



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, 2021 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, 2021, 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

Paul Teoh Professional Corporation
Chartered Professional Accountants

Calgary, Alberta
May 13, 2022

PEHDZEH KI FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2021	2020
(Restated)		
Financial Assets		
Cash and cash equivalents (note 2)	\$ 557,027	\$ 53,788
Restricted deposits (note 3)	138	(8)
Accounts receivable (note 4)	133,233	210,980
Contributions receivable (note 5)	7,013,970	6,255,606
Total Financial Assets	7,704,368	6,520,366
Liabilities		
Accounts payable and accrued liabilities (note 6)	1,623,826	1,253,884
Contributions repayable (note 7)	137,328	52,377
Deferred contributions (note 8)	7,791,824	7,165,384
Long term debt (note 9)	192,138	238,726
Total Liabilities	9,745,116	8,710,371
Net Financial Debt	(2,040,748)	(2,190,005)
Non-Financial Assets		
Long term investments (note 10)	525,860	491,180
Tangible capital assets (note 11)	5,349,771	5,625,488
Prepaid expenses and deposits	2,982	2,665
Total Non-Financial Assets	5,878,613	6,119,333
Accumulated Surplus (note 13)	\$ 3,837,865	\$ 3,929,328

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,	2021	2021	2020
	Budget (Unaudited)	Actual	Actual (Restated)
Revenue			
Contributions - MACA	\$ -	\$ 2,146,351	\$ 1,935,888
Contributions - Indigenous Services Canada	- -	720,929	370,321
Contributions - Government of Canada	- -	79,357	1,409
Contributions - Dehcho First Nations	- -	90,883	120,566
Contributions - GNWT	- -	425,224	721,072
Other revenue and recoveries	- -	347,373	605,188
Interest income	- -	-	191
Add opening deferred revenue	- -	7,165,383	6,133,032
Less closing deferred revenue	- -	(7,791,826)	(7,165,383)
	- -	3,183,674	2,722,284
Expenditure			
Municipal Services:			
Municipal administration	- -	1,249,022	1,053,978
Recreation	- -	129,744	38,787
Water and sewage	- -	608,241	729,730
Other Municipal Programs	- -	1,492	4,635
Indigenous Services Canada Band Member Services:			
Band support administration	- -	94,538	183,345
Consultation and policy development	- -	400,986	175,479
Summer and youth programs	- -	49,456	45,144
Community economic development	- -	-	9,310
Dehcho First Nations Funded Programs:			
Advisory	- -	25,319	-
Literacy programs	- -	-	11,928
Language and culture	- -	-	27,601
Resource management	- -	26,959	40,171
GNWT Funded Programs:			
Education, cultural and employment	- -	41,318	151,962
Health and social services	- -	121,146	193,397
Hunters and trappers assistance	- -	13,892	30,575
Transportation and public works	- -	39,963	1,469
Industry and tourism	- -	84,158	41,197
Resource programs	- -	140,814	9,014
Covid-19 assistance	- -	55,116	-
Other GNWT programs	- -	-	994
Others:			
Administration	- -	22,095	428,294
Fundraising	- -	3,500	51,208
Community events	- -	-	9,900
Other projects	- -	183,643	345,028
	- -	3,291,402	3,583,146
Operating Surplus (Deficit)			
Earnings (loss) from subsidiaries	- -	(107,728)	(860,862)
	- -	16,265	16,300
Annual Surplus (Deficit)			
Accumulated Surplus, beginning of year	3,929,328	(91,463)	(844,562)
Accumulated Surplus, end of year	\$ 3,929,328	\$ 3,837,865	\$ 3,929,328

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,	2021	2021	2020
	Budget (Unaudited)	Actual	Actual (Restated)
Annual Surplus (Deficit)	\$ -	\$(91,463)	\$(844,562)
Acquisition of tangible capital assets	-	(74,148)	(57,414)
Amortization of tangible capital assets	-	349,865	391,810
Decrease (increase) in long term investments	-	(34,680)	127,334
	-	149,574	(382,832)
Decrease (increase) in prepaid expenses and deposits	-	(317)	(2,665)
Increase (Decrease) in Net Financial Assets (Debt)	-	149,257	(385,497)
Net Financial Assets (Debt), beginning of year	(2,190,005)	(2,190,005)	(1,804,508)
Net Financial Assets (Debt), end of year	\$(2,190,005)	\$(2,040,748)	\$(2,190,005)

