



AVERY COOPER FINANCIAL CORP.

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Independent Auditor's Report

To the Members of
Fort Good Hope Dene Community Council

Opinion

We have audited the consolidated financial statements of Fort Good Hope Dene Community Council, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of revenue and expenses and accumulated surplus, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the accompanying consolidated financial statements. Because of the significance of the matters described in the Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

Basis for Disclaimer of Opinion

Our denial results from a complete deterioration of internal controls during the year mainly caused by the consequences of the lack of administrative and financial staff.

There was no Senior Administrative Officer or Director of Finance staff for much of the year.

Controls over cash and complete cash handling system were lacking. This included the bank account not being reconciled or monitored throughout the year.

Our examination of the payroll system revealed the normal operational procedures including internal controls normally followed to determine payroll expenses were limited to the amounts in the records. The Council does not maintain employee personnel files that contain letters of employment or other documentation to support employee pay rates, benefits, etc. We also noted a frequency of payroll runs more often than the bi-weekly scheduled runs. Consequently we were unable to satisfy ourselves as to the completeness and accuracy of payroll expenses. Nor were we able to determine whether any additional adjustments may have been necessary to payroll expense.

In common with many not-for-profit organizations, the Council derives revenue from the general public in the form of cash receipts and incurs related cash expenses. Due to insufficient internal control procedures, the completeness of these transactions is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues and expenses was limited to the amounts recorded in the records of the Council, and we were unable to determine if further adjustments were required.

Our examination indicated that the Council shares expenses with not only different projects within the organization, but also with the Charter Community of K'asho Got'ine. Different allocations of expenses were adopted during the year than had been used in previous years. As a result the allocations were not applied consistently and may affect the comparability of prior year amounts, as well as the legitimacy of current year expenses and financial results.

Our examination of the accounts payable, purchases and payments documentation and systems revealed the systems were not adequately managed during the year. Accounts payable invoices were not entered promptly when received. Few vendor invoices were filed in a logical manner making it difficult to find and examine them. Some cancelled cheques had no supporting documentation. Few invoices were cancelled or approved for payment. Lack of general ledger coding, or regular miscoding, may result in project allocation errors. Purchase orders were rarely used and when they are, they were often blank in terms of dollar limits and/or goods to be purchased. Invoices were frequently paid late, incurring penalties and interest. At year-end, significant accrued payables were required to be recorded. It took significant time to search for, determine and record accrued expenses at year-end. Due to the lack of approvals, as well as missing supporting documentation for expenses, we were unable to determine if further adjustments may have been required to expenses and payables.

Contract revenues and expenses were not always recorded properly, completely and on a timely basis. Until near audit completion, after all accrued payables had been recorded, we were unable to determine what amounts were repayable to funding agencies and which funding agencies owed monies to the hamlet regarding their contribution agreements. Due to issues noted above with expense approvals and payments, we were not able to determine if further adjustments may have been required on the balances due to/from funding agencies.

Our examination of the receivables system was also hampered by the lack of an SAO or finance officer. There was an ineffective monitoring of individual accounts receivable in that balances were not followed up for collection. In fact, no individual accounts receivable files were maintained which made it difficult to check on any A/R related issues. Accordingly, we were not able to determine if any further adjustments may have been required to bad debt expenses and A/R balances.

The minutes of council meetings were not all available for our examination. Of those provided for our examination, many were lacking in details both descriptive and financial and had not been adopted by Council. As these are the Council's formal record of decisions, we were unable to determine if additional adjustments were necessary.

We did note that once additional management staff were hired, these circumstances improved however that does not negate the fact that controls were very lacking for much of the year.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 13 to the consolidated financial statements, concerning the worldwide spread of a novel coronavirus known as COVID-19 subsequent to year-end and its effect on the global economy. Our opinion is not modified in respect of this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Fort Good Hope Dene Community First Nation taken as a whole. The supplementary information included on various schedules is presented for purposes of additional information. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Independent Auditor's Report, continued

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 PSAB, 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 liquidate the First Nation or 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 consolidated financial information of the entities or business activities within the Group 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.

