

Dene Tha' First Nation
Consolidated Financial Statements
March 31, 2021

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Management's Responsibility

To the Chief and Council of Dene Tha' First Nation

The accompanying consolidated financial statements of Dene Tha' First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Dene Tha' First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP is appointed by Chief and Council on behalf of the members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

November 30, 2021

e-Signed by Walter Kent
2021-12-07 15:23:10:10 MST

Executive Director
of Operations

To the Members of Dene Tha' First Nation:

Opinion

We have audited the consolidated financial statements of Dene Tha' First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets, cash flows and the related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, changes in its net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Leduc, Alberta

December 7, 2021

The image shows a handwritten signature in black ink that reads "MNP LLP". The letters are stylized and connected, with a cursive-like flow.

Chartered Professional Accountants


Dene Tha' First Nation

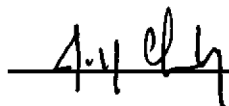
Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020
Financial assets		
Cash and cash equivalents	25,949,175	10,629,692
Guaranteed investment certificates (Note 2)	690,699	690,699
Accounts receivable	2,338,669	2,020,620
Due from Government of Canada (Note 4)	5,450,578	1,397,395
Inventory for resale	21,744	21,744
Investment in First Nation partnership (Note 5)	15,181,502	17,204,469
Funds held in trust (Note 6)	6,035,196	5,549,203
Total financial assets	55,667,563	37,513,822
Liabilities		
Accounts payable and accruals	4,509,021	4,551,094
Deferred revenue (Note 7)	8,219,319	5,018,604
Long-term debt (Note 8)	572,931	737,287
Total liabilities	13,301,271	10,306,985
Net financial assets	42,366,292	27,206,837
Contingencies (Note 9)		
Non-financial assets		
Tangible capital assets (Note 10) (Schedule 1)	67,000,645	63,621,302
Inventories held for use	76,398	76,398
Prepaid expenses and deposits	163,166	155,764
Total non-financial assets	67,240,209	63,853,464
Accumulated surplus (Note 11)	109,606,501	91,060,301

Approved on behalf of the First Nation

 James Ahnassay Chief

 Councillor

Dene Tha' First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>Schedules</i>	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Revenue				
Indigenous Services Canada	31,916,212	47,682,833	28,379,834	
First Nations and Inuit Health Branch	2,613,650	7,941,679	3,101,383	
Employment and Social Development Canada	773,482	1,019,025	888,831	
CMHC subsidies	-	77,136	77,234	
	35,303,344	56,720,673	32,447,282	
Fireguard	-	4,088,892	-	
Timber sales	-	1,476,005	-	
Other revenue	1,179,515	723,987	1,992,941	
Gas sales	470,638	701,780	623,457	
Province of Alberta	306,367	501,436	1,207,876	
Propane sales	130,725	453,618	141,109	
Industry consultation	1,107,300	430,819	697,505	
First Nations Development Fund	530,000	407,911	672,633	
Rent	-	346,320	346,320	
Property taxes	307,051	214,670	222,892	
Interest income	84,000	101,860	262,440	
BC Hydro capacity funding	100,000	35,000	15,000	
First Nation trust funds	-	-	624,000	
Cidel trust funds	125,000	-	500,000	
TransCanada pipeline funding	-	-	100,000	
Clawback of funding	-	(43,213)	-	
Deferred revenue - prior year	214,827	4,783,303	7,049,461	
Deferred revenue - current year	-	(8,000,098)	(4,783,303)	
Total revenue	39,858,767	62,942,963	42,119,613	

