

LIIDLII KUE FIRST NATION
Fort Simpson, NT

**CONSOLIDATED
FINANCIAL STATEMENTS**

For the Year ended March 31, 2021

LIIDLII KUE FIRST NATION

CONSOLIDATED FINANCIAL STATEMENTS

For the Year ended March 31, 2021

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Łíídlíj Kúé First Nation are the responsibility of management.

The consolidated financial statements have been prepared by management in accordance with the Canadian public-sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

Łíídlíj Kúé First Nation maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable costs. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Łíídlíj Kúé First Nation's assets are appropriately accounted for and adequately safeguarded.

Łíídlíj Kúé First Nation's Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The consolidated financial statements have been audited by Paul Teoh Professional Corporation Chartered Professional Accountants in accordance with Canadian generally accepted auditing standards. Their report to the members of Łíídlíj Kúé First Nation, stating the scope of the examination and opinion on the consolidated financial statements, follows.

Chief

Executive Director

Łíídlíj Kúé, Denendeh
November 12, 2021



INDEPENDENT AUDITORS' REPORT

To the members of Liidlil Kue First Nation

Opinion

We have audited the accompanying consolidated financial statements of Liidlil Kue First Nation, which comprise of the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, net financial debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (Hereinafter referred as the "financial statements").

In our opinion, these financial statements present fairly, in all material respects, the consolidated financial position of Liidlil Kue First Nation ("LKFN") as at March 31, 2021, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the LKFN 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.

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 accounting standards for public sector accounting board, 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 LKFN'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 LKFN or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the LKFN'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 as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 LKFN'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 LKFN'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 LKFN 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 LKFN 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
November 12, 2021

LIIDLII KUE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2021	2020
		(Restated)
Financial Assets		
Cash and cash equivalents (note 2)	\$ 1,815,773	\$ 1,372,345
Accounts receivable (note 3)	171,592	347,096
Contributions receivable (note 4)	541,810	521,433
Total Financial Assets	2,529,175	2,240,874
Liabilities		
Accounts payable and accrued liabilities (note 5)	715,056	521,880
Contributions repayable (note 6)	25,590	-
Deferred contributions (note 7)	1,416,450	1,171,915
Deferred government assistance	1,202,262	1,255,795
Callable debt (note 8)	265,625	303,125
Total Liabilities	3,624,983	3,252,715
Net Financial Debt	(1,095,808)	(1,011,841)
Non-Financial Assets		
Tangible capital assets (note 9)	2,607,872	2,661,518
Long term investments (note 10)	3,153,507	2,657,914
Buildings under construction	19,097	19,097
Prepaid expenses and deposits	53,502	66,748
Total Non-Financial Assets	5,833,978	5,405,277
Accumulated Surplus (note 11)	\$ 4,738,170	\$ 4,393,436

Approved on behalf of the Council:

_____ Councillor

_____ Councillor

The accompanying notes and schedules are an integral part of these consolidated financial statements. 4.

LIIDLII KUE 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:			
- Indigenous Services Canada	\$ -	\$ 1,972,174	\$ 447,906
- Dehcho First Nations	-	513,556	510,411
- Government of NWT	-	1,338,716	1,074,130
- Government of Canada	-	256,507	156,565
Enterprise income	-	340,545	660,950
Other revenue and recoveries	-	1,192,378	1,525,434
Add opening deferred revenue	-	440,905	486,232
Less closing deferred revenue	-	(947,556)	(440,905)
	-	5,107,225	4,420,723
Expenditure			
Administration - hosting	-	14,000	55,069
Administration - support	-	499,098	479,323
Advocacy	-	176,794	157,043
Cultural and historical	-	323,716	256,405
Education	-	193,135	191,902
Enterprises	-	332,894	399,284
Family development	-	447,703	321,833
Family health	-	915,682	796,361
Family youth	-	126,294	103,738
Governance	-	360,935	427,502
Lands, resource management, and economic development	-	1,573,891	963,901
Treaty	-	5,000	18,937
Loss (Gains) on Disposal of Capital Assets	-	-	(279,817)
	-	4,969,142	3,891,481
Operating Surplus (Deficit)	-	138,083	529,242
Equity Earnings (Loss) from Subsidiaries	-	206,651	(332)
Annual Surplus (Deficit)	-	344,734	528,910
Accumulated Surplus, beginning of year	4,393,436	4,393,436	3,864,526
Accumulated Surplus, end of year	\$ 4,393,436	\$ 4,738,170	\$ 4,393,436

The accompanying notes and schedules are an integral part of these consolidated financial statements. 5.

