



## INDEPENDENT AUDITOR'S REPORT

To the members of Pehdzeh Ki First Nation

### **Qualified Opinion**

I have audited the accompanying consolidated financial statements of Pehdzeh Ki First Nation, which comprise the consolidated statement of financial position as at March 31, 2019 and the consolidated statements of operations and accumulated surplus, changes in net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter to as the "financial statements").

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the consolidated financial position of Pehdzeh Ki First Nation (the "Council") as at March 31, 2019, and the consolidated results of its operations, changes net financial debt and cash flows of the Council for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Qualified Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The Council owns a 100% interest in Pehdzeh Ki Contractors Ltd, Petanea Corporation and Pehdzeh Ki Development Corporation. I was unable to obtain sufficient appropriate audit evidence about equity adjustments recorded in the current year because the financial statements of these companies are not available as they are either inactive or the financial statements are not yet completed. As such, I was unable to determine if further adjustments were necessary to the investments in government business enterprises, earnings from government business enterprises, deficiency of revenues over expenditures and changes in net debt.

The Council derives a material amount of revenue from donations and fundraising activities. I was not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, I was unable to determine whether any adjustments to these amounts were necessary.

The Council operates a landfill. Under Canadian public sector accounting standards reporting requirements, the Council must estimate the closure and post-closure costs associated with the remediation of the landfill. The Council has not recorded an estimate of these costs due to uncertainty as to ultimate responsibility for the liability. Due to the complexity of such an estimate, I was not able to satisfy myself as to an appropriate value by any other means. Accordingly, I was unable to determine if adjustments may be necessary for liabilities associated with the landfill.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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

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

My objective is to obtain reasonable assurance about whether the 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 my 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 financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit.

I also:

- Identify and assess the risks of material misstatement of the 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 my 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 Council'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 Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.

**PAUL TEOH**  
*Chartered Accountants*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Council to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.

*Paul Teoh*

Chartered Accountant

Calgary, Alberta  
December 16, 2019

**PEHDZEH KI FIRST NATION**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

March 31,	2019	2018
<b>Financial Assets</b>		
Cash (note 2)	\$ 63,843	\$ 255,344
Restricted deposits (note 3)	33,920	691,948
Accounts receivable (note 4)	178,793	341,771
Contributions receivable (note 5)	5,291,302	4,323,819
<b>Total Financial Assets</b>	<b>5,567,858</b>	<b>5,612,882</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	978,913	760,033
Contributions repayable (note 7)	46,965	26,215
Deferred contributions (note 8)	6,133,032	5,650,158
Long term debt (note 9)	293,398	352,174
<b>Total Liabilities</b>	<b>7,452,308</b>	<b>6,788,580</b>
<b>Net Financial Debt</b>	<b>( 1,884,450)</b>	<b>( 1,175,698)</b>
<b>Non-Financial Assets</b>		
Long term investments (note 10)	618,514	307,479
Tangible capital assets (note 11)	5,959,826	6,110,268
Prepaid expenses and deposits	-	47,064
<b>Total Non-Financial Assets</b>	<b>6,578,340</b>	<b>6,464,811</b>
<b>Accumulated Surplus (note 13)</b>	<b>\$ 4,693,890</b>	<b>\$ 5,289,113</b>

Approved on behalf of the Council:

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 Councillor

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 Councillor

The accompanying notes and schedules are an integral part of these consolidated financial statements. 6.

