

**Robert
Stewart**

Chartered
Accountant/
Management
Consultants

Box 2116
Yellowknife, N.W.T. X1A 2P6
Tel (867) 873-5595
Fax (867) 873-5596
Email: stewart@peace.ca

AUDITOR'S REPORT

To the Members
DEH CHO FIRST NATIONS
Deh Cho Region, Northwest Territories

I have examined the Balance Sheet of the DEH CHO FIRST NATIONS as at March 31, 2002, the Statement of Revenue, Expenditure and Surplus and the Statement of Cash Flow for the year then ended. These financial statements are the responsibility of the First Nations' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2002, and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



CHARTERED ACCOUNTANT

May 28, 2002
Yellowknife, N.W.T.



DEH CHO FIRST NATIONS

BALANCE SHEET

MARCH 31, 2002

ASSETS

CURRENT	2002	2001
Cash	\$ 427,296	\$ 311,420
Accounts receivable (Note 3)	698,488	467,201
Prepaid expenses	88,935	51,307
	<u>1,214,719</u>	<u>829,928</u>
INVESTMENTS IN DEH CHO HOMES LTD. (Note 2)	1	1
CAPITAL ASSETS (Notes 2 and 4)	<u>1</u>	<u>1</u>
	<u>\$1,214,721</u>	<u>\$ 829,930</u>

LIABILITIES

CURRENT	2002	2001
Accounts payable and accrued liabilities	\$ 392,141	\$ 223,216
Due to Dene Nation	-	13,776
Deferred Revenue (Note 5)	<u>245,755</u>	<u>124,628</u>
	<u>637,896</u>	<u>361,620</u>

MEMBERS' EQUITY

SURPLUS	2002	2001
	<u>576,825</u>	<u>468,310</u>

\$1,214,721 \$ 829,930

APPROVED:



Grand Chief
Executive Director



DEH CHO FIRST NATIONS

STATEMENT OF SURPLUS

FOR THE YEAR ENDED MARCH 31, 2002

	<u>2002</u>	<u>2001</u>
GENERAL OPERATING:		
Surplus, Opening, as previously reported	\$ 468,310	\$ 399,440
Prior period adjustment (note 6)	-	(67,681)
Surplus, as restated	468,310	331,758
Excess revenue for the year	108,516	136,552
Surplus Closing	576,825	468,310



DEH CHO FIRST NATIONS

STATEMENT OF CONSOLIDATED REVENUE AND EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2002

	<u>2002</u>	<u>2001</u>
REVENUE		(note 8)
Government of Canada	\$ 4,381,308	\$ 3,433,826
Government of the NWT	353,381	234,631
Other Revenue	178,927	179,508
Transfer from (to) deferred revenue	<u>(130,902)</u>	<u>234,248</u>
	<u>4,782,714</u>	<u>4,082,213</u>
EXPENDITURES		
AHRDA Costs	1,328,776	1,663,188
Staff Costs	804,916	799,874
Transfers to First Nations (non-AHRDA)	626,768	269,696
Travel	553,824	404,459
Professional Fees & Subcontractors	349,815	291,119
Cash Grants	274,000	-
Chief Negotiators Fees	179,547	-
Office Expenses	163,291	166,012
Capital Expenditures	78,565	-
Sound & Translation	79,347	-
Office Supplies	76,786	-
Equipment Purchases	76,300	-
Repairs & Maintenance	44,094	-
Telephone	38,169	-
Regional Meetings	-	246,999
Unrecovered Goods & Services Tax	-	40,716
Program Costs	-	63,599
	<u>4,674,198</u>	<u>3,945,662</u>
EXCESS REVENUE	<u>\$ 108,516</u>	<u>\$ 136,552</u>

DEH CHO FIRST NATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

	<u>2002</u>	<u>2001</u>
OPERATING ACTIVITIES		
Cash provided by (used for) the year	\$ 108,516	\$ 136,552
Cash provided by (used for) changes in non-cash working capital:		
Accounts Receivable	(231,287)	366,811
Prepaid Expenses	(37,628)	(31,412)
Accounts Payable and Accrued Liabilities	168,924	(260,152)
Due to Dene Nation	(13,776)	-
Deferred Revenue	<u>121,127</u>	<u>(234,249)</u>
INCREASE (DECREASE) IN CASH	115,876	(22,450)
CASH AND EQUIVALENTS, OPENING	<u>311,420</u>	<u>333,870</u>
CASH AND EQUIVALENTS, CLOSING	<u>427,296</u>	<u>311,420</u>