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,	2021	2020
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 2,704,380	\$ 2,153,352
Cash receipts from contributions and recoveries	510,068	578,607
<u>Cash paid to suppliers and employees</u>	(2,571,912)	(2,919,090)
	642,536	(187,131)
Cash Flows from Financing Activities		
Increase (decrease) in long term debt	(46,588)	(54,672)
	(46,588)	(54,672)
Cash Flows from Investing Activities		
Decrease (increase) in restricted deposits	(146)	33,928
<u>Decrease (increase) in receivable from related parties</u>	(18,415)	143,634
	(18,561)	177,562
Capital Transactions		
Purchase of tangible capital assets	(74,148)	(57,414)
	(74,148)	(57,414)
Net Increase (Decrease) in Cash and Cash Equivalents	503,239	(121,655)
<u>Cash and Cash Equivalents, beginning of year</u>	53,788	175,443
Cash and Cash Equivalents, end of year	\$ 557,027	\$ 53,788
Represented By:		
<u>Cash</u>	\$ 557,027	\$ 53,788
	\$ 557,027	\$ 53,788

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, 2021

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, 2021
Petanea Corporation	100%	March 31, 2021
Pehdzeh Ki Development Corporation	100%	March 31, 2021
Deh Cho Helicopters Regional Limited Partnership	14%	May 31, 2020

(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, 2021

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, 2021

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, 2021

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

	2021	2020
Bank main operating	\$ 554,507	\$ 51,268
ATM Cash	2,520	2,520
	<hr/> \$ 557,027	<hr/> \$ 53,788

3. Restricted Deposits

	2021	2020
CIBC Business Interest Account - Community Public Infrastructure	\$ 69	\$(4)
CIBC Business Interest Account - Federal Gas Tax	69	(4)
	<hr/> \$ 138	<hr/> \$(8)

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, 2021

3. Restricted Deposits (Continued)

	Community Public Infrastructure	Federal Gas Tax Funding	Total
Deferred contributions	\$ 5,540,433	\$ 1,948,716	\$ 7,489,149
Less contributions receivable	(5,536,000)	(1,060,514)	(6,596,514)
Required balance	4,433	888,202	892,635
Restricted cash deposits	69	69	138
Deposit (deficiency)	\$(4,364)	\$(888,133)	\$(892,497)

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, 2021, the total net deposit deficiency amounts to \$892,497.

4. Accounts Receivable

	2021	2020
Trade and others	\$ 186,604	\$ 221,939
GST refundable	37,945	96,936
Less allowances for doubtful for trade and others	(91,316)	(107,895)
	\$ 133,233	\$ 210,980

PĒHDZEH KI FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

5. Contributions Receivable

			2021	2020
			(Restated)	
Dehcho First Nations				
Language	2018/2019	\$ 7,957	\$ 7,957	
Language Revitalization	2018/2019	6,933	6,933	
Covid-19 Funding	2020/2021	3,840	-	
Language	2019/2020	6,919	6,919	
Literacy	2019/2020	3,125	3,125	
AAROM	2020/2021	5,061	-	
Mental Health	2020/2021	3,826	-	
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	4,590	
Govt Capacity (Amend #3)	2019/2020	10,100	10,100	
Basic Admin Dev (Amend #4)	2019/2020	4,500	4,500	
Leadership Dev (Amend #5)	2019/2020	-	2,902	
Covid-19 Funding	2020/2021	145,000	-	
Summer Youth Employment	2020/2021	1,580	-	
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	692,000	
MACA - CPI	2020/2021	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	80,000	
MACA - Gas Tax Fund	2020/2021	160,000	-	
MACA - Small Communities Fund	2017/2018	125,000	125,000	

PEHDZEH KI FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

Contributions Receivable (Continued)

ENR - IRMA Additional	2019/2020	10,000	10,000
ENR - IRMA Base	2019/2020	4,500	4,500
ENR - IRMA Base	2020/2021	41,000	-
HSS - Anti Poverty	2019/2020	20,000	20,000
HSS - On the Land	2019/2020	7,782	50,000
HSS - Community Wellness	2019/2020	-	48,500
HSS - I Can Say	2019/2020	-	51,257
ITI - Community Economic Dev.	20/8/2019	7,826	7,826
ITI - Garden Infrastructure	2018/2019	1,000	1,000
ITI - CITC Tourism	2018/2019	5,000	5,000
ITI - CITC Tourism	2019/2020	3,000	3,000
ITI - Tourism Prod. Dev & Marketing	2019/2020	5,000	5,000
ITI - Community Garden	2019/2020	5,375	5,375
SEED - Community Events	2019/2020	1,320	1,320
ITI - Growth and Recovery	2020/2021	1,770	-
Justice - CJC Co-ordinator	2020/2021	8,500	-
Others		20,133	65,133
Less allowances for contributions receivable		7,112,057 (98,087)	6,324,455 (68,849)
		\$ 7,013,970	\$ 6,255,606