**PEHDZEH KI FIRST NATION**  
**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**

For the year ended March 31,	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
<b>Revenue</b>			
Contributions - MACA	\$ -	\$ 1,955,643	\$ 2,040,793
Contributions - Indigenous Services Canada	-	548,457	341,105
Contributions - Government of Canada	-	98,855	1,059
Contributions - Dehcho First Nations	-	88,988	100,618
Contributions - GNWT	-	489,367	338,787
Contributions - Others	-	512,416	856,398
Interest income	-	884	2,925
Add opening deferred revenue	-	5,650,158	5,946,279
Less closing deferred revenue	- ( 6,133,032)	( 5,650,158)	
	- 3,211,736	3,977,806	
<b>Expenditure</b>			
<b>Municipal Services:</b>			
Municipal administration	- 1,319,907	1,305,144	
Recreation	- 72,885	38,559	
Water and sewage	- 788,896	746,828	
Other Municipal Programs	- 77,343	369,380	
<b>Indigenous Services Canada Band Member Services:</b>			
Band support administration	- 170,817	166,502	
Consultation and policy development	- 102,441	83,593	
Summer and youth programs	- 56,657	55,866	
<b>Dehcho First Nations Funded Programs:</b>			
Advisory	- 5,328	104,266	
Literacy programs	- -	10,778	
Language and culture	- 27,669	19,718	
Resource management	- 40,893	35,030	
<b>GNWT Funded Programs:</b>			
Education, cultural and employment	- 114,542	60,965	
Health and social services	- 130,676	128,249	
Hunters and trappers assistance	- 32,664	32,768	
Transportation and public works	- 35,947	46,680	
Industry & Tourism	- 133,456	46,221	
Resource programs	- 56,454	68,889	
Other GNWT programs	- 7,939	15,422	
<b>Others:</b>			
Administration	- 263,524	457,989	
Fundraising	- 85,767	24,904	
Community events	- 57,204	133,758	
Other projects	- 259,071	129,806	
Environmental	- -	32,391	
<b>Loss (Gains) on Disposal of Capital Assets</b>	- ( 2,185)	-	
	- 3,837,895	4,113,706	
<b>Operating Surplus (Deficit)</b>	- ( 626,159)	( 135,900)	
<b>Earnings (loss) from subsidiaries</b>	- 30,936	13,653	
<b>Annual Surplus (Deficit)</b>	- ( 595,223)	( 122,247)	
<b>Accumulated Surplus, beginning of year</b>	5,289,113	5,289,113	5,411,360
<b>Accumulated Surplus, end of year</b>	\$ 5,289,113	\$ 4,693,890	\$ 5,289,113

The accompanying notes and schedules are an integral part of these consolidated financial statements. 7.

**PEHDZEH KI FIRST NATION**  
**CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL DEBT**

For the year ended March 31,	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
<b>Annual Surplus (Deficit)</b>	\$ -	\$( 595,223)	\$( 122,247)
Acquisition of tangible capital assets	-	( 377,023)	( 869,558)
Proceeds on sale of tangible capital assets	-	71,587	-
Amortization of tangible capital assets	-	458,063	479,693
Loss (gains) on sale of tangible capital assets	-	( 2,185)	-
Decrease (increase) in long term investments	-	( 311,035)	( 40,090)
	-	( 755,816)	( 552,202)
Decrease (increase) in prepaid expenses and deposits	-	47,064	( 2,185)
<b>Increase (Decrease) in Net Financial Assets</b>	-	( 708,752)	( 554,387)
<b>Net Financial Assets (Debt), beginning of year</b>	( 1,175,698)	( 1,175,698)	( 621,311)
<b>Net Financial Assets (Debt), end of year</b>	<b>\$( 1,175,698)</b>	<b>\$( 1,884,450)</b>	<b>\$( 1,175,698)</b>

The accompanying notes and schedules are an integral part of these consolidated financial statements. 8.

**PEHDZEH KI FIRST NATION**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended March 31,	2019	2018
<b>Cash Flows from Operating Activities</b>		
Cash receipts from government transfers	\$ 2,114,972	\$ 2,562,885
Cash receipts from contributions and recoveries	( 4,854,275)	1,044,280
<u>Cash paid to suppliers and employees</u>	<u>( 3,116,073)</u>	<u>( 3,697,710)</u>
	( 5,855,376)	( 90,545)
<b>Cash Flows from Financing Activities</b>		
Increase (decrease) in long term debt	( 127,767)	( 47,065)
<u>Proceeds from long term debt</u>	<u>68,991</u>	<u>165,471</u>
	( 58,776)	118,406
<b>Cash Flows from Investing Activities</b>		
Decrease (increase) in receivable from related parties	5,370,059	( 26,437)
	5,370,059	( 26,437)
<b>Capital Transactions</b>		
Purchase of tangible capital assets	( 377,023)	( 869,558)
<u>Proceeds from disposal of tangible capital assets</u>	<u>71,587</u>	<u>-</u>
	( 305,436)	( 869,558)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>( 849,529)</b>	<b>( 868,134)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>947,292</b>	<b>1,815,426</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 97,763</b>	<b>\$ 947,292</b>
<b>Represented By:</b>		
Cash	\$ 63,843	\$ 255,344
Restricted cash	33,920	691,948
	\$ 97,763	\$ 947,292

The accompanying notes and schedules are an integral part of these consolidated financial statements. 9.