DEH CHO FIRST NATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

NOTE 1 NATURE OF ORGANIZATION

Deh Cho First Nations is the government of aboriginal peoples in the traditional Deh Cho Territory of the Northwest Territories. The membership consists of 14 member community governments (11 First Nations and 3 Metis Locals). Deh Cho First Nations is registered as a non-profit society under the Societies Act of the Northwest Territories. The First Nations Office administers the affairs of the Deh Cho First Nations on behalf of its members. At present, the First Nations Office is economically dependent on the Government of Canada.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

A) General

For the purposes of its financial reporting, by virtue of the fact that the First Nations is a government, it applies the accounting principals for local governments as set out in the CICA Public Sector Accounting Handbook (PSA Handbook). It should be noted that recently there has been much discussion and research on the appropriate accounting policies for First Nations, and these principals are evolving.

B) Measurement Uncertainty

The preparation of financial statements in accordance with stated accounting policies requires the First Nations to make estimates and assumptions that affect the amount of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the assumptions in the future periods could be significant. Although, at the time of preparation of these statements, the First Nations believes the estimates and assumptions to be reasonable. Some of the more significant management estimates based on past experience relate to allowance for doubtful accounts, the accounting for capital assets, investments and deferred revenue valuation.

C) Inventory

Inventory of materials and general supplies is considered a cost of operations and is not recorded on the balance sheet.



DEH CHO FIRST NATIONS

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2002

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Con't.)

D) Capital Assets

Capital Assets are recorded as expenditures in the year of acquisition. The cost of capital purchases are reported in Note 4. Capital Assets are amortized using the declining balance method and the rates disclosed in Note 4. One-half years amortization is taken in the year of acquisition.

E) Funding Agency Contract Surplus (Deficit)

According to contracts or contribution agreements with funding agencies, primarily DIAND and Human Resource Development Canada, any contract surplus is to be recovered by the funding agency and any contract deficit is to be retained by the Deh Cho First Nations. Financial statements of the First Nations have not been reviewed by the Deh Cho First Nations when these statements were prepared. Accordingly, any adjustments as a result of the review will similarly be accounted for in the new year.

F) Delivery Agency Contract Surplus (Deficit)

According to contracts of contribution agreements with program delivery agencies, primarily First Nations located in the Deh Cho communities, any contract surplus is to be recovered by the Deh Cho First Nations and any contract deficit is to be retained by the respective First Nation. Financial statements of the various delivery agents have not been reviewed by the Deh Cho First Nations when these statements were prepared. Accordingly, any adjustments as a result of the review will similarly be accounted for in the new year.

G) Financial Instruments

The First Nations' financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and deferred revenues. It is management's opinion that the First Nations is not exposed to significant interest, or noted, the fair value of these financial instruments approximate their carrying value.

DEH CHO FIRST NATIONS

NOTES TO THE FINANCIAL STATEMENT

March 31, 2002

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (con't)

H) Investments

The First Nations records its investment in Deh Cho Homes Ltd. Using the modified equity method which results in a nominal value. The 100% owned subsidiary owns the office building occupied by the First Nations and is inactive. Investment income and expenditures are recorded when incurred.

Insured values at March 31, 2002 are as follows:

Office Building	<u>696,000</u>
-----------------	----------------

NOTE 3 ACCOUNTS RECEIVABLE

DIAND	\$ 575,568
-------	------------

Education, Culture & Employment	61,662
Dene Nation	8,130
Other	<u>8,417</u>
	<u>653,777</u>

Goods and Services Tax	85,452
------------------------	--------

Less allowance for Doubtful Accounts - GST	(40,967)
---	----------

	<u>698,262</u>
--	----------------

NOTE 4 CAPITAL ASSETS

	Rate	Cost	2002		2001	
			Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Equipment	20%	\$ 175,177	\$ 135,280	\$ 39,897	\$ 49,871	
Computer Equipment	30%	119,122	85,999	33,123	47,318	
Vehicles	30%	65,930	-	65,930		
		\$ 360,229	\$ 221,279	\$ 138,950	\$ 97,189	