LIIDLII KUE 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)	\$ -	\$ 344,734	\$ 528,910
Acquisition of tangible capital assets	-	(55,719)	(76,409)
Proceeds on sale of tangible capital assets	-	-	280,000
Amortization of tangible capital assets	-	109,365	104,662
Loss (gains) on sale of tangible capital assets	-	-	(279,817)
Acquisitions of buildings under construction	-	-	646,115
Decrease (increase) in long term investments	-	(495,593)	(319,572)
	-	(97,213)	883,889
Decrease (increase) in prepaid expenses and deposits	-	13,246	(24,270)
Increase (Decrease) in Net Financial Debt	-	(83,967)	859,619
Net Financial Debt, beginning of year	(1,011,841)	(1,011,841)	(1,871,460)
Net Financial Debt, end of year	\$(1,011,841)	\$(1,095,808)	\$(1,011,841)

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

LIIDLII KUE 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 and others	\$ 4,060,576	\$ 2,038,633
Cash receipts from contributions and recoveries	1,418,368	1,734,634
Cash paid to suppliers and employees	(4,653,355)	(4,285,065)
	825,589	(511,798)
Cash Flows from Financing Activities		
Repayment of callable debt	(37,500)	(37,500)
	(37,500)	(37,500)
Cash Flows from Investing Activities		
Decrease (increase) in buildings under constructions	-	646,115
Decrease (increase) in long term investment	(288,942)	(314,901)
	(288,942)	331,214
Capital Transactions		
Purchase of tangible capital assets	(55,719)	(76,409)
Proceeds from disposal of tangible capital assets	-	280,000
	(55,719)	203,591
Net Increase (Decrease) in Cash and Cash Equivalents	443,428	(14,493)
Cash and Cash Equivalents, beginning of year	1,372,345	1,386,838
Cash and Cash Equivalents, end of year	\$ 1,815,773	\$ 1,372,345

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

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

The Liidlil Kue First Nation ("LKFN") is an Indian Band registered under the *Indian Act*. It provides services to the band members of Liidlil Kue First Nation.

LKFN 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 by Council in accordance with generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(b) Reporting Entity

The consolidated financial statements includes the accounts of Liidlil Kue First Nation along with the following subsidiaries and associated business enterprises using the method listed below.

	Consolidation Method	Percentage Owned	Year End
Liidlil Kue Society	Line by Line	100%	March 31, 2021
Nogha Enterprises Ltd.	Modified Equity	100%	March 31, 2021
507409 N.W.T. Ltd.	Modified Equity	100%	March 31, 2021
Deh Cho Helicopters Regional Limited Partnership	Modified Equity	14.3%	May 31, 2020

(c) Long Term Investments

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 LKFN 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.

(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.

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. Significant Accounting Policies (Continued)

(e) Fund Accounting

The Liidlil Kue 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 LKFN and other programs in accordance with contribution agreements with funding agencies.

The Enterprise fund reports the assets, liabilities, revenue and expenditure relating to investments held by LKFN.

(f) Allocation of Expenditure

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

(g) 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.

(h) 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.

(i) 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.

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. Significant Accounting Policies (Continued)

(i) Government Transfers (Continued)

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.

(j) 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 using the following rates:

Buildings	4%	Declining Balance
Automotive equipment	30%	Declining Balance
Furniture and fixtures	30%	Declining Balance
Heavy equipment	40%	Declining Balance
Tools and equipment	30%	Declining Balance

(ii) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. There is no significant inventory at year end.

(k) Financial Instruments - Recognition and Measurement

LKFN 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.