Independent Auditor's Report, continued

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.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants
Yellowknife, NT

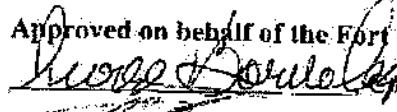
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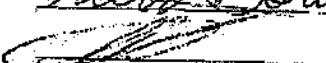
FORT GOOD HOPE DENE COMMUNITY COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31, 2020

	2020	2019
		Restated
FINANCIAL ASSETS		
Cash (Note 3)	\$ 84,574	\$ 11,874
Accounts receivable (Note 4)	23,142	51,526
Contributions receivable (Note 5)	311,316	43,870
<u>Receivable from related party (Note 7)</u>	-	109,448
	419,032	216,718
LIABILITIES		
Bank indebtedness (Note 3)	-	86,749
Accounts payable and accrued liabilities	152,031	68,817
Contributions repayable (Note 9)	23,834	241,634
Wages payable	4,257	8,927
Deferred revenue (Note 10)	398,566	-
<u>Payable to related party (Note 7)</u>	70,087	-
	648,775	406,127
NET DEBT (per page 2)	(229,743)	(189,409)
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 8)	65,474	69,540
<u>Long-term Investments (Note 6)</u>	466,749	500,328
	532,223	569,868
ACCUMULATED SURPLUS (Note 11) and page 4	\$ 302,480	\$ 380,459
CONTINGENCIES (Note 14)		

Approved on behalf of the Fort Good Hope Dene Community Council

 George Dene, Council Member

 John Dene, Council Member

The accompanying notes are an integral part of the financial statements

FORT GOOD HOPE DENE COMMUNITY COUNCIL
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

For the year ended March 31, 2020

	2020	2019
		Restated
EXCESS OF REVENUE OVER EXPENSES (per page 4)	\$ 354,171	\$ 101,717
Amortization of tangible capital assets	4,064	4,718
Acquisition of prepaid asset	-	2,922
Deferred Revenue (Note 10)	(398,566)	(289,194)
DECREASE IN NET FINANCIAL ASSETS	(40,334)	(179,837)
NET DEBT AT BEGINNING OF YEAR	(189,409)	(9,572)
NET DEBT AT END OF YEAR	\$ (229,743)	\$ (189,409)

The accompanying notes are an integral part of the financial statements

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES AND ACCUMULATED SURPLUS

For the year ended March 31, 2020

	2020	2019
		Restated
REVENUE (per page 21)		
Government Funding:		
Indian and Northern Affairs Canada - Deferred	\$ -	\$ 60,687
Public Works and Government Services Canada	- -	145,618
AANDC - Band Support Funding	550,923	589,217
GNWT-Department of Education, Culture & Employment	55,000	40,000
GNWT - Department of Transportation	144,000	144,000
GNWT - Department of Health & Social Services	- -	11,000
GNWT - Department of Justice	108,757	166,000
GNWT-Department of Industry, Tourism & Investment	- -	29,761
GNWT-Department of Environment & Natural Resources	- -	50,000
Sahtu Dene Council	33,332	97,043
Administration fees	- -	4,393
Donations and Bingo	- -	62,870
Expense recoveries	21,011	32,845
Fundraising	37,004	14,172
K'asho Got'ine Development Corporation	- -	3,842
Construction projects and other revenue	7,441	14,394
Rental Income	- -	12,300
Deferred revenue - prior	217,800	166,828
TOTAL REVENUE	1,175,268	1,644,970
EXPENSES (per page 21)		
Elders on the Land Program	- -	53,620
Professional & Institutional	35,011	- -
Justice - Restorative Justice	- -	5,071
Journeying to Self	- -	25,813
Band Support Funds	257,792	262,908
Airport Maintenance	154,574	163,564
ECE Student Employment	15,247	- -
Victim Services - Crime	54,631	92,706
C.B.Q.E. Radio	10,000	13,418
Community Wellness	94,058	249,357
Justice	54,126	83,291
Justice - on the Land	31,184	- -
Guardianship	- -	145,802
Outreach	76,737	87,992
Health - Casino Fund Raising	30,000	- -
K'asho Got'ine Development Corporation	732	204,899
Language Program	- -	70,219
On the Land Healing Program	- -	29,761
Justice - Ramparts Camp	- -	16,256

The accompanying notes are an integral part of the financial statements

FORT GOOD HOPE DENE COMMUNITY COUNCIL

**CONSOLIDATED STATEMENT OF REVENUE AND EXPENSES AND ACCUMULATED
SURPLUS**

For the year ended March 31, 2020

	2020	2019
		Restated
Community Development and Capacity	-	28,347
Grieving Fund	7,005	10,229
TOTAL EXPENSES	821,097	1,543,253
EXCESS OF REVENUE OVER EXPENSES	-	354,171
DEFERRED REVENUE (per page 21)	-	(398,567)
DEFICIENCY OF REVENUE OVER EXPENSES	-	(44,396)
EQUITY IN INCOME (LOSS) FROM GOVERNMENT		(187,477)
BUSINESS ENTERPRISES AND		
PARTNERSHIPS (Note 6)	-	33,073
DEFICIT	-	(77,979)
EQUITY AT BEGINNING OF YEAR		(154,404)
As previously stated	-	380,459
Prior period adjustment (Note 12)	-	449,762
	-	85,101
As restated	-	380,459
EQUITY AT END OF YEAR	\$ -	\$ 302,480
		\$ 380,459

