



INDEPENDENT AUDITORS' REPORT

To the members of Pehdzeh Ki First Nation

Qualified Opinion

We have audited the accompanying consolidated financial statements of Pehdzeh Ki First Nation, which comprise the consolidated statement of financial position as at March 31, 2020 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 our 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, 2020, 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

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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.

The Council owns a 100% interest in Pehdzeh Ki Contractors Ltd, Petanea Corporation and Pehdzeh Ki Development Corporation. We were 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, we were 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. We were 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, we were 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, we were not able to satisfy ourselves as to an appropriate value by any other means. Accordingly, we were unable to determine if adjustments may be necessary for liabilities associated with the landfill.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed on this other information, we concluded that there is a material misstatement of this other information, we are required to report that fact in this auditors' report. We have nothing to report in this regard.

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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements 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 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 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 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- 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. We are responsible for the direction, supervision, and performance of the 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.



Paul Teoh Professional Corporation
Chartered Professional Accountants

Calgary, Alberta
March 5, 2021

PEHDZEH KI FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2020	2019
Financial Assets		
Cash and cash equivalents (note 2)	\$ 53,788	\$ 175,443
Restricted deposits (note 3)	(8)	33,920
Accounts receivable (note 4)	210,979	178,794
Contributions receivable (note 5)	6,255,606	5,259,702
Total Financial Assets	6,520,365	5,647,859
Liabilities		
Accounts payable and accrued liabilities (note 6)	1,253,884	978,915
Contributions repayable (note 7)	52,377	46,965
Deferred contributions (note 8)	7,165,384	6,133,032
Long term debt (note 9)	238,726	293,398
Total Liabilities	8,710,371	7,452,310
Net Financial Debt	(2,190,006)	(1,804,451)
Non-Financial Assets		
Long term investments (note 10)	491,180	618,514
Tangible capital assets (note 11)	5,573,061	5,959,826
Prepaid expenses and deposits	2,665	-
Total Non-Financial Assets	6,066,906	6,578,340
Accumulated Surplus (note 13)	\$ 3,876,900	\$ 4,773,889

Approved on behalf of the Council:

Councillor

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,	2020	2020	2019
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions - MACA	\$ -	\$ 1,935,888	\$ 2,035,643
Contributions - Indigenous Services Canada	-	370,321	548,457
Contributions - Government of Canada	-	1,409	98,855
Contributions - Dehcho First Nations	-	120,566	88,988
Contributions - GNWT	-	721,072	489,367
Contributions - Others	-	605,188	503,416
Interest income	-	191	884
Add opening deferred revenue	-	6,133,032	5,650,158
Less closing deferred revenue	-	(7,165,383)	(6,133,032)
	-	2,722,284	3,282,736
Expenditure			
Municipal Services:			
Municipal administration	-	1,052,908	1,319,907
Recreation	-	38,787	63,885
Water and sewage	-	729,730	788,896
Other Municipal Programs	-	4,635	77,343
Indigenous Services Canada Band Member Services:			
Band support administration	-	183,345	170,817
Consultation and policy development	-	175,479	102,441
Summer and youth programs	-	45,144	56,657
Community economic development	-	9,310	-
Dehcho First Nations Funded Programs:			
Advisory	-	-	5,328
Literacy programs	-	11,928	-
Language and culture	-	27,601	27,669
Resource management	-	40,171	40,893
GNWT Funded Programs:			
Education, cultural and employment	-	151,962	114,542
Health and social services	-	193,397	130,676
Hunters and trappers assistance	-	30,575	32,664
Transportation and public works	-	1,469	35,947
Industry & Tourism	-	94,694	133,456
Resource programs	-	9,014	56,454
Other GNWT programs	-	994	7,939
Others:			
Administration	-	428,294	263,524
Fundraising	-	51,208	85,767
Community events	-	9,900	57,204
Other projects	-	345,028	259,071
Loss (Gains) on Disposal of Capital Assets	-	-	(2,185)
	-	3,635,573	3,828,895
Operating Surplus (Deficit)	-	(913,289)	(546,159)
Earnings (loss) from subsidiaries	-	16,300	30,936
Annual Surplus (Deficit)	-	(896,989)	(515,223)
Accumulated Surplus, beginning of year	4,773,889	4,773,889	5,289,112
Accumulated Surplus, end of year	\$ 4,773,889	\$ 3,876,900	\$ 4,773,889