Insured values at March 31, 2002 are as follows:

Office Contents	\$ 204,000
-----------------	------------



DEH CHO FIRST NATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

NOTE 5 DEFERRED REVENUE

Deferred revenue is comprised of amounts received but not yet earned as follows:

	<u>2002</u>	<u>2001</u>
IMA Support	82598	-
Gathering Strength 125K (#3)	33780	-
Natural Resources Canada	19462	-
Negotiations Preparedness 800K #4	19385	-
Deh Cho Process 250 K #5	13337	-
IMA Traditional Mapping #8	12202	-
Dene Nation Elders	10567	-
Deh Cho Process (Gathering Strength)	10218	22378
HRDC AHRDA-CRF	10071	-
Self Government 300K #2	9520	-
WAAG SC258533	5478	-
Contaminants	5200	-
Natural Resources Canada	4101	-
Denendeh Development Corporation	3051	-
West Point #13	2636	-
WAAG DC480541	2549	-
CPAWS	1600	-
Negotiations Preparedness Initiative	-	50188
Aboriginal Summit	-	27996
Languages Program	-	11316
Cumulative Effects Assessment	-	9775
Dene Nation Early Childhood	-	2975
	245,755	124,628

NOTE 6 PRIOR PERIOD ADJUSTMENT

The balances of the accumulated surplus as at April 1, 2002 have been restated to correct errors in deferred revenue and Investment in Deh Cho Homes Ltd. As follows:

	<u>2002</u>	<u>2001</u>
Deferred revenue HRDC CRF	\$ -	\$ 93,730
Investment in Deh Cho Homes Ltd.	-	(26,049)
	\$ -	\$ 67,681



DEH CHO FIRST NATIONS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2002

NOTE 7 RELATED PARTY TRANSACTIONS

The following transactions were recorded with related parties:

REVENUES

Pehdzeh Ki First Nation	\$	15,165
-------------------------	----	--------

EXPENDITURES

Acho Dene Council	\$	260,730
-------------------	----	---------

Begadee Shuhagot'ine Dene Council		29,750
-----------------------------------	--	--------

Deh Gah Gotie Dene Council		392,807
----------------------------	--	---------

Fort Liard Metis Local		21,125
------------------------	--	--------

Fort Providence Metis Local		22,783
-----------------------------	--	--------

Fort Simpson Metis Local		59,064
--------------------------	--	--------

Jean Marie River First Nation		48,895
-------------------------------	--	--------

Ka'a'gee Tu First Nation		79,742
--------------------------	--	--------

Katlodeeche First Nation		233,722
--------------------------	--	---------

Liidli Kue First Nation		486,496
-------------------------	--	---------

Nahanni Butte Dene Band		57,813
-------------------------	--	--------

Pehdzeh Ki First Nation		184,311
-------------------------	--	---------

Sambaa K'e Dene Band		65,403
----------------------	--	--------

West Point First Nation		65,370
-------------------------	--	--------

		2,008,011
--	--	-----------

NOTE 8 COMPARATIVE AMOUNTS

Comparative expenditure amounts on the statement of consolidated revenue and expenditures have not been reclassified to conform to the presentation adopted in the current year.

