

Robert
Stewart

Chartered
Accountant/
Management
Consultants

Box 9600, Suite 107
Yellowknife, N.W.T. X1A 2R3
Tel (867) 873-5595
Fax (867) 873-5596
Email: stewartr@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, 2001, 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, 2001, 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. The financial statements of the previous year were audited by another accountant.



May 28, 2001
Yellowknife, N.W.T

CHARTERED ACCOUNTANT

DEH CHO FIRST NATIONS

BALANCE SHEET

MARCH 31, 2001

ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT		
Cash	\$ 311,420	\$ 333,870
Accounts receivable (Note 3)	467,201	834,012
Prepaid expenses	<u>51,307</u>	<u>19,895</u>
	829,928	1,187,778
INVESTMENTS IN DEH CHO HOMES LTD. (Note 2)	1	1
CAPITAL ASSETS (Notes 2 and 4)	<u>1</u>	<u>1</u>
	<u>\$ 829,930</u>	<u>\$1,187,780</u>

LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 223,216	\$ 453,359
Due to Dene Nation	13,776	13,776
Deferred Revenue (Note 5)	<u>124,628</u>	<u>358,877</u>
	<u>361,620</u>	<u>826,012</u>

MEMBERS' EQUITY

SURPLUS	<u>468,310</u>	<u>331,758</u>
	<u>\$ 829,930</u>	<u>\$1,187,780</u>

APPROVED:

Grand Chief

Executive Director

FOR THE YEAR ENDED MARCH 31, 2001

	2001	2000
GENERAL OPERATING:		
Surplus, Opening, as previously reported	\$399,440	\$298,721
Prior period adjustment (Note 6)	(67,681)	(74,181)
Surplus, as restated	<u>331,758</u>	<u>224,540</u>
Excess revenue for the year	136,552	107,218
Surplus, Closing	<u><u>468,310</u></u>	<u><u>331,758</u></u>

**DEH CHO FIRST NATIONS
STATEMENT OF CONSOLIDATED REVENUE & EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2001**

	2001	2000
REVENUE		
GOVERNMENT OF CANADA	3,433,826	3,185,141
GOVERNMENT OF THE NWT	234,631	293,695
OTHER REVENUE	179,508	278,614
TRANSFER FROM (TO) DEFERRED REVENUE	<u>234,248</u>	<u>(265,147)</u>
	<u>4,082,213</u>	<u>3,492,303</u>
EXPENDITURES		
Wages, benefits & Staff Costs	\$799,874	\$965,090
Transfers to communities	269,696	245,964
Travel	404,459	379,379
Professional fees & subcontractors	291,119	180,633
Office Expenses	166,012	211,977
Unrecovered Goods & Services tax	40,716	
Program Costs	63,599	
Spring Assembly	50,499	59,962
Annual Assembly	124,208	69,459
Fall Assembly	33,157	40,222
Winter Assembly	39,135	52,688
AHRDA Costs	<u>1,663,188</u>	<u>1,179,711</u>
	<u>3,945,662</u>	<u>3,385,085</u>
EXCESS REVENUE	<u><u>\$136,552</u></u>	<u><u>\$107,218</u></u>

**DEH CHO FIRST NATIONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2001**

	<u>2001</u>	<u>2000</u>
OPERATING ACTIVITIES		
Excess of revenue for the year	\$ 136,552	\$ 107,218
Cash Provided by (used for) changes in non-cash working capital:		
Accounts receivable	366,811	(664,758)
Prepaid expenses	(31,412)	5,259
Accounts payable and accrued liabilities	(260,152)	304,636
Deferred revenue	<u>(234,249)</u>	<u>222,410</u>
Cash from (for) operations	<u>(22,450)</u>	<u>(7,527)</u>
FINANCING ACTIVITIES		
Repayment of long-term debt	<u>-</u>	<u>(13,766)</u>
INCREASE IN CASH & EQUIVALENTS	(22,450)	(39,011)
CASH & EQUIVALENTS, OPENING	<u>333,870</u>	<u>372,881</u>
CASH & EQUIVALENTS, CLOSING	<u><u>\$331,420</u></u>	<u><u>\$333,870</u></u>

**DEH CHO FIRST NATIONS
NOTES TO THE FINACIAL STATEMENTS
MARCH 31, 2001**

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 local). Deh Cho First Nations is registered as a non-for-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

General

A) For 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.

Measurement Uncertainty

B) 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 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 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 at cost of operations and is not recorded on the balance sheet.

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 amortization 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 the contracts or contribution agreements with funding agencies, primarily DIAND and Human Resources 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 funding agencies when these statements were prepared. Accordingly, any adjustments as a result of the review will be accounted for in he new year.

F) Delivery Agency Contract Surplus (Deficit)

According to the contracts or 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 the new year.

G) Financial Instruments

The First Nations Financial instruments consists 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 interests, or credit risks arising from these financial instruments approximate their carrying value.