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

1. Significant Accounting Policies (Continued)

(k) Financial Instruments - Recognition and Measurement (Continued)

- 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 LKFN is not exposed to significant interest, currency or credit risks arising from these financial instruments.

2. Cash and Cash Equivalents

	2021	2020
Liidlil Kue First Nation:		
- Petty cash	\$ 532	\$ 1,000
- Bank current account	910,020	233,176
- Guaranteed income certificates	693,783	685,583
Liidlil Kue Society:		
- Bank current account	211,438	452,586
	\$ 1,815,773	\$ 1,372,345

The guaranteed income certificates bears interest at 0.6% per annum, maturing from February 2022 to March 2022.

3. Accounts Receivable

	2021	2020
Trade and other	\$ 212,990	\$ 389,532
GST refundable	27,142	32,045
	240,132	421,577
Less allowances for doubtful for trade and other	(68,540)	(74,481)
	\$ 171,592	\$ 347,096

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

4. Contributions Receivable

		2021	2020
Indigenous Services Canada:			
- ISC - Youth Employment	2017/18	\$ 6,400	\$ 6,400
- ISC - Consultation & Policy	2017/18	11,500	11,500
- ISC - P&ID	2017/18	2,500	2,500
- ISC - Workshops on LKFN Policies	2017/18	4,180	4,180
- ISC - P&ID	2018/19	4,500	4,500
- ISC - Youth Employment	2018/19	6,890	6,890
- ISC - Climate Change	2018/19	2,428	-
- ISC - Amd#4 - Consultation & Policy	2018/19	115,000	115,000
- ISC - Estates Management	2018/19	1,331	1,331
- ISC - Economic Development Officer	2018/19	-	88,551
- ISC - Economic Development Officer	2018/19	-	9,838
- ISC - Sage50 Training	2018/19	5,000	5,000
- ISC - Band Manager's WG #004	2019/20	-	24,478
- ISC - Band Manager's WG #006	2019/20	-	3,047
- ISC - Band Manager's WG #003	2019/20	11,500	11,500
- ISC - Youth Employment #002	2019/20	5,930	5,930
- ISC - Institutional Development	2019/20	4,500	4,500
- ISC - Band Manager's Working Group	2019/20	3,991	3,991
- ISC - Band manager's Working Group	2019/20	-	2,275
- ISC- 20/21 Amd#2 & #3 - Summer/Youth Work	2020/21	2,960	-
- ISC - 20/21 - Amd#6 -Band Mgr's Wkg. Grp.	2020/21	2,635	-
- ISC - 20/21 - Amd#8 - Finance & Training	2020/21	11,500	-
- ISC - 20/21 - Amd#4 - Cantung Mines	2020/21	15,592	-
Government of NWT			
- MACA-Dreamcatcher Youth Conference	2019/20	-	4,000
- Early Childhood	2020/21	32,469	-
- ENR- IRMA - Base Funding	2019/20	8,723	12,000
- ENR- IRMA - Base Funding	2020/21	12,000	-
- ENR- IRMA - RPF	2019/20	-	6,330
- ENR- IRMA - RPF	2020/21	8,000	-
- ENR-Boreal Caribou Range Planning	2019/20	1,000	1,000
- ENR-Aquatic Monitoring Program	2019/20	1,043	1,043
- ITI-Community Tourism Coordinator	2020/21	10,000	-
- ITI - Growth & Recovery by Investing in Tourism	2020/21	1,320	-
- ITI - On The Land Camp	2020/21	10,000	-
- ITI-Tourism Training Fund	2019/20	-	158
- ITI - Moose Hair Tufting	2019/20	10,395	-