# PEHDZEH KI FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2019

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The Pehdzeh Ki First Nation ("Council") is an Indian Band registered under the *Indian Act*. It provides services to the band members of Pehdzeh Ki First Nation. It is also recognized by Department of Municipal and Community Affairs, the Government of NWT, as the designated authority responsible for the provision of municipal services to the Community of Wrigley, NT.

The Council recognized as a municipality and is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

### 1. Significant Accounting Policies

#### (a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### (b) Reporting Entity

The consolidated financial statements includes the accounts of Pehdzeh Ki First Nation along with its following subsidiary and associated companies using the modified equity method.

	Percentage Owned	Year End
Pehdzeh Ki Contractors Ltd.	100%	March 31, 2019
Petanea Corporation	100%	March 31, 2019
Pehdzeh Ki Development Corporation	100%	March 31, 2019
Deh Cho Helicopters Regional Limited Partnership	14%	May 31, 2018

#### (c) Fund Accounting

The Pehdzeh Ki First Nation follows the deferral method of accounting for capital contributions. Externally restricted contributions are recognized as revenue when the related capital expenditures are incurred. Contributions received in advance of making the related expenditures is recorded as deferred revenue.

The general operating fund reports the core operating accounts of the Council and other programs in accordance with contribution agreements with funding agencies.

The water and sewage Fund records the revenue and expenditure relating to the water and sewage services in the community.

# PEHDZEH KI FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2019

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### 1. Significant Accounting Policies (Continued)

#### (d) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

#### (e) Revenue Recognition

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipts of goods or services and /or legal obligations to pay.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

#### (f) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets (Debt) for the year.

#### (i) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Amortization expense is recorded over the estimated useful lives of the assets, with half the amortization for the year of acquisition, using the following method and annual rates:

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Automotive equipment	30%	Declining Balance
Buildings	4-10%	Declining Balance
Heavy equipment	30%	Declining Balance
Office furniture and equipment	30%	Declining Balance
Shop equipment	30%	Declining Balance
Water treatment plant	5-10%	Declining Balance

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# **PEHDZEH KI FIRST NATION**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2019

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### **1. Significant Accounting Policies (Continued)**

#### **(g) Long Term Investments**

The Council's long term investments have been accounted for on a modified equity basis. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Council and inter-organizational transactions and balances are not eliminated. Further, the business enterprise's accounting principles are not adjusted to conform with those of the Council and inter-organizational transactions and balances are not eliminated.

#### **(h) Allocation of Expenditure**

Certain common expenditure have been allocated to programs based on estimate of services provided.

#### **(i) Financial Instruments - Recognition and Measurement**

The Council has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash and restricted cash are classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

# PEHDZEH KI FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2019

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### 1. Significant Accounting Policies (Continued)

#### (j) Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

#### (k) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

### 2. Cash

	2019	2018
Bank main operating	\$ 60,356	\$ 254,372
Cash on hand	972	972
ATM Cash	2,515	-
	<hr/>	<hr/>
	\$ 63,843	\$ 255,344

### 3. Restricted Deposits

	2019	2018
CIBC Business Interest Account - Community Public Infrastructure	\$ 6,493	\$ 291,338
CIBC Business Interest Account - Federal Gas Tax	27,427	400,610
	<hr/>	<hr/>
	\$ 33,920	\$ 691,948

Interests on CIBC Business Interest Account are paid monthly at rates ranging from 0.10% to 0.65% per annum depending on monthly average account balance.

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2019

**3. Restricted Deposits (Continued)**

	Community Public Infrastructure	Federal Gas Tax Funding	Total
Deferred contributions	\$ 4,250,809	\$ 1,628,564	\$ 5,879,373
Less contributions receivable	( 4,152,000)	( 740,514)	( 4,892,514)
Required balance	98,809	888,050	986,859
Restricted cash deposits	6,493	27,427	33,920
Deposit (deficiency)	\$( 92,316)	\$( 860,623)	\$( 952,939)

Sufficient funds must be deposited to separate restricted bank accounts to correspond with the respective balances required. Interest earned on these accounts is credited to the appropriate restricted bank accounts. As at March 31, 2019, the total net deposit deficiency amounts to \$952,939.