DEH CHO FIRST NATIONS

SCHEDULE OF CONSOLIDATED REVENUES AND EXPENDITURES

FOR THE YEAR ENDING MARCH 31, 2002

		<u>Core</u> (Schedule 2)	<u>DIAND</u> (Schedule 3)	<u>AHRDA</u> (Schedule 4)	<u>Other</u> Schedule 5)	<u>Total</u>
SCHEDULE 1						
REVENUES						
4020 DIAND		835,271	2,193,007	-	-	3,028,278
4021 DIAND Other Revenues		14,188	-	-	-	14,188
4030 GNWT		14,321	6,000	-	333,060	353,381
4040 HRDC		-	-	1,338,842	-	1,338,842
4050 Other		110,724	(50,188)	-	118,419	178,955
4250 Deferred Revenue Transfers		2,975	(116,309)	(10,071)	(7,497)	(130,902)
Total revenues		977,480	2,032,510	1,328,771	443,982	4,782,743
EXPENDITURES						
5000 AHRDA Expenditures		-	-	1,328,776	-	1,328,776
5410 Wages & Benefits		400,491	348,757	-	55,319	804,567
5610 Accounting & Legal		14,589	9,012	-	-	23,601
5615 Advertising & Promotions		10,748	13,708	-	3,509	27,964
5616 Equipment Rental		12,830	5,346	-	339	18,515
5620 Bad Debts		-	-	-	-	-
5625 Cash Grants		131,350	129,645	-	13,005	274,000
5630 Cash Short/Over		-	-	-	-	-
5634 Professional Services		-	-	-	-	-
5635 Subcontractors		167,419	658,939	-	306,174	1,132,532
5636 Sound & Translation		23,703	50,973	-	4,671	79,347
5640 Courier & Postage		3,449	4,850	-	92	8,391
5661 Capital Expenditures		65,930	-	-	-	65,930
5685 Insurance		10,703	2,303	-	-	13,006
5690 Interest & Bank Charges		767	27	-	-	794
5695 Licenses, Registr & Membership		2,819	6,131	-	5,745	14,694
5700 Office Supplies		6,071	59,962	-	10,752	76,786
5705 Equipment Purchases		1,658	74,642	-	-	76,300
5710 Janitorial Supplies		2,503	432	-	-	2,935
5720 Property Taxes		4,108	-	-	-	4,108
5740 Miscellaneous		12,235	12,000	-	-	24,235
5760 Rent		5,552	10,228	-	2,111	17,891
5765 Repair & Maintenance		34,294	9,799	-	-	44,094
5770 Vehicle Payment		8,964	3,670	-	-	12,635
5771 Scholarships		5,000	-	-	-	5,000
5780 Telephone		6,633	28,969	-	2,567	38,169
5785 Travel-Air		70,776	95,346	-	19,827	185,949
5786 Travel-Accommodation		22,939	59,152	-	17,514	99,605
5787 Travel-Mileage		31,350	63,853	-	16,793	111,996
5788 Travel-Per Diem		39,229	97,914	-	19,311	156,454
5789 Childcare		4,300	7,513	-	150	11,963
5790 Power		6,336	903	-	560	7,800
5791 Heating Fuel		3,389	815	-	-	4,204
5792 Water & Sewer		1,837	150	-	-	1,987
5950 Core Exp. Allocation		(295,930)	309,065	-	(13,135)	-
Total Expenditures		816,043	2,064,105	1,328,776	465,302	4,674,227
EXCESS REVENUES (EXPENDITURES)		161,437	(31,595)	(5)	(21,320)	108,516



DEH CHO FIRST NATIONS

SCHEDULE OF OTHER REVENUES AND EXPENDITURES

FOR THE FINDING; MARCH 31, 2002

DEH CHO FIRST NATIONS "ONE HOUSE"



DEH CHO FIRST NATIONS

SCHEDULE OF DIAND CONTRIBUTION REVENUES AND EXPENDITURES

FOR THE YEAR ENDING MARCH 31, 2002

DEH CHO FIRST NATIONS

SCHEDULE OF ABORIGINAL HUMAN RESOURCE DEVELOPMENT REVENUES AND EXPENDITURES

FOR THE YEAR ENDED MARCH 31, 2002

SCHEDULE 4	CRF	EI	Total
REVENUE			
Canada	\$ 1,014,648	\$ 324,194	\$ 1,338,842
Other			-
Transfer from (to) Deferred Revenue	(10,071)		(10,071)
	<u>1,004,577</u>	<u>324,194</u>	<u>1,328,771</u>
EXPENDITURES			
General Administration	43,630	46,263	89,893
Capacity Building Administration	23,295	264,681	287,976
Employment Benefits and Support Measures	573,521	11,255	584,776
Small Urban	24,279	2,000	26,279
First Nations Child Care	275,537		275,537
Youth Programs	50,798		50,798
Programs for Persons with Disabilities	13,518		13,518
	<u>1,004,577</u>	<u>324,199</u>	<u>1,328,776</u>
EXCESS REVENUE			
	-	(5)	(5)