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

Contributions Receivable (Continued)		2021	2020
Government of NWT (Continued)			
- NTHC-Northern Pathways	2019/20	-	72,600
- HSS- Community Wellness Plan	2020/21	123,541	-
- Anti-Poverty Project	2020/21	15,000	-
- NT Parks-Generations on the Move	2019/20	-	2,500
Dehcho First Nations			
- DFN- Language Program	2019/20	-	27,216
- DFN- Traditional Literacy & Language	2019/20	-	7,500
- DFN- Annual Assembly	2019/20	17,784	17,784
- DFN- Aboriginal Language Nest Program	2019/20	-	16,000
- DFN- Cli Lake Winter Work #004	2019/20	-	4,678
- DFN- Guardian Assistance for Permafrost Work	2019/20	-	1,144
- DFN- Kids Corner Daycare	2019/20	3,600	36,069
- DFN- Language Program	2020/21	27,216	-
- DFN- Traditional Literacy & Language	2020/21	7,500	-
- DFN- Aboriginal Language Nest Program	2020/21	16,000	-
- DFN- Climate Change Monitoring	2020/21	4,873	-
- DFN- Covid 19 Funding	2020/21	9,180	-
- DFN- Dehcho Mental Health	2020/21	3,829	-
		\$ 541,810	\$ 521,433

5. Accounts Payable and Accrued Liabilities

	2021	2020
Trade and other	\$ 265,438	\$ 244,200
Accrued wages and benefits	429,611	270,053
Security deposits payable	3,500	5,100
Remittances payable	16,507	2,527
	\$ 715,056	\$ 521,880

LKFN also has an unsecured demand operating loan of \$50,000 at prime plus 1.00% and a credit card with an operating limit of \$30,000 with CIBC and \$40,000 with CIBC US banking. The balance for the demand operating loan as at March 31, 2021 was \$nil (2020: \$nil).

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

6. Contributions Repayable

	2021	2020
		(Restated)
Government of NWT - HSS	\$ 15,000	\$ -
Government of NWT - ECE	232	-
Government of NWT - ENR	10,358	-
	\$ 25,590	\$ -

7. Deferred Contributions

	2020	Additions	Utilized	2021
	(Restated)			
Indigenous Services Canada:				
ISC-19/20 Amd#1-Computer Equipment	\$ 5,411	\$ -	\$ 5,411	\$ -
ISC- 20/21 Amd#2 & #3 - Summer/Youth Work	20,164	62,500	82,664	-
ISC - 20/21 - Amd#6 -Band Mgr's Wkg. Grp.	9,036	26,351	22,180	13,207
ISC-17/18-Climate Change Adaptation	111,243	-	-	111,243
ISC-18/19-Estates Management Amd#3	13,310	-	-	13,310
ISC - 18/19 Amd#9 - EDO	85,443	-	85,443	-
ISC - 20/21 - Amd#4 - Cantung Mines	-	155,919	39,279	116,640
ISC - 20/21 - UPIP COVID-19	-	1,204,081	927,838	276,243
ISC - 20/21 - CFA - Climate Change Adaptation	-	91,939	152	91,787
ISC - 20/21 - Indigenous Monitoring Initiatives	-	75,077	-	75,077
Government of NWT Funded:				
ENR- IRMA - Base Funding	5,362	120,000	125,362	-
ENR-Boreal Caribou Range Planning	12,299	-	12,299	-
HSS- Long Term Care Study	15,000	-	15,000	-
HSS- Community Wellness Plan	6,470	247,081	239,944	13,607
JUS- Community Justice Program	1,034	63,000	64,034	-
JUS- Victim Services	2,336	110,000	112,336	-
JUS- Prevent It Facilitator Training & Workshops	1,588	-	1,588	-
MACA - Children and Youth Resiliency	12,463	-	12,463	-

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

Deferred Contributions (Continued)				
	2020	Additions	Utilized	2021
Others:				
DDEC-Language & Literacy Revival	3,472	-	3,472	-
NTHC-Northern Pathways	35,338	101,183	90,150	46,371
Tides Canada	25,000	-	25,000	-
Heritage Canada - Treaty 11 Celebrations	-	99,900	5,000	94,900
North American Tungsten Corp.	-	22,865	3,584	19,281
Dehcho First Nations Funded:				
DFN- Environmental Management Agreement	40,000	10,000	7,364	42,636
DFN- Climate Change Monitoring	-	4,873	-	4,873
DFN- Dehcho Mental Health	-	25,524	22,816	2,708
DFN- Negotiation Fund	26,258	-	26,258	-
DFN- Cli Lake Winter Work #004	9,678	195	-	9,873
DFN- Covid 19 Funding	-	91,800	75,998	15,802
Sub-total	\$ 440,905	\$ 2,512,288	\$ 2,005,635	\$ 947,558
Minnie Letcher Memorial Trust	6,010	-	-	6,010
Enbridge - Community Development Fund	600,000	-	158,712	441,288
Treaty 11 Celebrations	-	21,594	-	21,594
Liidlil Kue Society	125,000	-	125,000	-
Deferred revenue	125,000	-	125,000	-
	\$ 1,171,915	\$ 2,533,882	\$ 2,289,347	\$ 1,416,450