**4. Accounts Receivable**

	2019	2018
Trade and others	\$ 332,915	\$ 315,856
GST refundable	62,879	217,681
Less allowances for doubtful for trade and others	( 217,001)	( 191,766)
	\$ 178,793	\$ 341,771

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2019

5. Contributions Receivable		2019	2018
Dehcho First Nations			
Language	2018/2019	\$ 7,957	\$ -
Language Revitalization	2018/2019	13,837	-
Indigenous Services Canada			
Youth Employment Strategy	2018/2019	2,010	-
Core Band Support Funding	2017/2018	-	29,005
Leadership & Capacity Dev. (Amend #1)	2017/2018	2,500	2,500
Capacity Building (Amend #2)	2017/2018	10,400	10,400
Summer Work Experience	2017/2018	2,000	2,000
Skills Link (Amend #2)	2017/2018	3,400	3,400
P&ID - IM/IT (Amend #3)	2018/2019	4,500	-
P&ID - Wellness (Amend #4)	2018/2019	20,000	-
Summer Youth & Skills (Amend #2)	2018/2019	3,790	-
Estates Planning (Amend #1)	2018/2019	2,156	-
Governance Capacity Dev. (Amend#5)	2018/2019	104,000	-
Youth Employment Strategy (Amend #2)	2018/2019	1,750	-
Government of NWT			
MACA - CPI	2013/2014	692,000	692,000
MACA - CPI	2014/2015	692,000	692,000
MACA - CPI	2015/2016	692,000	692,000
MACA - CPI	2016/2017	692,000	692,000
MACA - CPI	2017/2018	692,000	692,000
MACA - CPI	2018/2019	692,000	-
MACA - Gas Tax Fund	2013/2014	170,257	170,257
MACA - Gas Tax Fund	2014/2015	170,257	170,257
MACA - Gas Tax Fund	2015/2016	170,000	170,000
MACA - Gas Tax Fund	2016/2017	75,000	75,000
MACA - Gas Tax Fund	2017/2018	75,000	75,000
MACA - Gas Tax Fund	2018/2019	80,000	-
MACA - Small Communities Fund	2017/2018	125,000	125,000
ECE - Cultural Workshop	2017/2018	5,000	5,000
ENR - IRMA Base	2017/2018	-	1,500
ENR - IRMA Resource Pressures Fund	2017/2018	-	4,500
ECE - Small Communities Fund	2018/2019	6,300	-
ENR - IRMA Resource Pressures Fund	2018/2019	4,500	-
HSS - Anti Poverty	2018/2019	5,000	-
HSS - Youth on the Land	2018/2019	12,550	-
ITI - Community Economic Dev.	2018/2019	7,826	-
ITI - Garden Infrastructure	2018/2019	1,000	-
ITI - Garden	2018/2019	3,000	-
ITI - CITC Tourism	2018/2019	5,000	-
ITI - Strategic Plan	2018/2019	2,000	-
Other		43,312	20,000
		\$ 5,291,302	\$ 4,323,819

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2019

6. Accounts Payable and Accrued Liabilities	2019	2018
Trade and others	\$ 404,532	\$ 215,838
Accrued wages and benefits	11,864	7,566
Remittances payable	562,517	536,629
	<b>\$ 978,913</b>	<b>\$ 760,033</b>

  

7. Contributions Repayable	2019	2018
Dehcho First Nations	\$ 3,718	\$ 3,718
Government of NWT - MACA	3,098	3,098
Government of NWT - DOT	9,464	2,274
Government of NWT - ITI	520	8,520
Government of NWT - ENR	8,605	8,605
Indigenous Services Canada	21,560	-
	<b>\$ 46,965</b>	<b>\$ 26,215</b>

  

8. Deferred Contributions	2019	2018
MACA - Community Public Infrastructure	\$ 4,250,809	\$ 3,929,726
MACA - Federal Gas Tax Funding	1,628,564	1,554,865
MACA - Community Capacity Building	113,579	113,579
Indigenous Services Canada - Consultation and Policy Development (Amend #2)	-	43,460
Indigenous Services Canada - Leadership and Governance (Amend #1)	-	8,528
Indigenous Services Canada - IM/IT Governance Capacity Redevelopment (Amend #3)	31,828	-
Indigenous Services Canada - Wellness Governance Capacity Redevelopment (Amend #4)	4,252	-
Indigenous Services Canada - Community Governance Capacity (Amend #5)	104,000	-
	<b>\$ 6,133,032</b>	<b>\$ 5,650,158</b>