The accompanying notes are an integral part of the financial statements

FORT GOOD HOPE DENE COMMUNITY COUNCIL

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

	2020	2019
		Restated
Cash flows from		
OPERATING ACTIVITIES		
Excess of Revenue over Expenses	\$ 354,171	\$ 101,717
Items not affecting cash		
Amortization	4,064	4,718
Deferred revenue included in excess of revenue over expenses	<u>(398,566)</u>	<u>(289,196)</u>
	(40,331)	(182,761)
Change in non-cash operating working capital		
Accounts receivable	(239,061)	32,878
Receivable from related party	179,535	148,085
Prepaid expenses	-	2,922
Accounts payable and accrued liabilities	83,210	(34,909)
Contributions repayable	(217,800)	241,634
Deferred revenue	398,566	(166,828)
Wages payable	<u>(4,670)</u>	-
INCREASE IN CASH AND CASH EQUIVALENTS	159,449	41,021
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	(74,875)	(115,896)
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 84,574	\$ (74,875)
REPRESENTED BY		
Cash	\$ 84,574	\$ 11,874
Bank Indebtedness	-	<u>(86,749)</u>
	\$ 84,574	\$ (74,875)

The accompanying notes are an integral part of the financial statements

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. NATURE OF OPERATIONS

The Fort Good Hope Dene Community Council's primary function is to administer the affairs of the K'asho Got'ine First Nation. The main focus of the Council is the social and political programs of the First Nation. The Council is exempt from income tax under paragraph 149(1)(e) of the Income Tax Act (Canada).

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Reporting entity principles of financial reporting

The Council reporting entity includes the Council and all related entities that are controlled by the Council. The organization consolidated in the Council's financial statements includes:

1. K'asho Got'ine Development Corporation (KGDC)

The controlled entity is fully consolidated on a line-by-line basis except for commercial enterprises which meet the definition of government business enterprise, which are included in the consolidated financial statements on a modified equity basis. All inter-entity balances and transactions have been eliminated upon consolidation. KGDC was incorporated in the NWT on July 4, 2011. KGDC is a government not-for-profit organization incorporated to pursue community economic development initiatives for the benefits of Fort Good Hope, NWT and is wholly-owned by Fort Good Hope Dene Community Council.

2. Sahtu Dene Inn Limited Partnership

KGDC owns 24.9% of this government business enterprise.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Basis of Accounting

Revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Government transfers, such as funding received under the terms of contribution agreements with the federal and territorial governments, are recognized as revenue once eligibility criteria, if any, have been met, the transfer is authorized, and a reasonable estimate of the amount can be made. Funding is recorded as deferred revenue if it has been restricted by the transferring government for a stated purpose, such as a specific program.

Contributions received to assist in the acquisition of tangible capital assets are reported as revenue.

Deferred revenue is recognized in revenue over time as the recognition criteria are met.

Expenses are recognized as they are incurred and measurable based upon receipt of the goods and services and/or the legal obligation to pay.

(c) Cash

The Council has determined the composition of cash and cash equivalents to include cash on hand and short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

(d) Financial instruments

All significant financial assets, financial liabilities and equity instruments of the entity are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future risks.

Cash is classified as held-for-trading and is measured at fair value. Accounts receivable are classified as loans and receivables and are measured at amortized cost. Trade payables and accrued liabilities, and wages and benefits payable and are classified as other financial liabilities and are measured at amortized cost. Due to/from related parties are classified at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Fort Good Hope Dene Community Council's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	3%
Vehicle	30%
Computers	33%
Furniture and fixtures	10%
Other equipment	20%
Radio equipment	10%
Sound stage	10%
Language software	33%

50% of the usual amortization is calculated in the year of acquisition, with no amortization in the year of disposal.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Fort Good Hope Dene Community Council's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

(f) 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 provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and long-term investment.

(g) Net Financial Assets (Net Debt)

The Council's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Council is determined by its financial assets less its liabilities. Net financial assets (net debt) is comprised of two components, non-financial assets and accumulated surplus.

