


TŁICHQ GOVERNMENT

TŁICHQ GOVERNMENT AUDITED FINANCIAL STATEMENTS FOR APRIL 1, 2008 – MARCH 31, 2009 LAW

The Tłichq Assembly enacted this law on October 29, 2009 by unanimous consent.

Joe Rabesca, Grand Chief of the Tłichq Government, signed the *Tłichq Government Audited Financial Statements for April 1, 2008 – March 31, 2009 Law* on October 29, 2009.

Signature:  Date: *Oct 29/09*
Certified as a True Copy by Bertha Rabesca Zoe as of October 29, 2009.
Laws Guardian, Tłichq Government

DISPOSITION

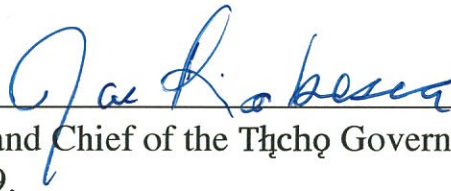
DATE OF INTRODUCTION	CONSIDERATION	CONSENSUS	EFFECTIVE DATE
October 28, 2009	October 29, 2009	October 29, 2009	October 29, 2009

TŁICHQ GOVERNMENT

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TŁICHQ GOVERNMENT AUDITED FINANCIAL STATEMENTS FOR APRIL 1, 2008 – MARCH 31, 2009 LAW

Title

1. This law shall be cited as the *Tłichq Government Audited Financial Statement for April 1, 2008 – March 31, 2009 Law*.

Definitions

2. In this Law,

“Tłichq Assembly” has the same meaning as in the Tłichq Constitution.

Approval

3. The Tłichq Assembly hereby approves the Tłichq Government Audited Financial Statements for April 1, 2008 to March 31, 2009.
4. The Audited Financial Statements are attached as Appendix A.

The Tlicho Government

Financial Statements
March 31, 2009

The Tlicho Government

Financial Statements

For the year ended March 31, 2009

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July 27, 2009

Management Report

Management Responsibility for Financial Statements

The Tlicho Government
Office of the Finance Director

The management of the Tlicho Government (the "Government") is responsible for the preparation, integrity and fair presentation of the financial statements.

The financial statements have been prepared in conformity with Generally Accepted Accounting Principles, using management's best estimates and judgements where appropriate.

The financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers, which was given unrestricted access to all financial records and related data, including minutes of all meetings of Chiefs' Executive Council and the Tlicho Government Assembly Meetings. The Government believes that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers' audit opinion is presented on the following page.

The Government maintains a system of internal controls over financial reporting, which is designed to provide reasonable assurance to the Chiefs' Executive Council and the Tlicho Government Assembly regarding preparation of reliable published financial statements. Such controls are maintained by the establishment and communication of accounting and financial policies and procedures, by the selection and training of qualified personnel, and by an internal audit program designed to identify internal control weakness in order to permit management to take appropriate corrective action on a timely basis. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error.

The Tlicho Government is responsible for engaging the independent auditors and meeting regularly with management, to ensure that each is carrying out their responsibilities and to discuss auditing, internal control and financial reporting matters.

Based on the above, I certify that the information contained in the accompanying financial statements fairly presents, in all material respects, the statement of financial position, changes in fund balances, operations, and cash flows of the Government.



John Hazenberg, B.A. (Accounting), M.B.A., C.D.
Finance Director and Chief Financial Officer

July 27, 2009

Auditors' Report

**To the Members of
The Tlicho Assembly**

We have audited the statement of financial position of the **Tlicho Government** as at March 31, 2009 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Tlicho Government's management. 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 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the Tlicho Government as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

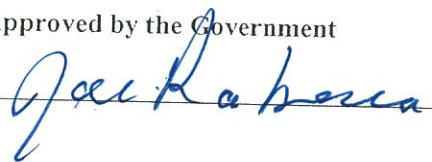
PricewaterhouseCoopers LLP

Chartered Accountants

The Tlicho Government
Statement of Financial Position
As at March 31, 2009

	2009 \$	2008 \$
Assets		
Financial assets		
Cash and temporary investments	23,152,517	21,481,476
Accounts receivable	6,782,295	3,140,834
Goods and services tax recoverable	406,535	362,640
Prepaid insurance	39,135	43,274
Advances to related parties (note 3)	3,721,317	2,301,383
Equity in Tlicho business enterprises (note 4)	30,880,951	24,530,927
	<u>64,982,750</u>	<u>51,860,534</u>
Non-financial assets		
Property and equipment (note 5)	3,402,784	3,942,367
Deferred land claim expenditures (note 6)	16,599,706	21,223,930
	<u>20,002,490</u>	<u>25,166,297</u>
	<u>84,985,240</u>	<u>77,026,831</u>
Liabilities and Government Equity		
Liabilities		
Accounts payable and accrued liabilities	1,394,501	756,563
Advances from related parties (note 7)	55,364	52,866
Deferred revenue (note 8)	1,681,483	1,647,701
Obligation under capital leases (note 9)	46,592	67,481
Long-term debt (note 10)	49,822	85,591
Land claim loan (note 11)	16,578,314	21,202,538
	<u>19,806,076</u>	<u>23,812,740</u>
Contingencies and commitments (note 12)		
Government Equity		
Fund Balances		
General Fund		
Restricted reserves (note 13)	47,653,225	37,180,994
DIAND Fund	14,802,502	12,567,559
Program and Services Fund	(21,362)	(21,144)
Capital Fund	(561,573)	(302,615)
	<u>3,306,372</u>	<u>3,789,297</u>
	<u>65,179,164</u>	<u>53,214,091</u>
	<u>84,985,240</u>	<u>77,026,831</u>

Approved by the Government



The Tlicho Government
Statement of Changes in Fund Balances
For the year ended March 31, 2009