Continued on next page

Dene Tha' First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2021

	<i>Schedules</i>	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Total revenue <i>(Continued from previous page)</i>		39,858,767	62,942,963	42,119,613
Expenses				
Administration	3	6,840,751	7,094,080	5,252,668
Education	4	7,797,865	7,829,371	8,006,109
Community Wellness	5	2,402,802	3,152,954	3,065,451
Operations and Maintenance	6	3,501,045	3,701,103	4,017,210
Housing	7	1,217,096	1,874,330	1,977,179
Capital Projects	8	-	5,731,344	3,982,401
Economic Development	9	1,762,468	1,699,704	1,870,482
Lands	10	1,929,410	5,489,985	2,190,100
Housing Rentals	11	-	480,999	479,520
Social Development	12	4,106,427	3,886,723	4,848,380
Band Designate	13	484,601	94,983	153,383
Recreation	14	-	267	-
Dene Tha' Natural Gas Utility	15	715,509	1,149,243	880,659
Funds	16	-	1,536,974	(1,092,181)
Total expenses		30,757,974	43,722,060	35,631,361
Surplus before other items		9,100,793	19,220,903	6,488,252
Other income				
Write off of old accounts payable <i>(Note 19)</i>		-	247,993	595,736
Surplus before transfers		9,100,793	19,468,896	7,083,988
Transfers between programs				
Administration fees		36,595	-	-
Transfers between programs		1,557,359	(922,696)	-
		1,593,954	(922,696)	-
Surplus		10,694,747	18,546,200	7,083,988
Accumulated surplus, beginning of year		91,060,301	91,060,301	83,976,313
Accumulated surplus, end of year		101,755,048	109,606,501	91,060,301

Dene Tha' First Nation
Consolidated Statement of Changes in Net Financial Assets
For the year ended March 31, 2021

	<i>2021 Budget</i>	<i>2021</i>	<i>2020</i>
Surplus	10,694,747	18,546,200	7,083,988
Amortization of tangible capital assets	-	4,871,812	4,051,791
Purchase of tangible capital assets	(12,422,997)	(8,251,155)	(7,496,556)
Acquisition of prepaid expenses	-	(7,402)	-
Increase (decrease) in net financial assets	(1,728,250)	15,159,455	3,639,223
Net financial assets, beginning of year	27,206,837	27,206,837	23,567,614
Net financial assets, end of year	25,478,587	42,366,292	27,206,837

The accompanying notes are an integral part of these financial statements

Dene Tha' First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	61,042,861	38,358,249
Cash paid to suppliers	(22,830,762)	(20,176,988)
Cash paid to employees	(10,272,719)	(8,199,893)
Interest income	101,860	262,440
Interest paid	(56,715)	(56,215)
Social assistance paid	(2,862,451)	(3,543,120)
	25,122,074	6,644,473
Financing activities		
Advances of long-term debt	-	141,463
Repayment of long-term debt	(164,356)	(197,473)
	(164,356)	(56,010)
Capital activities		
Purchases of tangible capital assets	(9,638,235)	(6,320,277)
Increase in cash resources	15,319,483	268,186
Cash resources, beginning of year	10,629,692	10,361,506
Cash resources, end of year	25,949,175	10,629,692

The accompanying notes are an integral part of these financial statements

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

1. Significant accounting policies

The consolidated financial statements of Dene Tha' First Nation (the "First Nation") are the representations of management, prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada and are consistent with accounting policies set out by the Department of Indigenous Services Canada ("ISC"). Significant aspects of the accounting policies adopted by the First Nation are as follows:

Reporting entity

The Dene Tha' First Nation reporting entity includes the First Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First Nation. All inter-entity balances have been eliminated upon consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Business entities, which are owned or controlled by Dene Tha' First Nation and which are not dependent on the First Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method, as outlined in Note 5. Under the modified equity method, the equity method of accounting is modified only to the extent that the accounting principles of the business entity are not adjusted to conform with those of the First Nation. Thus, the First Nation's investment in these enterprises is recorded at cost and is increased for the proportionate share of post-acquisition earnings and decreased by post-acquisition losses and distributions received.

Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Asset classification

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

i) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Infrastructure includes certain roads and bridges disclosed at a nominal amount. The First Nation holds works of art and historical treasures of a cultural value, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property. The cost of the tangible capital assets are amortized over their expected useful life using the the following methods at the following rates:

	Method	Rate
Buildings and improvements	straight-line	14-50 years
	declining balance	4-10 %
Mobile homes	straight-line	20 years
Radio equipment	straight-line	20 years
Infrastructure	straight-line	25-50 years
	declining balance	3 %
Automotive equipment	straight-line	5-10 years
	declining balance	30 %
Computers and equipment	straight-line	5 years
	declining balance	20 %

1. Significant accounting policies *(Continued from previous page)*

ii) Prepaid expenses and deposits

Prepaid expenses included in non-financial assets include payment for services that have not been provided as of year end.

iii) Inventories held for use

Inventories held for use are made up of parts and supplies held in stock by the First Nation for repairs and installations of natural gas and propane systems. This inventory is valued at lower of cost and net realizable value.

Net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of consolidated financial position. The net financial assets of the First Nation is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprises a second indicator of consolidated financial position, accumulated surplus.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Revenue recognition

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized at a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

The First Nation recognizes taxes as assets and revenue when they meet the definition of an asset, are authorized by Chief and Council, and the taxable event has occurred. Tax revenue is initially measured at management's best estimate of the amount resulting from the original taxable event in accordance with legislation. The related tax receivable is initially recognized at its realizable value at the date of acquisition. At each financial statement date, the First Nation evaluates the tax receivable for collectability and records a valuation allowance to reflect the tax receivable at its net recoverable amount if necessary.

Natural gas and propane revenue is recognized upon output or delivery, primarily on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the reporting period. Service charges and penalty revenue are recognized in the month in which they are incurred.

Revenue from timber sales is recognized when the logs have been delivered to and received by the sawmill, when the risks and rewards of ownership are transferred to the customer.

Other revenue is recognized when services have been provided, all significant contractual obligations have been satisfied and collectability is reasonably assured.

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in surplus for the year; impairment of tangible capital assets is reflected in the equity in tangible capital assets when impairment occurs.

1. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty (use of estimates)

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Amounts due from First Nation members and investments in First Nation partnerships are stated after evaluation as to their collectability and recoverability and an appropriate allowance for impairment is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for. Inventory is based on the lower of cost and net realizable value. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Segments

The First Nation conducts its business through 14 reportable segments: Administration, Education, Community Wellness, Operations and Maintenance, Housing, Capital Projects, Economic Development, Lands, Housing Rentals, Social Development, Band Designate, Recreation, Dene Tha' Natural Gas Utility and Funds. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed above. Inter-segment transfers are recorded at their exchange amount.

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2021.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

At year-end there was no liability for contaminated sites.

2. Guaranteed investment certificates

Guaranteed investment certificates ("GIC's") consist of five GIC's held by the CIBC and one GIC held by Peace Hills Trust.

The CIBC GIC's bear interest rates between at 0.20% and 0.50% and have maturity dates between September 2021 and September 2025.

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Related party transactions

a) The First Nation has, primarily in prior years, advanced funds to First Nation members and employees of \$643,336 (2020 - \$643,336) as special occasion benefits. These benefits are repayable based on terms set when the advances are made. As there is currently no process in place to collect amounts that have been advanced to non-staff First Nation members, amounts have been offset by an allowance for impaired accounts of \$643,336 (2020 - \$643,336).

b) Advances to and from First Nation owned partnership, as detailed in Note 5, have no specified interest terms, and therefore no interest revenue or expense has been recorded on the advances.

The transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

4. Due from Government of Canada

Federal funding receivable consists of funds due from Indigenous Services Canada, First Nations and Inuit Health Branch, and Employment and Social Development Canada.

	2021	2020
Department of Indigenous Services Canada		
Social Development - basic needs - learners benefit	(11,509)	(25,656)
Social Development - basic needs	-	3,183
Capital - STEPS 1-4	60,576	
ISC March payment	2,764,091	-
ISC Funding in PAYE	1,699,260	423,244
	4,512,418	400,771
 First Nations and Intuit Health Branch	 514,407	 514,408
Employment and Social Development	423,753	482,216
	5,450,578	1,397,395

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

5. Investment in First Nation partnership

The First Nation has an investment in the following entity:

	<i>Investment cost</i>	<i>Advances to</i>	<i>Undistributed income</i>	<i>Other</i>	<i>2021 Total investment</i>
First Nation Business Partnership:					
Ndeh Limited Partnership	-	851,969	14,329,533	-	15,181,502

					<i>2020</i>
	<i>Investment cost</i>	<i>Advances to</i>	<i>Undistributed income</i>	<i>Other</i>	<i>Total investment</i>
First Nation Business Partnership:					
Ndeh Limited Partnership	-	851,969	16,352,500	-	17,204,469

The First Nation's investment in Ndeh Limited Partnership was established for the purpose of creating economic development opportunities related to rental, contract work, hotel operations, firefighting and logging.