H) Comparative Figures

The presentation of certain accounts of the previous year have been changed to conform with the presentation adopted for the current year.

**DEH CHO FIRST NATIONS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001**

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (Con't)

E) 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.

NOTE 3 ACCOUNTS RECEIVABLE

DIAND	\$305,904
Education, Culture & Employment	56,963
Human Resources Canada	31,014
Nahanni Butte First Nation	8,962
Jean Marie River First Nation	8,175
Hay River Dene Council	7,000
West Point First Nation	5,362
Liidli Kue First Nation	4,825
North Slave Alliance	4,560
Other	5,250
	438,015
 Goods & Services Tax	 70,153
 Less Allowance for doubtful Accounts -GST	 (40,967)
	467,201

NOTE 4 CAPITAL ASSETS

	Rate	2001			2000
		Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	20%	\$ 175,177	\$ 125,306	\$ 49,871	\$ 62,339
Computer Equipment	30%	119,122	71,804	47,318	67,597
		\$ 294,299	\$ 197,110	\$ 97,189	\$ 129,936

Insured values at March 31, 2001 are as follows:

Office contents \$ 204,000

**DEH CHO FIRST NATIONS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2001**

NOTE 5 DEFERRED REVENUE

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

	<u>2001</u>	<u>2000</u>
Negotiations preparedness initiative	50,188	-
Aboriginal summit	27,996	-
Deh Cho Process (Gathering Strength)	22,378	-
Languages Program	11,316	-
Cumulative effects assessment	9,775	-
Dene Nation early childhood	2,975	-
HRDC Childcare	-	205,848
HRDC CRF	-	112,733
Deh Cho Regional Management Authority	-	30,000
Dene Zhati	-	10,296
	<u>\$ 124,628</u>	<u>\$ 358,877</u>

NOTE 6 PRIOR PERIOD ADJUSTMENT

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

	<u>2001</u>	<u>2000</u>
Deferred Revenue-HRDC CRF	93,730	93,730
Investment in Deh Cho Homes Ltd.	<u>(26,049)</u>	<u>(19,549)</u>
	<u>\$ 67,681</u>	<u>\$ 74,181</u>

NOTE 7 RELATED PARTY TRANSACTIONS

The following transactions were recorded with related parties:

REVENUE

Member First Nations-negotiations preparedness initiative	\$56,977
Deh Cho Homes Ltd.-management fee	\$70,000

EXPENDITURES

Member First Nations - AHRDA	\$1,409,857
Member First Nations - other	\$ 292,000

DEH CHO FIRST NATIONS
 SCHEDULE OF CONSOLIDATED REVENUES & EXPENDITURES
 FOR THE YEAR ENDING MARCH 31, 2001

	CORE	DIAND	AHRDA	OTHER	TOTAL
		(schedule 2)	(schedule 3)	(schedule 4)	
Revenue	\$ 815,316	\$ 1,284,016	\$ 1,334,494	\$ -	\$ 3,433,826
Transfer from (to) deferred revenue	10,131			224,500	\$ 234,631
	75,826	56,977		46,705	\$ 179,508
		(52,342)	318,581	(31,991)	\$ 234,248
	901,273	1,288,652	1,653,075	239,214	4,082,213
EXPENDITURES				\$ 70,284	\$ 799,874
Salaries, benefits & staff costs	\$ 543,993	\$ 185,597			\$ 269,696
Transfers to communities	52,074	217,622			\$ 404,459
Travel	93,566	277,766		33,127	\$ 291,119
Professional fees & subcontractors	40,645	210,420		40,054	\$ 169,734
Office Expenses	93,587	65,822		10,325	\$ 40,716
Recovered GST	40,716				\$ 63,599
Program Costs	9,000			54,599	\$ 124,208
Spring Assembly	50,499				\$ 33,157
Annual Assembly	124,208				\$ 39,135
1st Assembly	33,157				\$ 1,663,188
Winter Assembly	39,135				3,949,384
HRDA Costs	-		1,663,188		(3,722)
Expenditures allocated to programs	1,120,581	957,226	1,663,188	208,389	3,945,662
	(373,917)	339,370		30,825	
	746,664	1,296,596	1,663,188	239,214	
EXCESS REVENUES (EXPENDITURES)	\$ 154,609	\$ (7,944)	\$ (10,113)	\$ -	\$ 136,552