	General Fund \$	Restricted Reserve Fund \$ (Note 13)	DIAND Fund \$	Program and Services Fund \$	Capital Fund \$	Total \$
Balance – Beginning of year	37,180,994	12,567,559	(21,144)	(302,615)	3,789,297	53,214,091
Net revenue for the year	12,224,249	-	(218)	(258,958)	-	11,965,073
Transfers	(2,234,943)	2,234,943	-	-	-	-
Investment in property and equipment (schedule 4)	482,925	-	-	-	(482,925)	-
Balance – End of year	47,653,225	14,802,502	(21,362)	(561,573)	3,306,372	65,179,164

The Tlicho Government
Statement of Operations
For the year ended March 31, 2009

				2009	2008
	General Fund \$	DIAND Fund \$	Program and services \$	Total \$	Total \$
Revenue					
Administration fee	461,953	-	-	461,953	205,543
Financial transfer agreement	3,005,544	-	-	3,005,544	2,931,704
Government of Canada	-	-	1,582,947	1,582,947	1,603,999
Government of GNWT	140,762	241,850	1,828,196	2,210,808	1,932,201
Heritage Fund	75,414	-	-	75,414	74,551
Impact and benefit agreements	3,609,471	-	-	3,609,471	3,626,209
Interest	538,301	-	-	538,301	666,602
Other income	234,512	-	19,200	253,712	247,917
Resource royalties revenue	2,913,938	-	-	2,913,938	1,056,028
Tax revenue					
Goods and services tax	1,708,461	-	-	1,708,461	1,531,588
Personal income tax	9,466,252	-	-	9,466,252	7,531,255
Land claim agreement	5,515,922	-	-	5,515,922	4,136,942
	27,670,530	241,850	3,430,343	31,342,723	25,544,539
Expenditures					
Amortization of deferred land claim expenditures	4,624,224	-	-	4,624,224	3,042,974
Amortization	640,161	-	-	640,161	644,760
Bad debts (recovery)	600,512	-	-	600,512	(12,489)
Bank charges and interest	28,554	-	1	28,555	42,054
Business investment	-	-	-	-	1,053,000
Contract services	2,784,619	82,256	1,558,709	4,425,584	4,096,292
Cultural expenses	235,885	-	12,532	248,417	-
Donation	1,981,736	-	-	1,981,736	469,901
Equipment lease and rental	148,653	350	862	149,865	222,318
Honorarium	579,333	43,580	4,839	627,752	513,649
Insurance, license, taxes and fees	140,920	1,585	4,445	146,950	163,944
Interest on land claim loan	891,698	-	-	891,698	1,093,968
Meeting and supplies	463,575	11,349	3,115	478,039	636,643
Office administrative	476,990	991	59,737	537,718	483,180
Office rent and utilities	466,802	-	50,025	516,827	450,498
Payroll	4,318,652	40,218	533,459	4,892,329	4,521,073
Professional fees					
Audit	60,000	-	-	60,000	73,554
Consultations	308,312	-	49,070	357,382	648,044
Legal	785,992	-	-	785,992	831,841
Other	158,427	-	18,646	177,073	11,144
Repairs and maintenance	69,390	-	598	69,988	56,671
Training and development	30,141	-	868,621	898,762	489,293
Travel					
Accommodation	404,825	21,581	53,908	480,314	343,140
Air travel/charters	804,250	15,888	289,932	1,110,070	1,052,497

The Tlicho Government

Statement of Operations...*continued*

For the year ended March 31, 2009

				2009	2008
	General Fund \$	DIAND Fund \$	Program and services \$	Total \$	Total \$
Fuel	101,125	-	100,218	201,343	89,102
Meals	368,610	17,067	51,577	437,254	312,918
Mileage	238,161	6,753	23,195	268,109	176,094
Private accommodation	69,637	450	2,750	72,837	33,575
Rental and gas	5,497	-	1,113	6,610	13,620
Taxi	8,925	-	1,650	10,575	6,201
Travel – other	699	-	299	998	-
	<u>21,796,305</u>	<u>242,068</u>	<u>3,689,301</u>	<u>25,727,674</u>	<u>21,559,459</u>
Net revenue for the year before the following	5,874,225	(218)	(258,958)	5,615,049	3,985,080
Share of net earnings of Tlicho business enterprises	<u>6,350,024</u>	-	-	<u>6,350,024</u>	<u>7,304,514</u>
Net revenue for the year	<u>12,224,249</u>	<u>(218)</u>	<u>(258,958)</u>	<u>11,965,073</u>	<u>11,289,594</u>

The Tlicho Government

Statement of Cash Flows

For the year ended March 31, 2009

	2009 \$	2008 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	11,965,073	11,289,594
Items not affecting cash		
Amortization expense	640,161	644,760
Share of net earnings in Tlicho business enterprises	(6,350,024)	(7,304,514)
Amortization of deferred land claim expenditures	4,624,224	3,042,974
Interest on land-claim loan	891,698	1,093,968
Land claim agreement	(5,515,922)	(4,136,942)
	<u>6,255,210</u>	<u>4,629,840</u>
Net change in non-cash financial assets and liabilities		
Increase in accounts receivable	(3,641,461)	(596,403)
(Increase) decrease in goods and services tax recoverable	(43,895)	81,980
Decrease (increase) in prepaid expenses	4,139	(11,266)
Increase (decrease) in accounts payable and accrued liabilities	637,938	(811,492)
Increase in deferred revenue	33,782	20,912
	<u>3,245,713</u>	<u>3,313,571</u>
Investing activities		
Purchase of property and equipment	(100,578)	(190,451)
Net proceeds to related parties	(1,417,436)	(93,275)
	<u>(1,518,014)</u>	<u>(283,726)</u>
Financing activities		
Repayment of obligations under capital leases	(20,889)	(19,400)
Repayment of long-term debt	(35,769)	(81,141)
Proceeds of long-term debt	-	91,451
	<u>(56,658)</u>	<u>(9,090)</u>
Increase in cash and temporary investments	<u>1,671,041</u>	<u>3,020,755</u>
Cash and temporary investments – Beginning of year	<u>21,481,476</u>	<u>18,460,721</u>
Cash and temporary investments – End of year	<u>23,152,517</u>	<u>21,481,476</u>
Cash and temporary investments comprised of		
Cash account balance	11,332,264	10,126,765
Money market funds ⁽¹⁾	11,820,253	11,354,711
	<u>23,152,517</u>	<u>21,481,476</u>
Supplementary information		
Interest paid	4,201	11,777
Interest received	655,919	430,441

⁽¹⁾ Fair market value per confirmation \$11,820,253 (2008 – \$11,354,711).