Summary financial information of the business partnership, accounted for using the modified equity method, for their year-end is as follows:

	<i>Ndeh Limited Partnership As at December 31, 2020</i>
Assets	
Cash and cash equivalents	5,207,138
Accounts receivable	919,180
Prepaid expenses	43,696
Inventory	111,665
Timber quota	610,931
Property and equipment	10,606,689
Investments	2,013,754
Total assets	19,513,053
Liabilities	
Accounts payable and accruals	1,691,544
Customer deposits and deferred revenue	740,627
Advances from related party	851,969
Reforestation liability	447,221
Long-term debt	1,452,158
Total liabilities	5,183,519
Net assets	14,329,534
Total revenue	8,032,308
Total expenses	9,084,648
Net loss	(1,052,340)
Other expense	(970,627)
Comprehensive loss	(2,022,967)

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Funds held in trust

The Indigenous Services Canada Trust Funds arise from monies from capital and revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the office of the Auditor General of Canada. The management of these funds is primarily governed by Section 63 to 69 of the *Indian Act*.

Capital and revenue trust funds are transferred to the First Nation on the authorization of the Minister of Indigenous Services Canada, based upon request from the First Nation Chief and Council.

The Settlement Trust was established in 2007 according to the Settlement Agreement between Canada and Dene Tha' First Nation related to the MacKenzie Valley Pipeline. The funds deposited are to be invested in specified investments, and distributions made according to specified conditions.

	2021	2020
Capital Trust		
Balance, beginning of year	3,189,326	3,208,659
Gas royalties	10,663	604,667
	3,199,989	3,813,326
Less: Transfers to First Nation	-	624,000
Balance, end of year	3,199,989	3,189,326
Revenue Trust		
Balance, beginning of year	747,836	324,893
Interest and rentals	338,467	422,943
Balance, end of year	1,086,303	747,836
Settlement Trust		
Balance, beginning of year	1,612,041	1,954,810
Investment income	101,554	226,380
Change in promissory note to Dene Tha' First Nation	55,289	(4,044)
Authorized expenditures	(19,980)	(37,261)
	1,748,904	2,139,885
Less: Transfers to First Nation	-	500,000
Balance, end of year	1,748,904	1,612,041
	6,035,196	5,549,203