6. Accounts Payable and Accrued Liabilities

	2021	2020
Trade and others	\$ 532,912	\$ 334,733
Accrued wages and benefits	29,307	13,323
Remittances payable	1,061,606	905,831
	\$ 1,623,825	\$ 1,253,887

7. Contributions Repayable

	2021	2020
Dehcho First Nations	\$ 9,130	\$ 9,130
Government of NWT - MACA	16,986	3,098
Government of NWT - DOT	9,465	9,464
Government of NWT - ITI	520	520
Government of NWT - ENR	41,934	8,605
Government of NWT - Justice	37,733	-
Indigenous Services Canada	21,560	21,560
	\$ 137,328	\$ 52,377

PEHDZEH KI FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

8. Deferred Contributions

	2020 Opening	Additions	Utilized	2021 Closing
(Restated)				
Community Public Infrastructure	\$ 4,919,065	\$ 692,000	\$ 70,632	\$ 5,540,433
Federal Gas Tax Funding	1,788,716	160,000	-	1,948,716
MACA-Community Capacity Building	113,579	-	113,579	-
ISC-18/19 Amd#3-IM/IT Gov't Capacity Dev	13,753	-	13,753	-
ISC-19/20 Amd#1-Summer Work & Skill Link	756	-	756	-
ISC - 20/21 Amd#5 - COVID-19 ICSF-3 Need	4,252	145,000	149,252	-
ISC - 20/21 Amd#3 - COVID-19 Wave 3 UPIP	-	55,717	-	55,717
ISC - 20/21 - COVID-19 (Prgms & Svcs)	-	167,319	112,118	55,201
ISC-19/20 Amd#3-Comm Gov Capacity	97,843	-	74,025	23,818
ISC-19/20 Amd#4-Admin Gov Capacity	45,000	-	-	45,000
Fall Health Fair	10,000	-	-	10,000
GNWT-HSS-I CAN SAY..	62,492	-	28,620	33,872
ENR-IRMA Additional	5,986	60,000	65,986	-
ENR-CHAP	-	32,665	13,892	18,773
GNWT ENR-IRMA Resource Pressures Base	-	45,000	45,000	-
ITI-Garden	19,288	3,000	22,288	-
CTIC-Community Tourism Infrastructure	15,373	-	15,373	-
GNWT-On the Land Collaborative	50,000	-	50,000	-
Justice-Justice Coordinator	19,281	18,453	37,734	-
DFN-At Home COVID OTL	-	38,400	8,426	29,974
ITI-SEED - Community Economic Development	-	17,701	14,981	2,720
Cdn Heritage - Land Base	-	71,250	43,650	27,600
	\$ 7,165,384	\$ 1,506,505	\$ 880,065	\$ 7,791,824

PEHDZEH KI FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

9. Long Term Debt

	2021	2020
Arctic Canada Cooperatives Ltd. demand loan, without interest, due on demand, secured by the Co-op store and hotel with a nil carrying value.	\$ 97,500	\$ 97,500
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.	27,159	44,668
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.	24,855	40,553
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.	42,624	56,004
<u>Less current portion</u>	<u>192,138</u>	<u>238,725</u>
	144,493	146,136
	<u>\$ 47,645</u>	<u>\$ 92,589</u>

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

2022	\$ 144,493
2023	33,011
2024	14,634
	<u>\$ 192,138</u>

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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.