(h) Use of estimates

In preparing the consolidated financial statements for the Council, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Segment disclosures

The presentation by segment is based on the same accounting policies as described above. Management determines the basis for identifying segments and their activities with reference to the underlying contribution agreements or major activities, and reports those segments in the form of schedules of revenue and expenses in these consolidated financial statements. The Council makes allocations to program expenses consisting of administration fees as authorized by the applicable contribution agreements.

3. CASH/(BANK INDEBTEDNESS)

	2020	2019
Bank overdraft	\$ -	\$ (86,749)
Cash in bank	<u>84,574</u>	<u>11,874</u>
	<u>\$ 84,574</u>	<u>\$ (74,875)</u>

The Council has a revolving line of credit up to \$100,000 with the Canadian Imperial Bank of Commerce. It bears interest at prime plus 1.5%. At March 31, 2020 it was not being used.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

4. ACCOUNTS RECEIVABLE

	2020	2019
Trade accounts	\$ 23,142	\$ 49,086
Holdbacks receivable	-	2,440
	\$ 23,142	\$ 51,526

5. Due from Government and Other Government Organizations

	2020	2019
Federal government - Indigenous Services Canada		
Band support funds (2019/20 amendment re SAO/DOF training)	\$ 31,278	\$ -
Band support funds (final payment 2019/20)	11,325	-
Consultation and policy development (2017/18)	11,000	11,000
Intergovernmental forums (2017/18)	-	5,000
Community involvement government capacity development (2018/19)	15,500	15,500
First Nations and Inuit skills link program (2018/19)	6,280	6,280
	75,383	37,780
Government of the Northwest Territories		
Health and Social Services - Community wellness (2019/20)	196,587	-
Justice - Justice committee (2019/20)	16,125	-
Justice - Victims services (2019/20)	9,631	-
Education, Culture & Employment - Employment officer outreach (2018/19)	4,749	4,749
Health and Social Services - Community wellness (2018/19)	1,341	1,341
	228,433	6,090
Other government organizations		
Sahtu Dene Council - Summer student funding balance	7,500	-
	\$ 311,316	\$ 43,870

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

6. Investment in KGDC

K'asho Got'ine Development Corporation

The following summarizes the consolidated financial position and results of consolidated operations of the Corporation as at and for the year ended March 31, 2020.

Consolidated Financial Position

	2020	2019
		Restated
Total financial assets	\$ 22,392	\$ 25,564
Liabilities	11,073	13,512
Net financial assets	11,319	12,052
Total non-financial assets	466,751	500,328
Accumulated surplus	\$ 478,070	\$ 512,380

Consolidated Financial Performance

	2020	2019
		Restated
Revenue	\$ -	\$ 69,903
Expenses	732	128,883
Consolidated net earnings (loss)	\$ (732)	\$ (58,980)

The Council's wholly owned subsidiary, K'asho Got'ine Development Corporation, owns 24.9% of Sahtu Dene Inn Limited Partnership (the "Partnership"). The Partnership was established in accordance with the partnership agreement dated February 3, 2013 pursuant to the Partnership Act of the Northwest Territories. The Partnership is located in Deline, Northwest Territories.

The Partnership acquired 392,500 Limited Partnership units in Sahtu Hotel and Conference Centre for \$392,500 on January 26, 2016 pursuant to the Limited Partnership agreement. The investment in and share of earnings were omitted from the financial records. See details in Note 12.

The Partnership's principal activities are to own and operate the Sahtu Dene Inn (formerly Mackenzie Valley Hotel Ltd.) in Norman Wells, Northwest Territories. The partners are:

- i) Berah Gutone Tue Enterprises Ltd. - Limited Partner - 249 units
- ii) K'asho Got'ine Development Corporation - Limited Partner - 249 units
- iii) Techiq Ltd. - Limited Partner - 249 units
- iv) Tulita Developments Ltd. - Limited Partner - 249 units
- v) Sahtu Dene Inn Inc. - General Partner - 4 units.

FORT GOOD HOPE DENE COMMUNITY COUNCIL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

6. Investment in KGDC, continued

The following summarizes the financial position and results of operations of the Partnership as at and for the year ended March 31, 2020.

