 914,160</u> | <u>\$ 4,064</u> | <u>\$ 1,234,275</u> | <u>\$ 1,153,445</u> |

10. DUE TO RELATED PARTIES 2016 2015

| | | |
|--|--------------------------|--------------------------|
| Behdzi Ahda' First Nation Economic Development Trust, non-interest bearing loan with no specific terms of repayment, a Trust set up to administer land claims for the band members. | <u>\$ 240,607</u> | <u>\$ 240,607</u> |
|--|--------------------------|--------------------------|

The balance due to Behdzi Ahda' First Nation Economic Development Trust is unsecured and non-interest bearing with no specific terms of repayment. Since the related party has indicated that it is not their intention to request repayment of these amounts during the next fiscal year, this amount has been classified as a non-current liability in the accompanying consolidated financial statements. The fair value cannot be readily determined and transactions were recorded at the agreed upon value.

Additional related party accounts and loans receivable on Schedule 67 and accounts payable on Schedule 68 are transactions in the normal course of business and are measured at the exchange amount being the amount of consideration established and agreed upon by the related parties.

BEHDZI AHDA' FIRST NATION BAND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2016

11. CONTINGENCIES

The First Nation has entered into contribution agreements with Aboriginal Affairs and Northern Development Canada and the Government of the Northwest Territories. Funding received under these contribution agreements is subject to the repayment if the First Nation fails to comply with the terms and conditions of the agreements.

| 12. EXPENSES BY OBJECT | 2016 | 2015 |
|-------------------------------------|---------------------|---------------------|
| Amortization | \$ 357,809 | \$ 295,459 |
| Bad debts | 46,006 | 5,421 |
| Bank charges and interest | 2,495 | 2,528 |
| Consulting and contract work | 179,637 | 123,345 |
| Equipment rental | 217,423 | 222,393 |
| Fuel, street lighting and utilities | 645,010 | 506,605 |
| Honoraria | 49,100 | 16,125 |
| Insurance | 33,308 | 29,947 |
| Office | 46,711 | 30,292 |
| Repairs and maintenance | 36,166 | 52,839 |
| Supplies and other | 386,703 | 295,756 |
| Professional fees | 265,678 | 314,981 |
| Transfers to other programs | 81,314 | 60,620 |
| Travel, meals and accommodation | 562,595 | 638,968 |
| Wages and benefits | <u>1,024,498</u> | <u>945,452</u> |
| | <u>\$ 3,934,453</u> | <u>\$ 3,540,731</u> |

13. BUDGET INFORMATION

The budget information was prepared by management and approved by Chief and Council and has not been subject to an audit. There are not formal budgets prepared for all departments.