The Tlicho Government

Notes to Financial Statements

March 31, 2009

1 Legal authority

The Tlicho Government was formed effective August 4, 2005 and is the result of the successful negotiation of the Tlicho Land Claims and Self-Government Agreement (the "Agreement") that was approved by the Tlicho people. The Agreement was signed in Behchoko by representatives of the Tlicho, Federal and Territorial Governments on August 25, 2003.

On October 10, 2003, the Government of the Northwest Territories approved the Agreement and on December 7, 2004, the bill was passed by the House of Commons. On February 10, 2005, the bill received royal assent from the Governor General. On effective date, the Dogrib Treaty 11 Council and the administrative organizations from each of the four Tlicho Communities of Behchoko, Whati, Wekweeti and Gameti ceased operations and were succeeded by the Tlicho Government.

The assets, liabilities and surplus balances of the above noted organizations were transferred to the Tlicho Government on effective date.

Under the Agreement, the Tlicho Government owns a single block of approximately 39,000 square kilometres of land, including subsurface resources. The Tlicho Government will receive approximately \$152 million from the Federal Government which is to be paid over a period of 15 years, in addition to a share of resource royalties collected annually by Federal and Territorial Governments from activities in the Mackenzie Valley.

The Agreement also provides the Tlicho Government with a wide range of law-making powers on Tlicho lands and over Tlicho citizens on those lands and in the four Tlicho communities. The Tlicho and the Government of the Northwest Territories will co-operate to deliver key services, such as health care, education and other social programs and services, to all people living in the four communities.

2 Significant accounting policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles as defined for local government entities in the Canadian Institute of Chartered Accountants Public Sector Accounting and Auditing Handbook. Because the precise determination of many assets, liabilities, contributions and expenditures are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. 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) Fund accounting

The Government follows the restricted fund method of accounting. Fund accounting requires a self-balancing set of accounts for each fund, established by legal, contractual, or voluntary actions. The restricted fund method of accounting is a specialized form of fund accounting that distinguishes between funds that are restricted for specific purposes and funds that are unrestricted for general purposes.

The Tlicho Government

Notes to Financial Statements

March 31, 2009

The General Fund and the Program and Services account for the Government's unrestricted activities. The Capital Fund accounts for the Government's activities related to its capital assets. The DIAND (Department of Indian Affairs and Northern Development) Fund accounts for the Government's activities that are funded by DIAND. The Reserve Fund accounts for reserves that are established by the Government for future operating expenditures.

b) Reporting entity and principles of financial reporting

The Tlicho Government reporting entity includes the Government's operations and all other related entities, which are accountable to the Government and are either owned or controlled by the Government.

Incorporated business entities which are owned or controlled by the Government and which are not dependent on the Government for their continued operations, are recorded in the general fund of these financial statements using the modified equity method. These entities are 100% owned except as otherwise noted. The following entities are not dependent on the Government for their continued operations:

- Tlicho Investment Corporation
- Dogrib Nation TrustCo. Inc.
- Dogrib Power Corporation
- Aboriginal Engineering Ltd. – 100% owned
- KeTe Whii Limited – 50% owned
- Tlicho Air Inc. – 52% owned
- Nishi-Khon Enterprises Inc. (inactive)
- Nishi-Khon Forestry Service Ltd.
- Nishi-Khon Freeway Inc.
- Tli-cho Catering Ltd. (inactive)
- Nishi-Khon Travel & Aviation Services Ltd. (inactive)
- Nishi-Khon Engineering & Environmental Services Ltd. (inactive)
- Nishi-Khon Constructors Limited (inactive)
- Rae Edzo Dene Band Development Corporation Ltd. – 90% owned
- Dogrib Nation Development Authority Inc. (inactive)
- Nishi-Khon/PCL Constructors Ltd. – 51% owned (inactive)
- Nishi-Khon/SNC Lavalin Ltd. – 51% owned
- Behcho Ko Development Corporation, which includes the accounts of the following:
 - Rae Band Construction Ltd.
 - Tlicho Road Constructors Ltd.
 - Tlicho Construction Ltd.
 - Tlicho Logistics Inc.
 - Arctic Reflections
- 964053 NWT Ltd. (80% owned), which includes the accounts of:
 - Tlicho Landtran Transport Ltd. – 51% owned

The Tlicho Government

Notes to Financial Statements

March 31, 2009

- Wekweti Development Corporation, which includes the accounts of:
 - Hozilla Naedik'e Ltd.
 - 5352 NWT Ltd.
- DLFN Holdings Ltd.
- Tlicho Domco Inc. – 51% owned
- Gameti Development Corporation Ltd., which includes the accounts of:
 - Gameti Contracting Ltd. (inactive)
- Lac La Martre Development Corporation
- Wha Ti Ko Gha K'aode Ltd.
- NSR Employment Solutions Ltd. (inactive)
- Dogrib Nation Heritage Foundation (inactive)
- Gameti Tli Holdings Ltd. (inactive)
- 953837 NWT Ltd. (inactive)
- Tlicho Engineering and Environmental Services Ltd.

c) Portfolio investments

Investments in organizations that do not form part of the Government's reporting entity are considered portfolio investments and are recorded at cost.