DEH CHO FIRST NATIONS

SCHEDULE OF REVENUES AND EXPENDITURES

FOR THE YEAR ENDING MARCH 31, 2002

SCHEDULE 2		Core		Executive		Leadership		Special		Spring		Winter	
		Debt	Name	Fund	Committee	Fall	Retreative	Region	DAN	Wazies	Lenten	Summer	Leadership
4020 REVENUES		Core											TOTAL
4021 DAN	766,416	63,616	5,225										8,527.71
4021 DAN-Other Services	2,500												16,184
4030 GRWT													14,321
4040 HRDC													-
4050 Other													-
4250 Deferred Revenue Transfers	4,100												-
Total revenues	773,626	63,616	5,225										10,724
EXPENDITURES													2,975
5410 Wages & Benefits	377,919	1,758	4,338	1,056	12								977,480
5610 Accounting & Legal	14,589												-
5615 Advertising & Promotions	5,205												-
5616 Equipment Rent	12,810			5,064	480								410,491
5620 Bad Debts													14,389
5625 Cash Grants	12,500	2,325											10,758
5630 Cash Short Over													12,810
5634 Professional Services													-
5635 Sub Contractors	16,832	2,850	896	25,907									15,130
5635 Sound & Translation	62												-
5640 Courier & Postage	3,139												-
5651 Capital Expenditures													-
5685 Insurance	6,703												-
5690 Interest & Bank Charges	1,032												-
5695 Licenses, Regist & Membership	19,622												-
5700 Office Supplies	30	171											767
5805 Equipment Purchases													-
5710 Janitorial Supplies	2,503												-
5720 Property Taxes	4,008												-
5740 Miscellaneous	11,525												-
5761 Rent	2,707												-
5765 Repair & Maintenance	13,928												-
5770 Vehicles Payment	8,964												-
5780 Scholarships	3,000												-
5780 Telephone	6,633												-
5785 Travel Ag.	7,626	40,674											-
5786 Travel-Accommodation	3,076	537											-
5787 Travel-Mileage	8,994	2,017											-
5788 Travel-Pet.Dem	9,465	2,230											-
5789 Childcare	12,25	500											-
5790 Power	6,116												-
5791 Heating Fuel	2,881												-
5792 Water & Sewer	1,562												-
5930 Cure Exp Allocation	17,158												-
Total expenditures	798,025	53,063	5,234	(30,000)	(84,500)	(50,000)	(56,000)	(56,000)	150,000	150,000	150,000	150,000	1,837
EXCESS REVENUES	4,501	10,567	(9)	17,755	(6,687)	(2,18)	(2,585)	(6,389)	13,220	6,3	8,16,013	8,16,013	-
(EXPENDITURES)													56,457

DEH CHO FIRST NATIONS

SCHEDULE OF EXECUTIVE COSTS, OTHER REMUNERATION AND TRAVEL

FOR THE YEAR ENDED MARCH 31, 2002

SCHEDULE 6

<u>Name</u>	<u>Position</u>	<u>Approved</u>	<u>Other</u>	<u>Travel</u>
		<u>Salary Range</u>	\$	
ELECTED OR APPOINTED OFFICIALS:				
Michael Nadli	Grand Chief	80,000		16,653
Stanley Sanguzez	Executive Committee		19,500	
Lloyd Chicot	Executive Committee		11,775	
Rita Cli	Leadership		10,200	
Leon Konisentra	Leadership		8,550	
Karen Thomas	Executive Committee		7,725	
Sam Gargan	Leadership		6,600	
Pat Martel	Leadership		6,550	
Jean Lafferty-Gargan	Executive Committee		6,550	
Percy Hardisty	Executive Committee		5,025	
Dennis Deneron	Executive Committee		4,800	
David Moses	Leadership		4,350	
Maurice Mendo	Leadership		3,450	
Albert Lafferty	Leadership		3,300	
UNELECTED SENIOR OFFICIALS				
Alison de Pelham	Executive Director	73,000		2,450
Note: amounts under \$2000 not reported				