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2019

9. Long Term Debt	2019	2018
Arctic Canada Cooperatives Ltd. demand loan, was due in full on July 14, 2011 without interest, secured by the Co-op store and hotel with a nil carrying value.	\$ 97,500	\$ 97,500
Contract loan payable - 6.19% due September 2018 with total monthly payments of \$1,332 principal and interest, secured by a chattel mortgage over a vehicle.	-	15,448
Contract loan payable - 4.40% due February 2020 with total monthly payments of \$607 principal and interest, secured by a chattel mortgage over a vehicle.	-	17,039
Contract loan payable - 4.40% due April 2020 with total monthly payments of \$743 principal and interest, secured by a chattel mortgage over a vehicle with a carrying value of \$9,549.	8,479	16,823
Contract loan payable - 0% due October 2021 with total monthly payments of \$1,221 principal, secured by a chattel mortgage over a vehicle.	-	53,728
Contract loan payable - 0% due January 2023 with total monthly payments of \$1,459 principal, secured by a chattel mortgage over a vehicle with a carrying value of \$51,754.	62,177	79,686
Contract loan payable - 0% due January 2023 with total monthly payments of \$1,308 principal, secured by a chattel mortgage over a vehicle with a carrying value of \$46,702.	56,251	71,949
Contract loan payable - 0% due January 2023 with total monthly payments of \$1,239 principal, secured by a chattel mortgage over a vehicle with a carrying value of \$59,685.	68,991	-
<u>Less current portion</u>	293,398	352,173
	146,136	174,948
	<u>\$ 147,262</u>	<u>\$ 177,225</u>

# PEHDZEH KI FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2019

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### 9. Long Term Debt (Continued)

Principal repayment required on long term debt for the next five years are as follows:

2020	\$ 146,136
2021	47,089
2022	44,226
2023	41,313
2024	14,634
	<hr/>
	\$ 293,398
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### 10. Long Term Investments

#### Pehdzeh Ki Contractors Ltd.

The Council owns 100% of Pehdzeh Ki Contractors Ltd. The Corporation's principal activities of the Company are construction and contracting services. The financial statements of Pehdzeh Ki Contractors Ltd. are not available.

	2019	2018
<hr/>		
Investments:		
Investment at cost	\$ 150	\$ 100
Receivable from Corporation	366,590	86,541
Accumulated equity earnings	462,107	462,107
Less: impairment	( 522,211)	( 522,211)
Investment in Corporation	<hr/> \$ 306,636	<hr/> \$ 26,537

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2019

**10. Long Term Investments (Continued)**

Deh Cho Helicopters Regional Limited Partnership

The Council owns 5,000 of 35,000 (14.27%) limited partnership units in Deh Cho Helicopters Regional Limited Partnership (DCHRLP). DCHRLP was formed on June 1, 2004, under the Partnership Act of the Northwest Territories.

The Partnership's principal activities are to own and lease a Eurocopter AS350 B2 Helicopter and other helicopter charters through Great Slave Helicopters Ltd. in the Deh Cho areas in Northwest Territories.

The following summarizes the financial position and results of operations of the Partnership as at and for the year ended May 31, 2018:

	2018	2017
<b>Financial Position</b>		
Current assets	\$ 2,258,416	\$ 1,888,083
Non-current assets	761,493	927,536
 Total assets	 3,019,909	 2,815,619
Current liabilities	18,158	30,585
Non-current liabilities	4,810	4,650
 Partners' equity	 \$ 2,996,941	 \$ 2,780,384
 <b>Financial Performance</b>		
Revenues	\$ 477,629	\$ 405,503
Expenses	261,073	309,931
 Net earnings (loss)	 \$ 216,556	 \$ 95,572
 Net earnings attributable to the Council	 \$ 30,936	 \$ 13,653
 <b>Investments:</b>		
Investment at cost	\$ 50,000	\$ 50,000
Receivable from Partnership	-	-
Accumulated equity earnings	261,678	230,742
 Investment in Partnership	 \$ 311,678	 \$ 280,742

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

March 31, 2019

**10. Long Term Investments (Continued)**

Petanea Corporation

The Council owns 100% of Petanea Corporation. The Company is inactive. The financial statements of Petanea Corporation are not available.

	2019	2018
Investments:		
Investment at cost	\$ 100	\$ 100

  

Investment in company	\$ 100	\$ 100
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Pehdzeh Ki Development Corporation

The Council owns 100% of Pehdzeh Ki Development Corporation. The Company is inactive. The financial statements of Pehdzeh Ki Development Corporation are not available.