The following summarizes the Government's portfolio investments, which are recorded at nominal amounts:

- Owned by the Tlicho Government:
 - (i) Denendeh Development Corporation – 23% owned
 - (ii) Demendeh Investments Limited Partnership
- Owned by Dogrib Nation TrustCo Inc:
 - (i) Falcon Communication G.P. Ltd. – 16.67% owned
 - (ii) Nishi-Khon Key West Travel Ltd. – 21% owned
 - (iii) I & D Management Services Ltd. – 33% owned
 - (iv) Broadband Business Alliance LP – 16.65% owned
 - (v) Yellowknife River Resorts Inc. – 25% owned
 - (vi) Aboriginal Diamonds Group Ltd. – 33% owned
 - (vii) Diamonds International Canada (DICAN) Ltd. – 17% owned
- Owned by Rae Edzo Dene Redevelopment Corporation Ltd.:
 - (i) Polar Vision Centres Ltd. – 15% owned
- Owned by Gameti Development Corporation Ltd.
 - (i) Caribou Camp
 - (ii) Gameti Sport Fishing

The Tlicho Government

Notes to Financial Statements

March 31, 2009

d) Contributions

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Surpluses arising under certain Government of Canada contributions are restricted as the amounts may be repayable.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions received in advance of the period to which they relate are deferred and recognized as revenue in the period to which they relate.

Investment income is recognized as revenue of the General Fund in the year received or receivable.

e) Temporary investments

Temporary investments are investments that mature in one year or less and are stated at the lower of cost and fair market value.

f) Property and equipment

Property and equipment are recorded at cost, except for donated assets, which are reported at estimated fair market value. Equipment, vehicles, office equipment, computer equipment and leasehold improvements are amortized over their expected useful life of five years. Buildings and airstrip are amortized over their expected life of twenty years. Routine repairs and maintenance costs are expensed as incurred.

g) Deferred revenue

The deferred revenue represents restricted operating funding received in the current period that is related to the subsequent period.

h) Equity in Capital Fund

Equity in Capital Fund represents the Tlicho Government's net investment in property and equipment, after deducting the portion financed by third parties through long-term capital borrowings, capitalized leases and other capital liabilities.

i) Reserves for future expenditures

Reserves are established at the discretion of the Tlicho Government to set aside certain amounts for future operating and capital purposes. Operating reserves are those which are generally established to fund one-time expenditures of an operating nature. Capital reserves are those which are generally established to fund one-time expenditures of a capital nature; the majority of which are committed to a specific purpose.

The Tlicho Government

Notes to Financial Statements

March 31, 2009

3 Advances to related parties

	2009 \$	2008 \$
Becho Ko Development Corporation	560,948	560,948
Wha Ti Community Store	132,365	132,365
Gameti Contracting Ltd.	113,910	113,910
Gameti Development Corporation	381,872	381,872
Gameti Tlicho Holdings Ltd.	97,065	97,065
Lac La Martre Development Corporation	26,120	26,120
NSR Employment Solutions	151,787	151,787
Rae Band Construction Ltd.	133,392	133,392
Wha Ti Ko Gha K'aode Ltd.	207,265	207,265
Wekweti Development Corporation	318,437	318,437
Hozila Naedik'e Ltd.	177,272	177,272
DLFN Holdings Ltd.	950	950
Tlicho Construction Ltd.	1,035,000	-
Tlicho Investment Corporation	384,934	-
	<hr/> 3,721,317	<hr/> 2,301,383

The advances are unsecured, non-interest bearing and with no specified terms of repayment.

4 Equity in Tlicho business enterprises

	2009 \$	2008 \$
Opening balance	24,530,927	17,226,413
Equity in earnings for the period	6,350,024	7,304,514
	<hr/> 30,880,951	<hr/> 24,530,927

The Tlicho Government

Notes to Financial Statements

March 31, 2009

Financial information for each of the entities for their year-ends is as follows:

				2009	2008
	Assets \$	Liabilities \$	Revenue \$	Net income \$	Net income \$
Tlicho Investment Corporation	7,335,859	1,038,561	6,874,720	3,348,421	(44,192)
Dogrib Nation Trustco Inc.	6,566,235	4,098,048	695,145	648,477	535,990
Dogrib Power Co	26,571,591	20,106,784	2,207,094	189,447	64,782
Tlicho Air Inc.	1,548,529	1,513,285	3,567,389	100,129	(13,476)
Aboriginal Engineering Services	4,286,730	3,674,850	5,639,375	(917,540)	207,116
Kete Whii Ltd.	5,396,756	1,849,655	1,389,876	755,646	971,790
Nishi-Khon Enterprises Inc.	100	-	-	-	-
Tli Cho Catering Corporation Ltd.	100	-	-	-	-
Nishi-Khon Constructors Ltd.	100	-	-	-	-
Nishi-Khon Engineering & Environmental	100	-	-	-	-
Nishi-Khon/SNC Lavalin Ltd.	1,821,361	1,560,483	3,281,524	69,863	(31,092)
Nishi-Khon Freeway Inc.	1,918,771	4,984,637	871,489	(568,488)	(16,257)
Nishi-Khon Forestry Service Ltd.	3,893,524	254,975	772,707	(40,797)	40,856
Behcho Ko Development Corporation	27,973,798	10,711,638	85,598,135	2,893,703	5,899,947
964053 NWT Ltd. (Tlicho Landtran Transport Ltd.)	-	-	-	-	(2,498)
Wekweti Development Corporation	106,665	448,341	154,793	(130,634)	(70,328)
Hozila Naedik'e Ltd.	357,692	371,896	322,620	(12,038)	(76,818)
5352 NWT Ltd.	283,301	147,567	201,619	(73,802)	(19,807)
DLFN Holdings Ltd.	854,050	140,755	300,440	109,604	158,086
Tlicho Domco Inc.	907,322	907,222	3,087,320	-	(48,320)
Gameti Development Corporation Ltd.	265,738	742,827	197,589	(96,904)	11,987
Gameti Contracting Ltd.	100	-	-	-	-
Lac La Martre Development Corporation	2,006,969	894,610	1,514,428	325,593	9,710
Wha Ti Ko Gha K'aode Ltd.	194,497	1,083,845	525,658	(61,068)	(334,657)
Rae Edzo Dene Band Development Corporation	4,945,787	4,983,954	1,619,549	(189,588)	61,695
NSR Employment Solutions	100	-	-	-	-
953837 NWT Ltd.	100	-	-	-	-
				<u>6,350,024</u>	<u>7,304,514</u>