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Deferred revenue

Deferred revenue consists of revenue that has not yet been allocated to projects, revenue that has been allocated to projects to be carried out in future years, and the unexpended portion of revenue on projects in progress at March 31, 2021.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Funding received</i>	<i>Recognized as revenue</i>	<i>Balance, end of year</i>
CIBC mutual fund	100,000	-	-	100,000
Per capita distribution	54,000	-	1,000	53,000
FNDF - Band designate	311,864	-	-	311,864
Community based initiatives	23,307	-	23,307	-
TransCanada Pipeline	646,971	-	-	646,971
Adult education centre	459,137	335,948	375,000	420,085
Dene Tha' Natural Gas Utility	135,303	-	16,080	119,223
Water treatment plant	381,263	-	220,474	160,789
First Nations and Inuit Health Branch - Headstart building	61,224	-	61,224	-
Traditional healer	73,467	-	73,467	-
IFNE funding	411,706	-	189,245	222,461
FNIHB funding surplus'	28,604	-	28,604	-
Flood mitigation	1,137,944	-	1,137,944	-
Bushe water feasibility	100,000	-	17,865	82,135
Bushe water systems	6,273	-	6,273	-
Special needs - COVID relief	95,000	-	95,000	-
FNDF - Organizational review	110,000	-	61,018	48,982
FNDF - Election code review	21,476	18,524	-	40,000
Response - COVID	39,793	-	39,793	-
Community based initiatives	184,153	-	184,153	-
ISETS - CRF	52,777	38,989	52,777	38,989
ISETS - Childcare	158,461	120,295	233,104	45,652
Traditional Healer	11,999	21,418	6,020	27,397
Firesmart	139,983	-	139,983	-
Preparedness and mitigation	273,899	-	18,247	255,652
ISETS - Childcare COVID	-	122,930	-	122,930
Capital Investment	-	41,585	1,916	39,669
Operational and Mental Wellness - COVID	-	3,585,670	2,825,431	760,239
Capital - COVID	-	982,704	919,943	62,761
Safe Restart - COVID	-	119,172	-	119,172
COVID Funding	-	5,957,767	1,906,508	4,051,259
Basic needs	-	424,418	293,700	130,718
Basic needs - SET	-	473,206	256,800	216,406
In Home Care - SET	-	35,840	875	34,965
Preparedness mitigation	-	183,000	104,420	78,580
Firesmart	-	129,840	100,420	29,420
	5,018,604	12,591,306	9,390,591	8,219,319

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

7. Deferred revenue *(Continued from previous page)*

The following table represents the deferred revenue by funding source:

	2021	2020
First Nations Development Fund	400,846	443,340
TransCanada Pipeline	646,971	646,971
First Nations and Inuit Health Branch	1,009,238	175,294
Province of Alberta	222,461	411,706
Cidel Trust	420,086	319,138
CIBC	100,000	100,000
Savanna Energy Services Corp	53,000	54,000
Various Dene Tha' Natural Gas Utility customers	119,222	135,302
North Peace Tribal Council	207,571	211,238
FRIAA	29,420	-
ISC	5,010,504	2,521,615
	8,219,319	5,018,604

Deferred revenue represents the liability that the First Nation has to either perform additional work on a particular project or repay the funding to the funding body.

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. Long-term debt

	2021	2020
Canada Mortgage and Housing Corporation mortgage for seven housing units, with a twenty-five year amortization period and a five year term ending in November 2026. Repayable in monthly payments of \$2,251 including interest at 2.5%. Secured by housing units with a book value \$84,428 (2020 - \$103,189).	142,959	166,117
Canadian Imperial Bank of Commerce mortgage for eight housing units, with a five year term ending in August 2021. Repayable in monthly payments of \$3,027 including interest at 7.25%. Secured by housing units with a book value of \$291,743 (2020 - \$350,092).	132,819	158,649
Indigenous claims loan payable on the earlier of March 31, 2024 or the date on which the claim is settled. If the settlement is still ongoing at this date it may be extended an additional five years or for a period deemed appropriate. There are no principal or interest payments required during the term of the loan. The loan is secured by a promissory note payable to the Receiver General of Canada.	141,463	141,463
Canada Mortgage and Housing Corporation mortgage for a five-plex housing unit, with a twenty-five year amortization period and a five year term ending in November 2024. Repayable in monthly payments of \$1,956 including interest at 0.45%. Secured by housing units with a book value of \$38,531 (2020 - \$53,943).	84,098	106,408
Canada Mortgage and Housing Corporation mortgage for a four-plex unit, with a twenty-five year amortization period and a five year term ending in September 2025. Repayable in monthly payments of \$1,399 including interest at 2.50%. Secured by housing units with a book value of \$40,088 (2020 - \$51,542).	71,592	86,409
Canadian Imperial Bank of Commerce mortgage for 14 housing units, repaid in the year.	-	70,507
Canadian Imperial Bank of Commerce loan, with a five year term, repaid in the year.	-	7,734
	572,931	737,287

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2022	89,404
2023	91,478
2024	93,611
2025	88,091
2026	47,625

9. Contingencies

In the normal conduct of operations, there are pending claims by and against the First Nation and its related entities. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. In the opinion of management, based on the advice and information provided by its legal counsel, final determination of this litigation will not materially affect the First Nation's financial position or results of operations.