Financial position

	2020	2019
		Restated
Current assets	\$ 933,757	\$ 1,016,190
Non-current assets	<u>2,418,641</u>	<u>2,573,915</u>
 Total assets	 3,352,398	 3,590,105
Liabilities	1,477,902	1,580,754
 Total partnership's equity	 <u>1,874,496</u>	 <u>2,009,351</u>
 Total partnership's equity attributable to the Council	 <u>466,749</u>	 <u>500,328</u>

Consolidated Financial Performance

	2020	2019
		Restated
Revenue	\$ 314,170	\$ 551,762
Expenses	<u>449,026</u>	<u>418,939</u>
 Net earnings (loss) for the partnership	 <u>(134,856)</u>	 <u>132,823</u>
 Net earnings attributable to the Council	 <u>(33,583)</u>	 <u>33,073</u>

Investment:

	2020	2019
		Restated
Limited Partnership units, at cost	\$ 75,000	\$ 75,000
Accumulated earnings	<u>391,749</u>	<u>425,328</u>
 Total partnership's equity attributable to the Council	 <u>466,749</u>	 <u>500,328</u>

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

7. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of operations and have been valued in these consolidated financial statements at the exchange amount, which is the amount of consideration established and agreed to with related parties. During the year, the Council entered into transactions with Charter Community of K'asho Got'ine, a municipality controlled by common Council.

	2020	2019
EXPENSES:		
Charter Community of K'asho Got'ine:		
Airport Maintenance - Airstrip maintenance	\$ 4,000	\$ 36,000
Community Justice - Rent	12,000	12,000
Outreach - Rent	12,000	12,000
Wellness - Rent	12,000	13,200
Justice On-the-land - Rent	12,000	12,000
Radio - Rent	3,000	-
Language - Rent	-	9,000
Administration fee - Justice	7,600	-
Administration fee - Crime Prevention	9,000	9,000
Administration fee - Wellness	3,110	-
Administration fee - Guardianship	-	15,450
	<hr/> \$ 74,710	<hr/> \$ 118,650

Balances with related parties are unsecured, non-interest bearing, due on demand, with no specified repayment terms. At March 31, 2020, the Council owed Charter Community of K'asho Got'ine \$70,087 (2019 - \$109,448 receivable).

FORT GOOD HOPE DENE COMMUNITY COUNCIL
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

8. TANGIBLE CAPITAL ASSETS

Accumulated amortization

	Cost	Balance, beginning of year	Additions	Balance, end of year	beginning of year	Amortization	Balance, end of year	2020 net book value
Buildings	\$ 97,923	\$ 97,923	-	\$ 97,923	\$ 44,868	\$ 1,592	\$ 46,460	\$ 51,463
Vehicle	2,223	2,223	-	2,223	2,192	9	2,201	22
Computers	142,396	-	-	142,396	141,720	223	141,943	453
Furniture and fixtures	35,280	-	-	35,280	29,903	538	30,441	4,839
Other equipment	60,759	-	-	60,759	56,217	909	57,126	3,633
Radio equipment	3,783	-	-	3,783	3,437	35	3,472	311
Sound stage	46,406	-	-	46,406	41,798	461	42,259	4,147
Language software	10,000	-	-	10,000	9,095	299	9,394	606
	\$ 398,770	-	\$ 398,770	\$ 329,230	\$ 4,066	\$ 333,296	\$ 65,474	

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. CONTRIBUTIONS REPAYABLE

Contributions repayable are amounts received from funding agencies which were not expended on program delivery and must be refunded. Contributions are net of transfers and repayments.

During the year, the Council has various contribution agreements with the Aboriginal Affairs and Northern Development Canada (AANDC, formerly INAC), and the Departments of Education, Culture and Employment (ECE), Justice, Environment and Natural Resources (ENR), Health and Social Services (H&SS), Industry, Tourism and Investment (ITI), and Justice, of the Government of the Northwest Territories (GNWT). Changes in contributions repayable during the year are as follows:

	Opening balance	Net Adjustment	Revenue Recognized	Closing balance
Youth Employment Strategy (transferred to deferred revenue in current year) - Schedule 6	\$ 62,800	\$ (62,800)	\$ -	\$ -
Community Involvement and Government Capacity (transferred to deferred revenue in current year) - Schedule 21	155,000	(155,000)	-	-
Professional and Institutional Development	23,834	-	-	23,834
	\$ 241,634	\$ (217,800)	\$ -	\$ 23,834

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

10. DEFERRED REVENUE

	Net Adjustment 2020	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
Government				
AANDC Professional and Institutional Development - training	\$ -	\$ 113,250	\$ (14,392)	\$ 98,858
AANDC Professional and Institutional Development - computer upgrade	155,000	-	(20,619)	134,381
2018/19 (transferred from contributions repayable in current year)	62,800	-	-	62,800
AANDC Skills Line - Youth Employment Strategy 2018/19 (transferred from contributions repayable in current year)	- 196,586	-	(94,059)	102,527
	\$ 217,800	\$ 309,836	\$ (129,070)	\$ 398,566