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,	2020	2020	2019
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$ (896,989)	\$ (515,223)
Acquisition of tangible capital assets	-	(3,975)	(377,023)
Proceeds on sale of tangible capital assets	-	-	71,587
Amortization of tangible capital assets	-	390,740	458,063
Loss (gains) on sale of tangible capital assets	-	-	(2,185)
Decrease (increase) in long term investments	-	127,334	(311,035)
	-	(382,890)	(675,816)
Decrease (increase) in prepaid expenses and deposits	-	(2,665)	47,064
Increase (Decrease) in Net Financial Assets	-	(385,555)	(628,752)
Net Financial Assets (Debt), beginning of year	(1,804,451)	(1,804,451)	(1,175,699)
Net Financial Assets (Debt), end of year	\$(1,804,451)	\$(2,190,006)	\$(1,804,451)

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,	2020	2019
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 2,153,352	\$ 2,226,572
Cash receipts from contributions and recoveries	(5,554,425)	(4,854,275)
Cash paid to suppliers and employees	(2,972,529)	(3,116,073)
	(6,373,602)	(5,743,776)
Cash Flows from Financing Activities		
Increase (decrease) in long term debt	(54,672)	(127,767)
Proceeds from long term debt	-	68,991
	(54,672)	(58,776)
Cash Flows from Investing Activities		
Decrease (increase) in restricted deposits	33,928	658,028
Decrease (increase) in receivable from related parties	6,276,666	5,370,059
	6,310,594	6,028,087
Capital Transactions		
Purchase of tangible capital assets	(3,975)	(377,023)
Proceeds from disposal of tangible capital assets	-	71,587
	(3,975)	(305,436)
Net Increase (Decrease) in Cash and Cash Equivalents	(121,655)	(79,901)
Cash and Cash Equivalents, beginning of year	175,443	255,344
Cash and Cash Equivalents, end of year	\$ 53,788	\$ 175,443
Represented By:		
Cash	\$ 53,788	\$ 175,443
	\$ 53,788	\$ 175,443

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

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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, 2020
Petanea Corporation	100%	March 31, 2020
Pehdzeh Ki Development Corporation	100%	March 31, 2020
Deh Cho Helicopters Regional Limited Partnership	14%	May 31, 2019

(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

March 31, 2020

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:

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

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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

March 31, 2020

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 and Cash Equivalents

	2020	2019
Bank main operating	\$ 51,268	\$ 171,956
Cash on hand	-	972
ATM Cash	2,520	2,515
	<u>\$ 53,788</u>	<u>\$ 175,443</u>

3. Restricted Deposits

	2020	2019
CIBC Business Interest Account - Community Public Infrastructure	\$(4)	\$ 6,493
CIBC Business Interest Account - Federal Gas Tax	(4)	27,427
	<u>\$(8)</u>	<u>\$ 33,920</u>

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, 2020

3. Restricted Deposits (Continued)

	Community Public Infrastructure	Federal Gas Tax Funding	Total
Deferred contributions	\$ 4,919,065	\$ 1,788,716	\$ 6,707,781
Less contributions receivable	(4,844,000)	(900,514)	(5,744,514)
Required balance	75,065	888,202	963,267
Restricted cash deposits	(4)	(4)	(8)
Deposit (deficiency)	\$(75,069)	\$(888,206)	\$(963,275)

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, 2020, the total net deposit deficiency amounts to \$963,275.

4. Accounts Receivable

	2020	2019
Trade and others	\$ 221,938	\$ 332,916
GST refundable	96,936	62,879
	318,874	395,795
Less allowances for doubtful for trade and others	(107,895)	(217,001)
	\$ 210,979	\$ 178,794