The Tlicho Investment Corporation is the parent company that holds the investments in the Tlicho business enterprises. As disclosed in note 2(b)), The Tlicho Government accounts for these investments using the modified equity method of accounting while the Tlicho Investment Corporation accounts for its investments using consolidation accounting. As a result of these different methods that are used as required by Canadian generally accepted accounting principles, there are differences in net income as reported by the Tlicho Investment Corporation as compared to what is reported by The Tlicho Government. These differences are summarized as follows:

The Tlicho Government

Notes to Financial Statements

March 31, 2009

	\$
Net income as reported by Tlicho Investment Corporation	6,395,404
Add: Dividend income for entities treated as portfolio investments by The Tlicho Government	400,000
Less: Equity in earning for entities treated as portfolio investments by The Tlicho Government	<u>(445,380)</u>
	<u>6,350,024</u>

5 Property and equipment

	<u>2009</u>		<u>2008</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Airstrip	2,920,300	758,076	2,162,224	2,308,238
Equipment	81,822	54,501	27,321	171,495
Vehicles	415,073	302,716	112,357	169,077
Office equipment	1,429,562	1,374,810	54,752	125,993
Computer equipment	86,168	74,720	11,448	41,446
Leasehold improvements	171,561	171,561	-	9,450
Buildings	1,639,720	605,038	1,034,682	1,116,668
	<u>6,744,206</u>	<u>3,341,422</u>	<u>3,402,784</u>	<u>3,942,367</u>

Amortization expense relating to property and equipment charged to current year operations was \$640,161 (2008 - \$644,760).

6 Deferred land claim expenditures

All expenditures incurred to research, develop and negotiate the Tlicho Land Claims and Self-Government Agreement as described in note 1 have been deferred. The accumulated balance is being written down at the same rate as the corresponding land claim loan balance is being repaid.

	<u>2009</u>	<u>2008</u>
	\$	\$
Deferred land claim expenditures	26,357,486	26,357,486
Less: Accumulated amortization	<u>9,757,780</u>	<u>5,133,556</u>
	<u>16,599,706</u>	<u>21,223,930</u>

The Tlicho Government

Notes to Financial Statements

March 31, 2009

7 Advances from related parties

	2009 \$	2008 \$
Gameti First Nation Community Government	1,500	1,500
DLFN Holdings Ltd.	5,035	2,537
Hozila Naedik'e Ltd.	14,415	14,415
Tlicho Logistics Inc.	22,837	22,837
964053 NWT Ltd.	11,577	11,577
	<u>55,364</u>	<u>52,866</u>

The advances are unsecured, non-interest bearing and with no specified terms of repayment.

8 Deferred revenue

	2009 \$	2008 \$
BHP – Heritage Fund	<u>1,681,483</u>	<u>1,647,701</u>

9 Obligation under capital leases

	2009 \$	2008 \$
Vehicle leases	46,592	67,481
Less: Current portion	<u>22,454</u>	<u>20,889</u>
	<u>24,138</u>	<u>46,592</u>

The vehicles under capital lease are repayable in monthly instalments of approximately \$1,045 bear interest at 7.25% and are due March 27, 2011. The specific assets with a net book value of \$54,871 (2008 – \$73,161) are pledged as collateral.

Aggregate annual lease payments are due as follows:

	\$
2010	25,089
2011	<u>25,089</u>
	50,178
Less: Interest	<u>3,586</u>
	<u>46,592</u>

The Tlicho Government

Notes to Financial Statements

March 31, 2009

10 Long-term debt

	2009 \$	2008 \$
Vehicle loan, payable in monthly payments of approximately \$1,024 (including principal and interest), interest at 2.9%, due April 11, 2011	24,807	36,194
Vehicle loan, payable in monthly payments of approximately \$1,021, interest at nil%, due March 29, 2011	24,498	36,746
Vehicle loan, payable in monthly payments of approximately \$523 (including principal and interest), interest at 12.75%, due April 7, 2009	517	6,312
Vehicle loan, payable in monthly payments of approximately \$554, interest at 9.25%, repaid during the year	-	6,339
	<hr/>	<hr/>
	49,822	85,591
Less: Current portion	24,487	35,768
	<hr/>	<hr/>
	25,335	49,823

Vehicles with a net book value of \$66,706 (2008 – \$96,832) have been pledged as collateral on the above loans.

Aggregate annual principal repayments due on the vehicle loans in accordance with the agreed repayment terms are as follows:

	\$
2010	24,487
2011	24,314
2012	1,021
	<hr/>
	49,822

The Tlicho Government

Notes to Financial Statements

March 31, 2009

11 Land claim loan advances

	Principal \$	Interest \$	Total \$
Balance – Beginning of year	20,519,670	682,868	21,202,538
Additions	-	891,698	891,698
Repayments	(4,474,549)	(1,041,373)	(5,515,922)
Balance – End of year	16,045,121	533,193	16,578,314
Less: Current portion	6,080,613	-	6,080,613
	<u>9,964,508</u>	<u>533,193</u>	<u>10,497,701</u>

Repayable, cumulative loan advances were received pursuant to the Native Claims Loan Agreement with the Government of Canada, for negotiating the Tlicho Land Claims and Self-Government Agreement as described in note 1.

\$4,391,042 (2008 – \$4,391,042) of the loan is non-interest bearing while \$12,187,272 (2008 – \$15,128,628) are interest bearing at a rate set by the Minister of Finance for equivalent loans and terms for Crown Corporations. At March 31, 2009, interest rates ranged from 2.98% to 6.15%. As at March 31, 2009, the accrued interest on the loans is \$ 533,193 (2008 – \$682,868).

No loans were advanced in the period to March 31, 2009 (2008 – \$nil). The loan will be repaid as part of monies due to Tlicho Government after the effective date of August 4, 2005.