8. Callable Debt

	2021	2020
Liidlil Kue Society		
CIBC demand term loan - prime plus 1% scheduled monthly installment of \$3,125 principal plus interest, due April 2028, secured by a General Security Agreement and guarantee from Liidlil Kue First Nation.	\$ 265,625	\$ 303,125
Less scheduled current portion of callable debt	37,500	37,500
	\$ 228,125	\$ 265,625

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

8. Callable Debt (Continued)

	2021	2020
Unless demand by the bank, the scheduled principal repayment of the callable debt for the next five years are as follows:		
2022	\$ 37,500	
2023	37,500	
2024	37,500	
2025	37,500	
2026	115,625	
	\$ 265,625	

9. Tangible Capital Assets

Intangible Capital Assets					
Cost	Beginning of Year	Additions	Disposals	End of Year	
	(Restated)				
Lands	\$ 156,509	\$ -	\$ -	\$ 156,509	
Buildings	3,079,935	-	-	3,079,935	
Automotive equipment	467,944	55,719	-	523,663	
Furniture and fixtures	8,019	-	-	8,019	
Heavy equipment	25,000	-	-	25,000	
Tools and equipment	70,951	-	-	70,951	
Total Cost	\$ 3,808,358	\$ 55,719	\$ -	\$ 3,864,077	
Accumulated Amortization	Beginning of Year	Current Charge	Disposals	End of Year	
Land	\$ -	\$ -	\$ -	\$ -	
Buildings	578,352	100,063	-	678,415	
Automotive equipment	465,405	9,119	-	474,524	
Furniture and fixtures	7,392	126	-	7,518	
Heavy equipment	24,959	13	-	24,972	
Tools and equipment	70,732	44	-	70,776	
Total Accumulated Amortization	\$ 1,146,840	\$ 109,365	\$ -	\$ 1,256,205	
Net Book Value	Beginning of Year				End of Year
Total Net Book Value	\$ 2,661,518				\$ 2,607,872

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

10. Long Term Investments

(i) Liidlil Kue Society

Liidlil Kue Society (the "Society") was incorporated under the *Societies Act of Northwest Territories* on April 1, 2003. On behalf of Dene members of the Liidlil Kue First Nation, the objects of the Society are to:

1. carry out the Dene Organization activities in the Fort Simpson areas;
2. assist Dene People in participating in the Canadian economic structure;
3. provide a vehicle to develop self-sufficiency, education, social and cultural programs

The Society is a government not-for-profit organization and is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

The consolidated financial statements of Liidlil Kue Society includes the accounts of the Society and its following owned subsidiaries using the modified equity method:

- (a) Nogha Enterprises Ltd.
- (b) 507409 N.W.T. Ltd.

The following summarizes the consolidated financial position and consolidated results of operations of Liidlil Kue Society as at and for the year ended March 31, 2021.

	2021	2020
Consolidated Financial Position		
Current assets	\$ 239,560	\$ 492,467
Non-current assets	5,483,498	5,294,592
Total assets	5,723,058	5,787,059
Total liabilities	1,690,762	1,952,801
Net assets	\$ 4,032,296	\$ 3,834,258
Consolidated Financial Performance		
Revenue	\$ 340,546	\$ 660,950
Expenditure	(332,894)	(399,285)
Other revenue (expenditure)	190,386	263,188
Net earnings (loss)	\$ 198,038	\$ 524,853

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

10. Long Term Investments (Continued)

(ii) Nogha Enterprises Ltd.