The First Nation is working with representatives from ISC to identify and quantify the cost of remediation for certain sites that are potentially environmentally contaminated. At the year-end, the number of sites, estimated costs of remediation, and estimated recovery of the associated costs from ISC are unknown and cannot be reasonably estimated. As a result, no liability for the potential remediation of these sites has been recorded.

The First Nation has secured loans for various First Nation members. No provisions for any of these items, except as noted, have been included on the consolidated statement of financial position.

These consolidated financial statements are subject to review by the First Nation's funding agents. It is possible that adjustments, that may include repayment of amounts funded, could be made based on the results of their reviews. Within Ndeh Limited Partnership there are a number of contingency disclosures including the following:

The Partnership has been named as the defendant in a lawsuit on behalf of a former employee, seeking to recover damages allegedly sustained by him as a result of improper termination. This lawsuit remains at an early stage and, as litigation is subject to many uncertainties, it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result.

In 2016 a subcontractor of the Partnership had an accident on a work site. There have been no official claims to date but any potential future liability would be handled through insurance.

In 2016 the Partnership assessed its operations for potential environmental contamination and other liabilities. Through this process the following items were identified without further resolution:

The Partnership identified a potential liability related to an agreement with a fuel provider at the Chateh Store. The agreement indicates that should the annual fuel purchases fall below a certain level, that the fuel provider should be compensated for the shortfall. Since the Partnership leases the facility to a third party, they do not have records showing the annual fuel purchases. The fuel provider has not acted on this provision of the agreement in the past, but there is a potential that this could happen in the future. Due to the uncertainty of the likelihood or amount, no liability has been recorded.

The Partnership found potential contamination in the High Level Trailer Park. A third party assessment was made subsequent to year-end which determined that there could be a liability of between \$500,000 and \$1,000,000. This has decreased the value of the land as a permanent impairment. Since the Phase 2 assessment has not yet taken place, it is impossible to determine the exact amount of any future liability which may be in excess of the amount recorded in the year as an impairment of the land.

10. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Buildings and improvements and infrastructure include the Meander River Water Upgrade, Bushe River Wastewater Treatment Facility, Bushe Water Feasibility, Meander River Water Feasibility, Community Wellness Building, Adult Education Centre and Chateh Solid Waste Facility, with a total carrying value of \$3,560,891 (2020 - \$17,635,366). No amortization of these assets has been recorded during the year because they are currently under construction.

Tangible capital asset additions with a cost of \$555,424 (2020 - \$1,942,504) are included in accounts payable and accruals at March 31, 2021, and are therefore not included on the consolidated statement of cash flows.

