

**K'alemi Dene School  
(Ndilo District Education Authority)**

**Financial Statements**

**June 30, 2014**

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Financial Statements**

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**June 30, 2014**

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## **Management Responsibility for Financial Reporting**

**To the Minister of Education, Culture and Employment  
Government of Northwest Territories  
and to the Members of K'alemi Dene School**

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity, and objectivity of the information provided. The financial statements have been prepared in accordance with Canadian public sector accounting standards. Where necessary, the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manual, and accountability for performance within appropriate and well-defined areas of responsibility. The Authority's management recognizes its responsibility for conducting the Authority's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a District Education Authority.

The independent auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of the audit are, in all significant aspects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.



Eileen Erasmus  
Principal  
K'alemi Dene School  
July 30, 2015

## **Independent Auditors' Report**

**To the Minister of Education, Culture and Employment  
Government of Northwest Territories  
and to the Members of K'alemi Dene School**

We have audited the accompanying financial statements of the K'alemi Dene School (the Authority), which comprise of the statement of financial position as at June 30, 2014, statement of changes in net financial resources, statement of operations, 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.

### *Auditors' 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 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 Authority'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.

### *Basis for Qualified Opinion*

The Yellowknife Education District #1 is responsible for the calculation and distribution of the salaries and wages to indeterminate and term employees. Our audit scope was limited, as we did not audit the components of wages and salaries expenditures. Accordingly, we are not able to determine whether any adjustments might be necessary to wages and salaries expenditures, liabilities and net financial resources.



## **Independent Auditors' Report (continued)**

### *Qualified Opinion*

In our opinion, except for the effects of adjustments, if any, of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Authority as at June 30, 2014, and the results of its operations, changes in net financial resources and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### *Report on Other Legal and Regulatory Requirements*

We report further, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Authority, the financial statements are in agreement herewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Authority.

**Yellowknife, Northwest Territories  
July 30, 2015**

*Crowe MacKay LLP*

**Chartered Accountants**

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Statement of Financial Position**

**As at June 30,** **2014**

**Financial assets**

Cash	\$ 8,790
Accounts receivable (note 5)	1,509,946
	<b>1,518,736</b>

**Liabilities**

Accounts payable and accrued liabilities (note 6)	290,069
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**Net financial resources and accumulated surplus** **\$ 1,228,667**

**Commitments (note 8)**

**Approved on behalf of the Authority**

M. Eusmus Chairperson

[Signature] Trustee

**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Statement of Operations**

<b>For the year ended June 30,</b>	<b>2014</b>	<b>2014</b>
	<b>Budget (unaudited)</b>	<b>Actual</b>
<b>Revenues</b>		
Government of the Northwest Territories - Department of Education, Culture and Employment	\$ -	\$3,267,067
Donations - other	-	4,190
	<b>2,093,884</b>	<b>3,271,257</b>
<b>Expenditures - Schedule 1</b>		
Administration	-	1,302,222
Inclusive schooling	-	225,415
School programs	-	1,681,906
Aboriginal languages	-	67,848
	<b>2,085,847</b>	<b>3,277,391</b>
<b>Surplus (deficit)</b>	<b>8,037</b>	<b>(6,134)</b>
<b>Opening accumulated surplus (deficit)</b>	-	-
<b>Transfer to accumulated surplus (note 7)</b>	-	1,234,801
<b>Surplus end of year</b>	<b>\$ 8,037</b>	<b>\$1,228,667</b>

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Statement of Changes in Net Financial Resources**

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<b>For the year ended June 30,</b>	<b>2014</b>		<b>2014</b>
	Budget (unaudited)		Actual
<b>Surplus (deficit)</b>	\$	8,037	\$ (6,134)
<b>Net financial resources, beginning of year</b>		-	-
<b>Net financial resources, end of year</b>	\$	8,037	\$ (6,134)

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Statement of Cash Flows**

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**For the year ended June 30,** **2014**

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**Operating Activities**

**Cash received from:**

Government of the Northwest Territories - Department of Education, Culture and Employment	\$ 2,093,884
Donations	(270,955)

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**1,822,929**

**Cash paid for:**

Compensation and benefits	(1,627,802)
Operations and maintenance	(186,337)

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**(1,814,139)**

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<b>Change in cash position</b>	<b>8,790</b>
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<b>Cash position, beginning of year</b>	<b>-</b>
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<b>Cash position, end of year</b>	<b>\$ 8,790</b>
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**K'alemi Dene School**  
(Ndilo District Education Authority)

**Notes to Financial Statements**

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**June 30, 2014**

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**1. Commencement of Operations**

The K'alemi Dene School ("the Authority") was established on June 25, 2013 under the *Education Act* of the Northwest Territories by order of the Minister.