11. ACCUMULATED SURPLUS

	2020	2019 Restated
Unrestricted - General Operating Fund	\$ (229,743)	\$ (189,409)
Investment Fund	466,749	500,328
Equity in Tangible Capital Assets	65,474	69,540
	\$ 302,480	\$ 380,459

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. PRIOR PERIOD ADJUSTMENTS

The wholly-owned subsidiary, K'asho Got'ine Development Corporation (KGDC), owns units in Sahtu Hotel and Conference Centre Limited Partnership (SHCCLP), pursuant to a limited partnership agreement. Earnings in the Sahtu Hotel and Conference Centre Limited Partnership are allocated to the limited partners based on the number of limited partnership units owned. During the year, it was noted by SHCCLP's accountants that the investment in and share of earnings from SHCCLP from 2016 were omitted. This resulted in an increase to assets of \$113,914 and an increase to equity of \$113,914. In addition, 2019 income was corrected to reflect an increase from \$4,260 to \$33,073, an increase of \$28,813. The net change to equity is an increase of \$85,101; comparative figures were restated per Note 6.

13. SUBSEQUENT EVENTS

During the year, there was a global outbreak of COVID-19, which has had a significant impact on businesses through the restrictions put in place by the Canadian and U.S. 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 Council 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 disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada, U.S. and other countries to fight the virus. The Council continues to assess the impact COVID-19 will have on its business activities. The extent of the effect of the COVID-19 pandemic on the Council is uncertain however thus far business has not been significantly impacted.

Subsequent the year-end, the Council was advised it was unsuccessful in its bid to renew the Airport Operations and Maintenance contract.

14. CONTINGENT LIABILITIES

The Council has guaranteed a line of credit from the Canadian Imperial Bank of Commerce for the Charter Community of K'asho Got'ine in the amount of \$300,000. As at March 31, 2020, the line of credit was not being used (2019 - \$276,166).

Fort Good Hope Dene Community Council has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

In addition, in the normal course of its operations, Fort Good Hope Dene Community Council becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Fort Good Hope Dene Community Council's financial statements.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

15. BUDGET INFORMATION

Budget figures for the Band Support Funding were not provided by management.

16. FINANCIAL INSTRUMENTS

The entity's financial instruments consist of cash and bank indebtedness, accounts receivable, due to/from related party, long-term investment, accounts payable and accrued liabilities, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest rate, market, currency, credit, liquidity, cash flow risks, nor is the entity exposed to significant concentrations of such risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

17. ECONOMIC DEPENDENCE

Fort Good Hope Dene Community Council receives a major portion of its revenue from the Government of the Northwest Territories (GNWT) and the Government of Canada. The nature and extent of this revenue is of such significance that the Council is economically dependent on these sources of revenue.

18. COMPARATIVE AMOUNTS

Certain of the comparative amounts have been reclassified to conform with the presentation adopted in the current period.

FORT GOOD HOPE DENE COMMUNITY COUNCIL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

19. Expenses by Object

Accounting	8,175	(8,880)
Administration fees	19,710	52,758
Airstrip Maintenance	-	672
Amortization of tangible capital assets and other	4,064	4,716
Back on the Land	-	4,793
Bad debts	15,872	(42,377)
Building Maintenance	46,439	99,721
Communications	30,028	24,684
Community Events	5,969	14,150
Consultants	7,950	124,557
Contract Expenses	1,620	-
Contractors	42,024	143,897
Cultural Gatherings	-	34,950
Donations	9,654	5,341
Dues, Fees & Licences	521	9,706
Equipment O & M	-	2,209
Equipment Rentals	4,399	39,642
Freight, Courier, Express	-	3,398
Gift Presentations	1,500	2,700
Honorariums	43,768	16,225
Insurance	10,000	11,291
Interest and bank charges	7,786	12,343
Interpreting	-	300
Materials and supplies	41,911	94,632
Meeting expenses	600	-
Miscellaneous	-	9,819
Office Equipment	-	200
Office expenses	6,950	2,000
Other expense	-	3,875
Professional fees	33,860	40,718
Rent	48,000	119,582
Training	9,775	900
Travel	39,823	75,541
Vehicle	582	8,719
Wages and benefits	380,117	630,471
	821,097	1,543,253