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

5. Contributions Receivable

		2020	2019
Dehcho First Nations			
Language	2018/2019	\$ 7,957	\$ 7,957
Language Revitalization	2018/2019	6,933	13,837
Language	2019/2020	6,919	-
Literacy	2019/2020	3,125	-
Indigenous Services Canada			
Youth Employment Strategy	2016/2017	2,010	2,010
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	4,500
P&ID - Wellness (Amend #4)	2018/2019	2,000	2,000
Summer Youth & Skills (Amend #2)	2018/2019	3,790	3,790
Estates Planning (Amend #1)	2018/2019	2,156	2,156
Governance Capacity Dev. (Amend#5)	2018/2019	10,400	10,400
Youth Employment Strategy (Amend #2)	2018/2019	1,750	1,750
Core Band Support Funding	2019/2020	59,498	-
Youth Employment/Skills (Amend #1)	2019/2020	4,590	-
Govt Capacity (Amend #3)	2019/2020	10,100	-
Basic Admin Dev (Amend #4)	2019/2020	4,500	-
Leadership Dev (Amend #5)	2019/2020	2,902	-
Government of NWT			
MACA - O&M	2019/2020	25,600	-
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	692,000
MACA - CPI	2019/2020	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	160,000	160,000
MACA - Gas Tax Fund	2019/2020	80,000	-
MACA - Small Communities Fund	2017/2018	125,000	125,000
ECE - Cultural Workshop	2017/2018	-	5,000
ECE - Small Communities Fund	2018/2019	-	6,300
ENR - IRMA Resource Pressures Fund	2018/2019	-	4,500
ENR - IRMA Additional	2019/2020	10,000	-
ENR - IRMA Base	2019/2020	4,500	-
HSS - Anti Poverty	2018/2019	-	5,000
HSS - Anti Poverty	2019/2020	20,000	-

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

HSS - Youth on the Land	2018/2019	-	12,550
HSS - On the Land	2019/2020	50,000	-
HSS - Community Wellness	2019/2020	48,500	-
HSS - I Can Say	2019/2020	51,257	-
ITI - Community Economic Dev.	2018/2019	7,826	7,826
ITI - Garden Infrastructure	2018/2019	1,000	1,000
ITI - Garden	2018/2019	-	3,000
ITI - CITC Tourism	2018/2019	5,000	5,000
ITI - CITC Tourism	2019/2020	3,000	-
ITI - Tourism Prod. Dev & Marketing	2019/2020	5,000	-
ITI - Strategic Plan	2018/2019	-	2,000
ITI - Community Garden	2019/2020	5,375	-
SEED - Community Events	2019/2020	1,320	-
Others		65,133	43,312
		6,324,455	5,259,702
Less allowances for contributions receivable		(68,849)	-
		\$ 6,255,606	\$ 5,259,702

6. Accounts Payable and Accrued Liabilities

	2020	2019
Trade and others	\$ 334,732	\$ 404,533
Accrued wages and benefits	13,323	11,864
Remittances payable	905,831	562,517
	\$ 1,253,886	\$ 978,914

7. Contributions Repayable

	2020	2019
Dehcho First Nations	\$ 9,130	\$ 3,718
Government of NWT - MACA	3,098	3,098
Government of NWT - DOT	9,464	9,464
Government of NWT - ITI	520	520
Government of NWT - ENR	8,605	8,605
Indigenous Services Canada	21,560	21,560
	\$ 52,377	\$ 46,965

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

8. Deferred Contributions

	2019 Opening	Additions	Utilized	2020 Closing
Community Public Infrastructure	\$ 4,250,809	\$ 692,040	\$ 23,784	\$ 4,919,065
Federal Gas Tax Funding	1,628,565	160,151	-	1,788,716
MACA-Community Capacity Building	113,579	-	-	113,579
ISC-18/19 Amd#3-IM/IT Gov't Capacity Dev	31,827	-	18,074	13,753
ISC-19/20 Amd#1-Summer Work & Skill Link	-	45,900	45,144	756
ISC-18/19 Amd#4-Comm Gov't Capacity (Wellness)	4,252	-	-	4,252
ISC-19/20 Amd#3-Comm Gov Capacity	104,000	101,000	107,157	97,843
ISC-19/20 Amd#4-Admin Gov Capacity	-	45,000	-	45,000
Fall Health Fair	-	10,000	-	10,000
GNWT-HSS-I CAN SAY..	-	102,515	40,023	62,492
ENR-IRMA Additional	-	15,000	9,014	5,986
ITI-Garden	-	26,873	7,585	19,288
CTIC-Community Tourism Infrastructure	-	20,500	5,127	15,373
GNWT-On the Land Collaborative	-	50,000	-	50,000
Justice-Justice Coordinator	-	20,750	1,469	19,281
	\$ 6,133,032	\$ 1,289,729	\$ 257,377	\$ 7,165,384

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. Long Term Debt

	2020	2019
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 - 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
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.	44,668	62,177
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.	40,553	56,251
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.	56,004	68,991
	238,725	293,398
Less current portion	168,429	146,136
	\$ 70,296	\$ 147,262
Principal repayment required on long term debt for the next five years are as follows:		
2021	\$ 168,429	
2022	41,458	
2023	14,204	
2024	14,634	
	\$ 238,725	

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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.