As at March 31, 2009, the Government is not in default of the terms of the Native Claims Loan Agreement.

Expected principal repayments over the next three years are as follows:

	\$
2010	6,080,613
2011	7,768,185
2012	2,196,323
	<u>16,045,121</u>

The Tlich Government

Notes to Financial Statements

March 31, 2009

12 Contingencies and commitments

The Tlich Government leases various office equipments under operating lease agreements expiring in 2011.

These leases provide for minimum lease payments over the remaining terms as follows:

	\$
Year ending March 31, 2010	14,910
2011	<u>12,869</u>
	<u>27,779</u>

The Tlich Government has guaranteed the BDC loans of Rae Band Construction Ltd. At March 31, 2009 the BDC loans balance was \$390,180 (March 31, 2008: \$436,200).

13 Restricted reserve fund

In line with the Tlich Government budget laws, the organization has established a reserve fund of \$14,802,502 (2008 – \$12,567,559). The amount has been internally restricted and can only be utilized with the approval of the Tlich Assembly through a budget amendment. During the year, \$2,234,943 (2008 – \$1,812,570) was transferred from the general fund to the restricted reserves fund. In addition, \$nil (2008 – \$865,000) was transferred from the restricted reserves fund to the General Fund.

14 Financial Instruments

Credit risk

Tlich Government's exposure to credit risk is indicated by the carrying value of its accounts receivable and advances to related parties. Tlich Government performs ongoing credit evaluations of its receivables and records a reserve for potential credit losses. Management believes that the risk of incurring losses with these financial instruments is remote.

Interest rate risk

All of Tlich Government's financial assets and liabilities are non-interest bearing except and long term debt capital leases, which bear interest at a fixed rate, and cash and land claim loan which bear interest at variable rates. The Tlich Government does not use derivative instruments to mitigate this risk.

Fair values

The financial assets and liabilities are valued at their carrying amounts as disclosed in the balance sheet, which are reasonable estimates of their fair values due to the relatively short period to maturity of these instruments, or the nature of the terms of the instrument.

The Tlicho Government
Schedule of General Fund Activities by Object
For the year ended March 31, 2009

Schedule 1

	Chiefs Executive Council \$	General Fund \$	Finance Department \$	Human Resource Department \$	IBA \$
Revenue					
Administration fee	1,420	51,979	-	-	-
Financial transfer Agreement Government of GNWT	-	3,005,544	-	-	-
Heritage Fund	-	1,000	-	-	-
Impact and benefit agreements	-	75,414	-	-	-
Interest	-	-	-	-	3,609,471
Land claim agreement	-	538,301	-	-	-
Other income	-	5,515,922	-	-	-
Resource royalties	-	7,061	-	-	-
Tax revenue (Goods and Service Tax)	-	2,913,938	-	-	-
Tax revenue (personal income tax)	-	1,708,461	-	-	-
	-	9,466,252	-	-	-
	1,420	23,283,872	-	-	3,609,471
Expenditures					
Amortization of deferred land claim expenditures	-	4,624,224	-	-	-
Amortization	-	639,977	-	-	-
Bad debts	-	600,512	-	-	-
Bank charges and interest	8,209	110	14,253	-	-
Contract services	269,926	75,000	165,701	24,325	1,531,628
Cultural expenses	72,690	-	76	-	89,195
Donation	95,359	1,876,650	-	-	400
Equipment lease and rental and purchase	26,626	-	22,133	-	5,882
Honorarium	22,612	-	-	-	5,882
Insurance, license, taxes and fee	93,736	-	548	-	6,500
Interest on land claim loan	-	891,698	-	165	-
Meeting and supplies	22,303	(250)	2,803	1,541	181,937
Office administrative	136,099	-	69,648	22,060	7,140
Office rent and utilities	89,727	-	56,320	20,024	117
Payroll	1,294,295	(270)	701,102	167,977	106,578
Professional fees					
Audit	60,000	-	-	-	-
Consultant	103,955	-	19,673	920	-
Legal	261,957	-	35,530	-	-
Other	77,860	-	72,505	-	-
Repairs and maintenance	3,187	-	301	-	9,909
Training and development	7,426	-	-	2,169	-
Travel					
Accommodation	112,059	-	5,985	1,223	1,849
Air/travel/charters	218,433	-	6,837	(744)	57,732
Fuel	33,612	-	1,084	107	16,214
Meals	29,475	(102)	18,838	2,594	5,806
Mileage	32,501	(124)	28,085	5,438	1,997
Private accommodation	2,700	-	1,450	-	2,250
Rental and gas	2,004	-	-	-	-
Taxi	4,884	-	428	-	-
Other	421	-	-	-	180
	3,082,056	8,707,425	1,223,300	247,799	2,025,314
Net revenues (expenditures)	(3,080,636)	14,576,447	(1,223,300)	(247,799)	1,584,157

The Tlicho Government

Schedule of General Fund Activities by Object ... *continued* For the year ended March 31, 2009