	2021	2020
Investments:		
Investment at cost	\$ 150	\$ 150
Receivable from Corporation	241,371	222,956
Accumulated equity earnings	462,107	462,107
Less: impairment	(522,211)	(522,211)
Investment in Corporation	<u>\$ 181,417</u>	<u>\$ 163,002</u>

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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, 2020:

	2020	2019
Financial Position		
Current assets	\$ 2,690,186	\$ 2,549,910
Non-current assets	553,470	595,458
 Total assets	 3,243,656	 3,145,368
Current liabilities	15,913	29,322
Non-current liabilities	2,857	5,006
 Partners' equity	 \$ 3,224,886	 \$ 3,111,040
 Financial Performance		
Revenues	\$ 444,206	\$ 445,609
Expenses	330,351	331,511
 Net earnings (loss)	 \$ 113,855	 \$ 114,098
 Net earnings attributable to the Council	 \$ 16,265	 \$ 16,300
 Investments:		
Investment at cost	\$ 50,000	\$ 50,000
Accumulated equity earnings	294,243	277,978
 Investment in Partnership	 \$ 344,243	 \$ 327,978

PÉHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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.

	2021	2020
Investments:		
Investment at cost	\$ 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.

	2021	2020
Investments:		
Investment at cost	\$ 100	\$ 100
Investment in company	\$ 100	\$ 100
 Total investments	 \$ 525,860	 \$ 491,180

11. Tangible Capital Assets

	2021	2020		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive equipment	\$ 1,734,726	\$ 1,564,352	\$ 170,374	\$ 175,682
Buildings	6,392,991	3,212,597	3,180,394	3,367,175
Buildings under construction	800,258	-	800,258	800,258
Heavy equipment	173,286	169,860	3,426	4,895
Office furniture and equipment	1,298,074	1,204,356	93,718	124,756
Shop equipment	79,477	71,198	8,279	1,375
Water treatment plant	1,929,250	835,928	1,093,322	1,151,348
 Total	 \$ 12,408,062	 \$ 7,058,291	 \$ 5,349,771	 \$ 5,625,489

PEHDZEH KI FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

12. Equity in Tangible Capital Assets

	2021	2020
Tangible capital assets	\$ 12,408,062	\$ 12,333,914
Accumulated amortization	(7,058,291)	(6,708,426)
Long term debt and other changes	(192,138)	(238,725)
	<hr/> \$ 5,157,633	<hr/> \$ 5,386,763

13. Accumulated Surplus

	2021	2020
Unrestricted		
General Operating Fund	\$(2,219,471)	\$(2,285,774)
Water and Sewer	899,703	828,339
Equity in Tangible Capital Assets	<hr/> 5,157,633	<hr/> 5,386,763
	<hr/> \$ 3,837,865	<hr/> \$ 3,929,328

14. Government Transfers

	2021	2020
Government of NWT - MACA	\$ 2,146,351	\$ 1,935,888
Government of NWT	425,224	721,072
Indigenous Services Canada	720,929	370,321
Government of Canada	79,357	1,409
Dehcho First Nations	90,883	120,566
	<hr/> \$ 3,462,744	<hr/> \$ 3,149,256

PEHDZEH KI FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

15. Expenditure by Object

	2021	2020
(Restated)		
Advertising and promotion	\$ 4,160	\$ 19,036
Administration	8,229	2,642
Amortization	349,865	391,810
Bad debts	(5,174)	90,231
Bank charges and interest	7,098	159,653
Community events	2,700	-
Contracted services	49,749	82,650
Contributions repaid (net)	62,172	-
Donations	5,650	19,974
Equipment rental	53,656	20,168
Honoraria	7,300	39,340
Insurance	133,036	115,404
Materials and supplies	316,762	131,758
Miscellaneous	330,034	196,844
Mobile equipment costs	123,636	178,852
Office	27,186	33,893
Power	409,385	215,038
Professional fees	196,493	122,564
Rent and utilities	14,750	7,500
Repairs and maintenance	81,551	47,671
Telephone and Internet	40,529	33,423
Travel and accommodation	92,942	182,380
Wages and benefits	979,693	1,492,315
Total Expenditure	\$ 3,291,402	\$ 3,583,146

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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

For the year ended March 31, 2020, certain cabin logs purchased for the GNWT - Tourism and Marketing Program in the amount of \$53,498, was expensed as materials and supplies. These should be capitalized as buildings.

As a result, the comparative figures have been restated as follows:

	Originally Stated	Adjustments	Re-stated
Statement of Financial Position:			
<u>Tangible capital assets</u>	\$ 5,573,061	\$ 52,427	\$ 5,625,488
Statement of Operations:			
<u>Annual deficit</u>	(896,989)	52,427	(844,562)
Expenditure by Object:			
Amortization	390,739	1,071	391,810
<u>Materials and supplies</u>	\$ 185,256	\$(53,498)	\$ 131,758

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

PEHDZEH KI FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

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.