Prior to June 25, 2013 operations were disclosed under the K-12 Education program of the Yellowknives Dene First Nation. This has resulted in unspent contributions received from the Government of the Northwest Territories (GNWT) - Department of Education, Culture and Employment. These unspent contributions have been rolled into and reflected in the Authority's records as of June 30, 2014, as deferred revenue per note 7.

**2. Nature of Operation**

The Authority's purpose is to administer and maintain the standards of educational programs in N'Dilo as defined under the *Education Act*. A full range of instructional programs ranging from kindergarten through grade 12 is offered by the Authority.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

**3. Significant Accounting Policies**

The financial statements of the Authority have been prepared in accordance with Canadian public sector accounting standards. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

**(a) Basis of accounting**

The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the financial statements.

The accrual basis of accounting is used. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred and measurable based upon receipts of goods or services and/or the creation of a legal obligation to pay.

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Financial Statements**

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**June 30, 2014**

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**3. Significant Accounting Policies (continued)**

**(b) Tangible capital assets**

The Authority operates using tangible capital assets owned by the GNWT. Although the Minister grants to the Authority full occupancy and use of such facilities and equipment required for the administration and delivery of the education programs within the community, they are not shown on the balance sheet. Other capital assets such as equipment, tools, and office equipment purchased by the Authority are treated as expenditures during the accounting period of acquisition and accordingly do not appear on the balance sheet.

**(c) Revenue recognition**

**GNWT - Regular Contributions**

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Authority retains surpluses and are responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

**Government transfers**

Revenues are recognized in the period which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorised and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

**Other revenue - Donations**

Due to the uncertainty surrounding the collection of donations, the Authority recognizes only those donations for which amounts have been received at the date of completion of the financial statements.

**(d) Budget data**

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Authority which also establishes a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Authority. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Authority and have not been audited.

**Notes to Financial Statements**

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**June 30, 2014**

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**3. Significant Accounting Policies (continued)**

**(e) Financial instruments**

The Authority classifies its financial instruments at cost or amortized cost. The Authority's accounting policy for financial instrument category is as follows:

Financial instruments at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

**(f) Measurement uncertainty**

The preparation of these 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 disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Actual results could differ from these estimates.

**4. Future Accounting Changes**

**a) Related party disclosures, Section PS 2200**

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Financial Statements**

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**June 30, 2014**

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**4. Future Accounting Changes (continued)**

**b) Inter-entity transactions, Section PS 3420**

In December of 2014, PSAB approved Section PS 3420, Inter-entity Transactions. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

**5. Accounts Receivable**

**2014**

Yellowknives Dene First Nation	<b>\$ 1,509,946</b>
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There is no allowance for doubtful accounts.

**6. Accounts Payable and Accrued Liabilities**

**2014**

Accounts payable and accrued liabilities	\$ 3,764
Yellowknife Education District # 1	286,305
	<b>\$ 290,069</b>

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Financial Statements**

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**June 30, 2014**

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**7. Transfer to Accumulated Surplus**

**2014**

Transfer to Accumulated Surplus	<b>\$ 1,234,801</b>
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Transfer to accumulated surplus is made up of unexpended government transfers received from the Government of the Northwest Territories, Department of Education, Culture and Employment for school operations. The corresponding restricted cash is receivable from the Yellowknives Dene First Nation as of June 30, 2014.

**8. Commitments**

	Expires in Fiscal Year	Current year	2016-2019	Total
Equipment leases	2019	\$ 9,056	\$ 36,224	\$ 45,280
Operation leases	2015	27,000	-	27,000
Total		\$ 36,056	\$ 36,224	\$ 72,280

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**9. Economic Dependence**

The Authority receives a substantial portion of its revenue from the GNWT. Management is of the opinion that the operations would be significantly affected if the funding changed.

**10. Related Party Transactions**

Entity	Relationship	Type of transaction	2014
Yellowknife Education District #1	Associated School Board	Payroll	<b>\$ 1,234,801</b>

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These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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**K'alemi Dene School**  
**(Ndilo District Education Authority)**

**Notes to Financial Statements**

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**June 30, 2014**

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**11. Risk Management**

The Authority is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Authority's financial instruments by type of risk is provided below:

(i) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its, cash and accounts receivable.

The Authority holds its cash with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash are insured up to \$200,000.

Accounts receivable are due from governments and government agencies. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no portion of accounts receivable are impaired based on specific identification as well as age of receivables. No impaired amounts are disclosed in Note 5.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,518,736.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default. The Authority does have concentration of credit risk. At June 30, 2014, receivables from one customer comprised 100% of the total outstanding accounts receivables. The Authority reduces this risk by monitoring overdue balances.

The Authority also has concentration of credit risk as deposits are held in one Canadian chartered bank.