DEH CHO FIRST NATIONS
SCHEDULE OF DIAND CONTRIBUTION REVENUES AND EXPENDITURES
FOR THE YEAR ENDING MARCH 31, 2001

	Indian Management Development	Self Government Initiative	Negotiation Preparedness Initiative	Reorientation of Self Government Initiative	Negotiation Preparedness Funding	Integrated Resource Management	NWT FMC Fund	Cumulative Effects Assessment & Mgmt	Gathering Strength 1999-2000	Deh Cho Regional Mgmt	TOTAL
REVENUE											
Canada	\$ 11,152	\$ 300,000	\$ 600,000	\$ 200,000	\$ 65,000	\$ 5,889	\$ 92,200	\$ 9,775			\$ 1,284,016
Other			56,977								56,977
Transfer to (from) deferred revenue			(50,188)					(9,775)	(22,379)	30,000	(52,342)
	11,152	300,000	606,789	200,000	65,000	5,889	92,200	-	(22,379)	30,000	1,288,652
EXPENDITURES											
Wages , benefits & staff costs	600	100,627	37,507			3,078	36,638			7,146	185,597
Transfers to communities				175,000	65,000				(22,379)		217,622
Travel	10,552	49,596	167,386			1,367	32,887			15,978	277,766
Professional Fees & subcontractors		54,077	126,365			375	22,726			6,876	210,420
Office expenses		7,607	57,136			1,079					65,822
Unrecovered GST											-
Program costs											-
Spring Assembly											-
Annual Assembly											-
Fall Assembly											-
Winter Assembly											-
	11,152	211,907	388,394	175,000	65,000	5,899	92,252	-	(22,379)	30,000	957,226
Core expenditures allocated to programs	-	95,000	219,370	25,000							339,370
	11,152	306,907	607,764	200,000	65,000	5,899	92,252	-	(22,379)	30,000	1,296,596
EXCESS EXPENDITURES	\$ -	\$ 6,907	\$ (975)	\$ -	\$ -	\$ (10)	\$ (52)	\$ -	\$ -	\$ -	\$ (7,944)

DEH CHO FIRST NATIONS
SCHEDULE OF AHRDA REVENUES & EXPENDITURES
FOR THE YEAR ENDING MARCH 31, 2001

	CRF	EI	TOTAL
REVENUE			
Canada	\$ 1,011,736	\$ 322,758	\$ 1,334,494
Other			-
Transfer from (to) deferred revenue	318,581		318,581
	<u>1,330,317</u>	<u>322,758</u>	<u>1,653,075</u>
EXPENDITURES			
General administration	53,054	46,000	99,054
Capacity building administration	20,025		20,025
Employment benefits & support measures	632,547	272,442	904,989
Small urban	24,289	13,255	37,544
First Nations child care	497,209		497,209
Youth programs	90,405		90,405
Programs for person with disabilities	13,963		13,963
	-		-
	<u>1,331,491</u>	<u>331,697</u>	<u>1,663,188</u>
			-
Core expenditures allocated to programs	<u>1,331,491</u>	<u>331,697</u>	<u>1,663,188</u>
	<u>\$ (1,174)</u>	<u>\$ (8,939)</u>	<u>\$ (10,113)</u>

DEH CHO FIRST NATIONS
SCHEDULE OF OTHER REVENUES & EXPENDITURES
FOR THE YEAR ENDING MARCH 31, 2001

	Language Project	Aboriginal Summit	Early Childhood	Total
REVENUE				\$ -
Canada				-
GNWT	224,500			224,500
Other		33,000	13,705	46,705
Transfer to (from) deferred revenue	(1,020)	(27,996)	(2,975)	(31,991)
	<u>223,480</u>	<u>5,004</u>	<u>10,730</u>	<u>239,214</u>
EXPENDITURES				
Wages, benefits & staff costs	70,284			70,284
Transfers to communities				-
Travel	24,422		8,705	33,127
Professional fees & subcontractors	35,051	5,004		40,054
Office expenses	10,325			10,325
Unrecovered GST				-
Program costs	54,599			54,599
Special Assembly				-
Annual Assembly				-
Fall Assembly				-
Winter Assembly				-
AHRDA costs				-
	<u>194,680</u>	<u>5,004</u>	<u>8,705</u>	<u>208,389</u>
	<u>28,800</u>		<u>2,025</u>	<u>30,825</u>
	<u>223,480</u>	<u>5,004</u>	<u>10,730</u>	<u>239,214</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**DEH CHO FIRST NATIONS
SCHEDULE OF STAFF COST, OTHER REMUNERATION & TRAVEL
FOR THE YEAR ENDING MARCH 31, 2001**

<u>Name</u>	<u>Position</u>	<u>Approved Salary Range</u>	<u>Other Remuneration</u>	<u>Travel</u>
		\$	\$	\$
ELECTED OR APPOINTED OFFICIALS:				
Michael Nadli	Grand Chief	80,000		10,667
Gerald Antoine	Executive Committee		4,825	277
Shirley Bonnetrouge	Executive Committee		3,950	2,544
Ted Landry	Executive Committee		2,825	717
Albertine Rode	Executive Committee		2,950	203
Stanley Sanguéz	Executive Committee		4,075	1,842
Daniel Sonfrere	Executive Committee		2,375	198

UNELECTED SENIOR OFFICIALS:

Alison de Pelham	A/Executive Director	70,000		3,998
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