	2019	2018
Investments:		
Investment at cost	\$ 100	\$ 100
Investment in company	\$ 100	\$ 100

  

Total investments	\$ 618,514	\$ 307,479
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**11. Tangible Capital Assets**

	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 1,678,966	\$ 1,427,992	\$ 250,974	\$ 353,668
Buildings	6,339,494	2,827,959	3,511,535	3,721,335
Buildings under construction	800,258	-	800,258	499,660
Heavy equipment	173,286	166,293	6,993	9,990
Office furniture and equipment	1,284,318	1,108,698	175,620	245,915
Shop equipment	70,869	68,905	1,964	2,806
Water treatment plant	1,929,250	716,768	1,212,482	1,276,894
	<b>\$ 12,276,441</b>	<b>\$ 6,316,615</b>	<b>\$ 5,959,826</b>	<b>\$ 6,110,268</b>

**PEHDZEH KI FIRST NATION**  
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March 31, 2019

12. <b>Equity in Tangible Capital Assets</b>	2019	2018
Tangible capital assets	\$ 12,276,441	\$ 12,055,474
Accumulated amortization	( 6,316,615)	( 5,945,206)
Long term debt and other changes	( 293,398)	( 352,173)
	<u>\$ 5,666,428</u>	<u>\$ 5,758,095</u>

  

13. <b>Accumulated Surplus</b>	2019	2018
Unrestricted		
General Operating Fund	\$( 1,781,793)	\$( 1,276,901)
Water and Sewer	809,255	807,919
Equity in Tangible Capital Assets	<u>5,666,428</u>	<u>5,758,095</u>
	<u>\$ 4,693,890</u>	<u>\$ 5,289,113</u>

  

14. <b>Government Transfers</b>	2019	2018
Government of NWT - MACA	\$ 1,955,643	\$ 2,040,793
Government of NWT	489,367	338,659
Indigenous Services Canada	548,457	343,692
Dehcho First Nations	88,988	82,659
	<u>\$ 3,082,455</u>	<u>\$ 2,805,803</u>

**PEHDZEH KI FIRST NATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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15. Expenditure by Object	2019	2019	2018
	Budget	Actual	Actual
Advertising and promotion	\$ -	\$ 16,271	\$ 13,295
Administration	-	15,377	3,691
Amortization	-	458,063	479,693
Bad debts	-	11,534	158,964
Bank charges and interest	-	5,822	4,514
Community events	-	8,142	-
Contracted services	-	64,175	123,518
Contributions repaid (net)	-	28,750	26,739
Donations	-	33,395	15,437
Equipment rental	-	20,317	153,616
Honoraria	-	56,491	59,783
Insurance	-	161,103	88,323
Loss (gain) on disposal of assets	- ( 2,185)	378,748	324,313
Materials and supplies	-	2,047	-
Meeting and workshop	-	66,042	78,833
Miscellaneous	-	197,339	220,311
Mobile equipment costs	-	62,822	53,584
Office	-	263,229	222,501
Power	-	142,211	110,360
Professional fees	-	2,475	11,300
Rent and utilities	-	35,225	37,521
Repairs and maintenance	-	40,411	44,429
Telephone and Internet	-	1,000	450
Training and scholarships	-	221,518	242,500
Travel and accommodation	-	1,547,573	1,640,031
<b>Total Expenditure</b>	<b>\$ -</b>	<b>\$ 3,837,895</b>	<b>\$ 4,113,706</b>

# **PEHDZEH KI FIRST NATION**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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March 31, 2019

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### **16. Budget Figures**

No budget was prepared by the First Nation in the current year. As such, no budget amounts have been disclosed in the financial statements.

Canadian public sector accounting standards ("PSAB") require disclosure of budget information for comparison to the First Nation's actual revenues and expenses. The consolidated budgeted revenues and expenses, and surplus (deficit) has not been reported in these consolidated financial statements as there was no approved budget. While having no effect on reported revenues, expenses, and surplus (deficit), omission of this information is considered a departure from PSAB.

### **17. Economic Dependence**

The Council receives a major portion of its revenue from the Indigenous Services Canada of the Government of Canada and the Department of Municipal and Community Affairs of the Government of the Northwest Territories. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

### **18. Comparative Figures**

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

### **19. Financial Instruments and Risk Management**

The Council's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Council is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Council's non-compliance to the contribution agreements. The Council manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Liquidity Risk - Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council manages liquidity risk through the management of its capital structure.

Unless otherwise noted, it is management's opinion that the Council is not exposed to other significant interest, currency and market risks arising from these financial instruments.