	2020	2019
Investments:		
Investment at cost	\$ 150	\$ 150
Receivable from Corporation	222,956	366,590
Accumulated equity earnings	462,107	462,107
Less: impairment	(522,211)	(522,211)
Investment in Corporation	\$ 163,002	\$ 306,636

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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, 2019:

	2019	2018
Financial Position		
Current assets	\$ 2,549,910	\$ 2,258,416
Non-current assets	595,458	761,493
Total assets	3,145,368	3,019,909
Current liabilities	29,322	18,158
Non-current liabilities	5,006	4,810
Partners' equity	\$ 3,111,040	\$ 2,996,941
Financial Performance		
Revenues	\$ 445,609	\$ 477,629
Expenses	331,511	261,073
Net earnings (loss)	\$ 114,098	\$ 216,556
Net earnings attributable to the Council	\$ 16,299	\$ 30,937
Investments:		
Investment at cost	\$ 50,000	\$ 50,000
Receivable from Partnership	-	-
Accumulated equity earnings	277,978	261,678
Investment in Partnership	\$ 327,978	\$ 311,678

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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.

	2020	2019
Investments:		
Investment at cost	\$ 100	\$ 100
Investment in company	\$ 100	\$ 100

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.

	2020	2019
Investments:		
Investment at cost	\$ 100	\$ 100
Investment in company	\$ 100	\$ 100
Total investments	\$ 491,180	\$ 618,514

11. Tangible Capital Assets

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 1,678,966	\$ 1,503,284	\$ 175,682	\$ 250,974
Buildings	6,339,494	3,024,747	3,314,747	3,511,535
Buildings under construction	800,258	-	800,258	800,258
Heavy equipment	173,286	168,391	4,895	6,993
Office furniture and equipment	1,288,294	1,163,538	124,756	175,620
Shop equipment	70,869	69,494	1,375	1,964
Water treatment plant	1,929,250	777,902	1,151,348	1,212,483
	\$ 12,280,417	\$ 6,707,356	\$ 5,573,061	\$ 5,959,827

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. Equity in Tangible Capital Assets

	2020	2019
Tangible capital assets	\$ 12,280,417	\$ 12,276,441
Accumulated amortization	(6,707,356)	(6,316,615)
Long term debt and other changes	(238,725)	(293,398)
	<u>\$ 5,334,336</u>	<u>\$ 5,666,428</u>

13. Accumulated Surplus

	2020	2019
Unrestricted		
General Operating Fund	\$(2,285,775)	\$(1,701,794)
Water and Sewer	828,339	809,255
Equity in Tangible Capital Assets	<u>5,334,336</u>	<u>5,666,428</u>
	<u>\$ 3,876,900</u>	<u>\$ 4,773,889</u>

14. Government Transfers

	2020	2019
Government of NWT - MACA	\$ 1,935,888	\$ 2,035,643
Government of NWT	721,072	489,367
Indigenous Services Canada	370,321	548,457
Government of Canada	1,409	98,855
Dehcho First Nations	<u>120,566</u>	<u>88,988</u>
	<u>\$ 3,149,256</u>	<u>\$ 3,261,310</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

15. Expenditure by Object

	2020	2019
Advertising and promotion	\$ 19,036	\$ 16,271
Administration	2,642	6,377
Amortization	390,740	458,063
Bad debts	90,231	11,534
Bank charges and interest	159,653	5,822
Community events	-	8,142
Contracted services	82,650	64,175
Contributions repaid (net)	-	28,750
Donations	19,974	33,395
Equipment rental	20,168	20,317
Honoraria	39,340	56,491
Insurance	115,404	161,103
Loss (gain) on disposal of assets	-	(2,185)
Materials and supplies	185,256	378,748
Miscellaneous	196,844	66,042
Mobile equipment costs	178,852	199,386
Office	33,893	62,822
Power	215,038	263,229
Professional fees	122,564	142,211
Rent and utilities	7,500	2,475
Repairs and maintenance	47,671	35,225
Telephone and Internet	33,422	40,411
Training and scholarships	-	1,000
Travel and accommodation	182,380	221,518
Wages and benefits	1,492,315	1,547,573
Total Expenditure	\$ 3,635,573	\$ 3,828,895

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

20. Subsequent Events

On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, provincial and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the society and its operations in future periods.

Other than the above item, no other subsequent events of note were identified during the audit.