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

11. Accumulated surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2021	2020
Unrestricted surplus	10,457,851	4,420,184
Restricted surplus - CMHC reserve	1,098,399	1,041,478
Restricted surplus - trusts	6,035,196	5,549,203
Restricted surplus - enterprise	11,825,843	13,848,810
Equity in tangible capital assets	66,427,714	62,884,015
Internally restricted - FN school second level	-	170,215
Internally restricted - Energy systems	44,552	44,552
Internally restricted - Water <\$1.5M #1	11,762	37,411
Internally restricted - Flood mitigation	-	134,658
Internally restricted - FN school protected formula	-	97,371
Internally restricted - Summer work experience	-	51,719
Internally restricted - Education agreements	133,430	216,101
Internally restricted - Post secondary support	85,636	176,136
Internally restricted - HR capacity development	4,329	4,329
Internally restricted - Planning and risk management	75,000	75,000
Internally restricted - Capacity innovation	62,737	62,737
Internally restricted - Energy systems	-	37,685
Internally restricted - Water < \$1.5M #2	-	400,000
Internally restricted - Remediation step 7-9	-	1,363,626
Internally restricted - Remediation step 7-9 #2	-	297,718
Internally restricted - Skills link program	-	84,409
Internally restricted - Structural mitigation	-	62,944
Internally restricted - Projects and capacity	96,595	-
Internally restricted - Daycares	18,277	-
Internally restricted - Fire halls	36,555	-
Internally restricted - Band office and buildings	72,997	-
Internally restricted - COVID 19 school reopening	43,371	-
Internally restricted - COVID LEDSP	65,616	-
Internally restricted - Remediation steps 7-9	143,199	-
Internally restricted - Remediation steps 7-9	1,870,000	-
Internally restricted - Flood mitigation	301,207	-
Internally restricted - Connectivity	25,000	-
Internally restricted - Energy systems	1,167,403	-
Internally restricted - Energy systems	192,784	-
Internally restricted - Other protection	134,066	-
Internally restricted - Capacity innovation	50,000	-
Internally restricted - Capacity innovation	30,000	-
Internally restricted - Renovations	200,000	-
Internally restricted - Vulnerable systems	3,943,365	-
Internally restricted - Wastewater <\$1.5	800,000	-
Internally restricted - Wastewater >\$1.5	2,400,000	-
Internally restricted - Water systems	143,902	-
Internally restricted - Wastewater <\$1.5	104,672	-
Internally restricted - Wastewater <\$1.5	450,000	-
Internally restricted - Law-making	30,000	-
Internally restricted - Government capacity development	62,893	-
Internally restricted - Government capacity development	33,827	-
Internally restricted - Community based initiatives	193,090	-
Internally restricted - Service delivery	56,192	-
Internally restricted - Post secondary support - COVID	151,751	-
Internally restricted - Structural readiness	105,086	-
Internally restricted - Partnership establishment	49,744	-

Dene Tha' First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

11. Accumulated surplus *(Continued from previous page)*

	2021	2020
Internally restricted - Skills link	85,296	-
Internally restricted - Skills link	42,280	-
Internally restricted - FN school second level	184,022	-
Internally restricted - Health - Medical transportation	60,862	-
	109,606,501	91,060,301

Internally restricted funds relate to surplus funds for which the First Nation has submitted a surplus plan. These funds have been approved for carry over to the next fiscal year.

12. CMHC reserves

Under conditions of agreements with CMHC, the First Nation is required to maintain certain reserves related to on-reserve housing projects in the amount of \$1,098,399 (2020 - \$1,041,478). The First Nation has only funded reserves in the amount of \$114,118 (2020 - \$112,546) for the replacement reserve. They currently have not funded the replacement or operating reserves in the amount of \$639,130 (2020 - \$608,598) and \$345,151 (2020 - \$320,334), respectively. These funds are externally restricted. The First Nation is in violation of their agreements with CMHC. The possible effect of the violation has not yet been determined.

13. Economic dependence

Dene Tha' First Nation receives a significant portion of its revenue from Indigenous Services Canada as a result of treaties entered into with the Government of Canada which are administered under the terms and conditions of the *Indian Act*. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

14. Pension plan

The First Nation has established a defined contribution plan, in which all permanent full-time employees are required to participate. Pension contributions of either 3%, 5% or 8% are matched by the First Nation. No significant changes were made to the pension plan during the year. The pension expense for the year was \$301,035 (2020 - \$286,284).

15. Budget information

The disclosed budget information has been approved by the Chief and Council of Dene Tha' First Nation. Budgets for departments and projects not disclosed in the various schedules were not prepared by the First Nation's management. Certain budget amounts in Housing and Band Designate programs include capital purchases.

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation.

17. Compliance with laws and regulations

The First Nation is required by the *First Nations Financial Transparency Act* to submit its consolidated financial statements to ISC, and post its consolidated financial statements on a website, within 120 days of the year-end. As the First Nation had not done this, it is not in compliance with this law. The potential effect of the non-compliance is unknown. The reason for the late submission is delays due to COVID-19.

18. Significant event

During the prior year, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on First Nations through the restrictions put in place by the Dene Tha' First Nation, Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the virus, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and isolation/quarantine measures that are currently, or may be put, in place by the Dene Tha' First Nation, Canada or other countries to fight the virus.

19. Write off of old accounts payable

This account is used to clear out incorrect voids and double recorded accounts payable balances from the prior year.