Schedule 1
Page 2

	Lands Protection Department \$	Language Culture & Communi- cation \$	Tlicho Annual Gathering \$	Tlicho Assembly \$	Community Presence \$
Revenue					
Administration fee	-	-	-	-	24,767
Financial transfer Agreement Government of GNWT	-	-	-	-	-
Heritage Fund	-	-	-	-	-
Impact and benefit agreements	-	-	-	-	-
Interest	-	-	-	-	-
Land claim agreement	-	-	-	-	-
Other income	-	-	-	-	-
Resource royalties	-	-	-	-	-
Tax revenue (Goods and Service Tax)	-	-	-	-	-
Tax revenue (personal income tax)	-	-	-	-	-
	-	-	-	-	24,767
Expenditures					
Amortization of deferred land claim expenditures	-	-	-	-	-
Amortization	-	-	184	-	-
Bad debt	-	-	-	-	-
Bank charges and interest	-	-	-	-	5,982
Contract services	85,785	58,336	185,033	212,183	80,014
Cultural expenses	-	27,625	11,088	1,410	181
Donation	-	6,800	1,000	1,200	27
Equipment lease and rental and purchase	12,776	3,325	19,557	26,827	25,565
Honorarium	37,625	-	24,261	453,376	500
Insurance, license, taxes and fee	2,369	125	-	5,995	229
Interest on land claim loan	-	-	-	-	-
Meeting and supplies	20,159	4,077	97,110	96,014	6,023
Office administration	55,345	17,928	3,473	32,840	116,123
Office rent and utilities	42,168	21,084	4,090	41,568	184,786
Payroll	461,363	216,259	162,817	361,358	640,004
Professional fees					
Audit	-	-	-	-	-
Consultant	175,924	-	1,840	6,000	-
Legal	69,902	-	-	342,255	-
Other	8,062	-	-	-	-
Repairs and maintenance	776	55	-	4,534	29,045
Training and development	857	-	-	19,689	-
Travel					
Accommodation	33,574	3,878	13,615	201,663	9,588
Air/travel/charters	35,412	33,316	148,641	228,236	4,810
Fuel	1,686	4,703	4,279	5,238	24,843
Meals	46,815	4,662	3,547	225,919	8,473
Mileage	23,393	11,107	2,153	117,847	7,479
Private accommodation	8,100	-	9,137	43,800	300
Rental and gas	79	-	250	2,890	274
Taxi	1,445	-	525	1,307	30
Other	-	-	-	278	-
	1,123,615	413,280	692,600	2,432,427	1,144,276
Net revenues (expenditures)	(1,123,615)	(413,280)	(692,600)	(2,432,427)	(1,119,509)

The Tlicho Government
Schedule of General Fund Activities by Object ... continued
For the year ended March 31, 2009

Schedule 1
Page 3

	LCC – Special/ Culture Projects \$	LCCP Other Projects \$	Recoverable \$	Total \$
Revenue				
Administration fee	5,000	-	378,787	461,953
Financial transfer Agreement Government of GNWT	-	-	-	3,005,544
Heritage Fund	120,797	17,665	1,300	140,762
Impact and benefit agreements	-	-	-	75,414
Interest	-	-	-	3,609,471
Land claim agreement	-	-	-	538,301
Other income	-	-	-	5,515,922
Resource royalties	118,390	109,061	-	234,512
Tax revenue (Goods and Service Tax)	-	-	-	2,913,938
Tax revenue personal income tax	-	-	-	1,708,461
	-	-	-	9,466,252
	244,187	126,726	380,087	27,670,530
Expenditures				
Amortization of deferred land claim expenditures	-	-	-	4,624,224
Amortization	-	-	-	640,161
Bad debt	-	-	-	600,512
Bank charges and interest	-	-	-	28,554
Contract services	14,309	68,019	14,360	2,784,619
Cultural expenses	28,636	2,318	2,666	235,885
Donation	-	-	300	1,981,736
Equipment lease and rental and purchase	-	-	5,962	148,653
Honorarium	8,250	-	26,209	579,333
Insurance, license, taxes and fee	3,720	-	34,033	140,920
Interest on land claim loan	-	-	-	891,698
Meeting and supplies	6,281	-	25,577	463,575
Office administration	8,063	1,361	6,910	476,990
Office rent and utilities	2,259	-	4,659	466,802
Payroll	23,309	54,558	129,302	4,318,652
Professional fees				
Audit	-	-	-	60,000
Consultant	-	-	-	308,312
Legal	58,573	-	17,775	785,992
Other	-	-	-	158,427
Repairs and maintenance	20,774	-	809	69,390
Training and development	-	-	-	30,141
Travel				
Accommodation	808	-	20,583	404,825
Air/travel/charters	10,192	-	61,385	804,250
Fuel	7,800	272	1,287	101,125
Meals	3,596	69	18,918	368,610
Mileage	1,257	129	6,899	238,161
Private accommodation	1,900	-	-	69,637
Rental and gas	-	-	-	5,497
Taxi	-	-	126	8,925
Other	-	-	-	699
	199,727	126,726	377,760	21,796,305
Net revenues (expenditures)	44,460	-	2,327	5,874,225

The Tlicho Government

Schedule 2

Schedule of Programs and Services Fund Activities by Object For the year ended March 31, 2009

	Aboriginal Affairs/Inter- Govern \$	Aboriginal Language Initiatives \$	AHRDA \$	Community Justice Program \$	Daycare Program \$
Revenue					
Government of Canada	48,000	-	1,354,022	180,925	-
Government of GNWT	-	85,000	-	37,500	256,352
Other income	-	-	-	-	-
	<u>48,000</u>	<u>85,000</u>	<u>1,354,022</u>	<u>218,425</u>	<u>256,352</u>
Expenditures					
Bank charges and interest	-	-	-	-	-
Contract services	-	70,914	581	130,482	211,408
Cultural expenses	-	-	-	4,287	-
Equipment lease and rental	-	-	-	862	-
Honorarium	-	-	600	3,064	-
Insurance, license, taxes and fee	-	970	-	-	-
Meeting and supplies	76	49	-	1,334	-
Office administration	-	6,417	16,804	6,582	-
Office rent and utilities	-	-	50,025	-	-
Payroll	-	-	242,817	64,359	-
Professional fees					
Audit	-	-	-	-	-
Consultant	-	-	49,070	-	-
Other	-	-	14,000	-	-
Repairs and maintenance	-	-	-	-	-
Training and development	-	-	866,988	-	-
Travel					
Accommodation	1,936	1,040	35,202	2,005	-
Air/travel/charters	21,934	349	41,203	2,091	-
Fuel	60	40	2,510	1,992	-
Meals	11,624	4,292	25,767	910	-
Mileage	10,435	960	9,669	535	-
Private accommodation	-	-	2,650	-	-
Rental and gas	-	-	956	-	-
Taxi	422	-	928	-	-
Other	299	-	-	-	-
	<u>46,786</u>	<u>85,031</u>	<u>1,359,770</u>	<u>218,503</u>	<u>211,408</u>
Net revenues (expenditures)	<u>1,214</u>	<u>(31)</u>	<u>(5,748)</u>	<u>(78)</u>	<u>44,944</u>