(ii) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Authority's financial assets and financial liabilities at June 30, 2014 mature within the next six months. Total financial assets are \$1,518,736 and financial liabilities are \$290,069. The authority has disclosed future financial liabilities and commitments in Note 8.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures, and methods used to measure the risk.

# **K'alemi Dene School** (Ndilo District Education Authority)

## **Schedule 1 - Details of Expenditures**

For the year ended June 30,

**2014**

	School Programs	Inclusive Schooling (schedule 3)	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages (schedule 2)	Transfers & Others	Total
<b>Salaries</b>								
Teachers	\$ 1,099,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,099,825
Instruction assistants	114,867	-	-	-	-	47,820	-	162,687
Non-Instructional staff	31,272	73,206	-	-	-	-	-	104,478
Board/Trustee honoraria	-	-	-	-	18,178	-	-	18,178
<b>Total Salaries</b>	<b>1,245,964</b>	<b>73,206</b>	<b>-</b>	<b>-</b>	<b>18,178</b>	<b>47,820</b>	<b>-</b>	<b>1,385,168</b>
<b>Employee Benefits</b>								
Employee benefits and allowances	236,107	6,527	-	-	-	-	-	242,634
<b>Services Purchased or Contracted</b>								
Advertising	-	393	-	-	-	-	-	393
Electricity	3,187	-	-	-	-	-	-	3,187
Insurance & permits	-	4,340	-	-	-	-	-	4,340
Maintenance & repair	3,047	-	-	-	-	-	-	3,047
Postage & communication	7,237	-	-	-	-	-	-	7,237
Professional/technical services	38,058	66,664	-	-	1,280,068	-	-	1,384,790
Rentals & lease	9,151	-	-	-	-	-	-	9,151
Student transportation & bussing	-	31,203	-	-	2,901	-	-	34,104
Water and sewage	6,114	-	-	-	-	-	-	6,114
<b>Total Services Purchased or Contracted</b>	<b>66,794</b>	<b>102,600</b>	<b>-</b>	<b>-</b>	<b>1,282,969</b>	<b>-</b>	<b>-</b>	<b>1,452,363</b>
<b>Total Materials</b>	<b>133,041</b>	<b>43,082</b>	<b>-</b>	<b>-</b>	<b>1,075</b>	<b>20,028</b>	<b>-</b>	<b>197,226</b>
<b>Total Expenditures</b>	<b>\$ 1,681,906</b>	<b>\$ 225,415</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,302,222</b>	<b>\$ 67,848</b>	<b>\$ -</b>	<b>\$ 3,277,391</b>



**K'alemi Dene School**  
(Ndilo District Education Authority)

**Schedule 2**  
**Aboriginal Language and Culture Program Expenditures**

For the year ended June 30,

**2014**

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
<b>Salaries</b>					
Teachers	\$ -	\$ -	\$ -	\$ -	-
Language consultants	-	-	-	-	-
Instruction assistants	47,820	-	-	-	47,820
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
School secretary	-	-	-	-	-
	<b>47,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,820</b>
<b>Employee Benefits</b>					
Employee benefits/allowances	-	-	-	-	-
<b>Services Purchased/Contracted</b>					
Advertising/printing/publishing	-	-	-	-	-
Maintenance/repair	-	-	-	-	-
Other contracted services	-	-	-	-	-
Professional/technical services	-	-	-	-	-
Rentals/leases	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-
Travel	-	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Materials/Supplies/Freight</b>					
Freight	-	-	-	-	-
Materials	20,028	-	-	-	20,028
	<b>20,028</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,028</b>
<b>Total</b>	<b>\$ 67,848</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>67,848</b>

**K'alemi Dene School**  
(Ndilo District Education Authority)

**Schedule 3**  
**Details of Inclusive Schooling Expenses**

**For the year ended June 30, 2014**

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
<b>Salaries</b>								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Consultants	-	-	-	-	-	-	-	-
Support assistants	-	-	-	-	-	-	-	-
Non-instructional staff	-	-	-	-	-	-	73,206	73,206
School secretary	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	73,206	73,206
<b>Employee Benefits</b>								
Employee benefits/allowances	-	-	-	-	-	-	6,527	6,527
<b>Services Purchased/Contracted</b>								
Professional/technical services	-	-	-	-	-	-	66,664	66,664
Travel	-	-	-	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-	-	31,203	31,203
Advertising/printing/publishing	-	-	-	-	-	-	393	393
Maintenance/repair	-	-	-	-	-	-	-	-
Rentals/leases	-	-	-	-	-	-	-	-
Other contracted services	-	-	-	-	-	-	4,340	4,340
	-	-	-	-	-	-	102,600	102,600
<b>Materials/Supplies/Freight</b>								
Materials	-	-	-	-	-	-	43,082	43,082
Freight	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	43,082	43,082
<b>Total</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225,415	\$ 225,415