The Tlicho Government

Schedule of Programs and Services Fund Activities by Object . . . *continued*

For the year ended March 31, 2009

Schedule 2

Page 2

	Health & Social Services \$	Brighter Future Program \$	Fetal Alcohol Spectrum Disorder \$	National NA & Drug Abuse Program \$	Aboriginal Diabetes Initiative \$
Revenue					
Government of Canada	-	-	-	-	-
Government of GNWT	-	479,249	30,344	44,790	117,026
Other income	-	-	-	-	-
	-	479,249	30,344	44,790	117,026
Expenditures					
Bank charges and interest	-	-	-	-	-
Contract services	152,860	479,249	30,344	44,790	117,026
Cultural expenses	-	-	-	-	-
Equipment lease and rental	-	-	-	-	-
Honorarium	-	-	-	-	-
Insurance, license, taxes and fee	-	-	-	-	-
Meeting and supplies	-	-	-	-	-
Office administration	-	-	-	-	-
Office rent and utilities	-	-	-	-	-
Payroll	-	-	-	-	-
Professional fees	-	-	-	-	-
Audit	-	-	-	-	-
Consultant	-	-	-	-	-
Other	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-
Training and development	-	-	-	-	-
Travel	-	-	-	-	-
Accommodation	-	-	-	-	-
Air/travel/charters	-	-	-	-	-
Fuel	-	-	-	-	-
Meals	-	-	-	-	-
Mileage	-	-	-	-	-
Private accommodation	-	-	-	-	-
Rental and gas	-	-	-	-	-
Taxi	-	-	-	-	-
	152,860	479,249	30,344	44,790	117,026
Net revenues (expenditures)	(152,860)	-	-	-	-

The Tlicho Government

Schedule of Programs and Services Fund Activities by Object . . . *continued*
 For the year ended March 31, 2009

Schedule 2
 Page 3

	Canada Prenatal Nutrition \$	Business Support Services \$	EDO \$	GNWT/ CHAP \$	NAYSP \$	Total \$
Revenue						
Government of Canada	-	-	-	-	-	1,582,947
Government of GNWT	120,868	133,680	175,261	280,000	68,126	1,828,196
Other income	-	-	-	19,200	-	19,200
	<u>120,868</u>	<u>133,680</u>	<u>175,261</u>	<u>299,200</u>	<u>68,126</u>	<u>3,430,343</u>
Expenditures						
Bank charges and interest	-	-	-	1	-	1
Contract services	120,868	61	-	-	68,126	1,426,709
Cultural expenses	-	-	-	8,245	-	12,532
Equipment lease and rental	-	-	-	-	-	862
Honorarium	-	1,125	50	-	-	4,839
Insurance, license, taxes and fee	-	700	2,775	-	-	4,445
Meeting and supplies	-	491	1,165	-	-	3,115
Office administration	-	9,836	7,109	12,989	-	59,737
Office rent and utilities	-	-	-	-	-	50,025
Payroll	-	97,479	128,167	637	-	533,459
Professional fees						
Audit	-	-	-	-	-	-
Consultant	-	-	-	-	-	49,070
Other	-	4,646	-	-	-	18,646
Repairs and maintenance	-	-	-	598	-	598
Training and development	-	298	1,335	-	-	868,621
Travel						
Accommodation	-	6,751	6,974	-	-	53,908
Air/travel/charters	-	5,391	6,321	344,643	-	421,932
Fuel	-	-	-	95,616	-	100,218
Meals	-	4,924	4,060	-	-	51,577
Mileage	-	1,421	-	175	-	23,195
Private accommodation	-	100	-	-	-	2,750
Rental and gas	-	157	-	-	-	1,113
Taxi	-	300	-	-	-	1,650
Other	-	-	-	-	-	299
	<u>120,868</u>	<u>133,680</u>	<u>157,956</u>	<u>462,904</u>	<u>68,126</u>	<u>3,689,301</u>
Net revenues (expenditures)	<u>-</u>	<u>-</u>	<u>17,305</u>	<u>(163,704)</u>	<u>-</u>	<u>(258,958)</u>

The Tlicho Government
 Schedule of DIAND Fund Activities by Object
 For the year ended March 31, 2009

Schedule 3

	CSSP \$	Mines and Mineral Program \$	Pilot Project \$	Youth Employment Strategy \$	Total \$
Revenue	16,600	155,650	4,600	65,000	241,850
Expenditures					
Office administration	-	991	-	-	991
Contract services	-	52,256	-	30,000	82,256
Equipment lease and rental	-	350	-	-	350
Honorarium	-	43,230	350	-	43,580
Insurance, license, taxes and fee	1,585	-	-	-	1,585
Payroll	-	5,019	-	35,199	40,218
Meeting	-	11,349	-	-	11,349
Training and development	-	-	-	-	-
Travel					
Accommodation	7,060	14,193	328	-	21,581
Air/travel/charters	2,791	13,097	-	-	15,888
Meals	4,914	9,572	2,581	-	17,067
Mileage	250	5,142	1,361	-	6,753
Private accommodation	-	450	-	-	450
	16,600	155,649	4,620	65,199	242,068
Net revenues (expenditures)	-	1	(20)	(199)	(218)

The Tlicho Government
Schedule of Capital Fund Activities
For the year ended March 31, 2009

Schedule 4

	2009 \$	2008 \$
Balance – Beginning of year	3,789,297	4,234,516
Acquisition of property and equipment	100,578	190,451
Amortization of property and equipment	(640,161)	(644,760)
Capital financing – long-term debt repaid	35,768	81,141
Capital financing – long-term debt proceeds	-	(91,451)
Capital financing – capital lease repaid	20,890	19,400
Balance – End of year	<u>3,306,372</u>	<u>3,789,297</u>