Liidlil Kue Society owns 100% of Nogha Enterprises Ltd. The principal activities of the Company are general contracting, aviation fuel sales and fire suppression.

The following summarizes the financial position and results of operations of Nogha Enterprises Ltd. as at and for the year ended March 31, 2021.

	2021	2020
Consolidated Financial Position		
Current assets	\$ 2,105,409	\$ 1,055,778
Non-current assets	1,114,986	1,207,154
Total assets	3,220,395	2,262,932
Total liabilities	1,835,949	1,079,115
Total shareholder's equity (capital deficiency)	\$ 1,384,446	\$ 1,183,817
Consolidated Financial Performance		
Revenue	\$ 3,755,624	\$ 3,151,991
Direct costs	(2,345,538)	(1,774,836)
General and administration	(1,273,766)	(1,392,164)
Other revenue (expenses)	96,552	3,114
Income taxes recovered (paid)	(32,242)	266
Net earnings (loss)	\$ 200,630	\$ (11,629)
Investments		
Investment at cost	\$ 35	\$ 35
Amount receivable	564,974	91,981
Retained earnings	1,384,410	1,183,781
	\$ 1,949,419	\$ 1,275,797

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

10. Long Term Investments (Continued)

(iii) 507409 N.W.T. Ltd.

507409 N.W.T. Ltd. (the "Company") was incorporated under the Business Corporations Act of Northwest Territories on April 15, 2019 as a private company. The Company's principal activities is holding and operations of commercial real estate in Fort Simpson, Northwest Territories.

	2021	2020
Financial Position		
Current assets	\$ 577,471	\$ 944,177
Non-current assets	7,843,573	1,780,585
Total assets	8,421,044	2,724,762
Total liabilities	6,756,287	1,049,762
Net assets	\$ 1,664,757	\$ 1,675,000
Financial Performance		
Revenue	\$ -	\$ -
Expenditure	(10,243)	(5,000)
Net earnings (loss)	\$(10,243)	\$(5,000)
Investment		
Investment at cost	\$ 280,000	\$ 280,000
Amount receivable	570,087	754,138
Retained earnings (deficit)	(15,243)	(5,000)
Net earnings (loss)	\$ 834,844	\$ 1,029,138

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

10. Long Term Investments (Continued)

(iv) Deh Cho Helicopters Regional Limited Partnership

Liidlil Kue First Nation owns 14.3% of Deh Cho Helicopters Regional Limited Partnership.

Deh Cho Helicopters Regional Limited Partnership ("Partnership") was established in accordance with the limited partnership agreement dated June 1, 2004 pursuant the Partnership Act. The Partnership's principal activities are to own and lease an Eurocopter AS350 B2 Helicopter and other helicopter charters through Great Slave Helicopters Ltd. in the Deh Cho areas in Northwest Territories. The partners are:

(i)	Deh Cho Air Limited Partnership - Limited Partner	5,000 units
(ii)	Fort Simpson Metis Local 52 - Limited Partner	5,000 units
(iii)	Nahanni Butte Dene Band - Limited Partner	5,000 units
(iv)	Samba Ke First Nation - Limited Partner	5,000 units
(v)	Jean Marie River First Nation - Limited Partner	5,000 units
(vi)	Pehdzeh Ki First Nation - Limited Partner	5,000 units
(vii)	Liidlil Kue First Nation - Limited Partner	5,000 units

The following summarizes the financial position and results of operations of Deh Cho Helicopters Regional Limited Partnership as at and for the year ended May 31, 2020.

	2020	2019
Financial Position		
Current assets	\$ 2,690,186	\$ 2,549,910
Equipment	553,470	595,449
Total assets	3,243,656	3,145,359
Total liabilities	18,770	34,328
Total partners' equity	\$ 3,224,886	\$ 3,111,031
Partners' equity attributable to LKFN	\$ 369,244	\$ 352,979
Financial Performance		
Total revenue	\$ 444,206	\$ 445,609
Total expenses	330,351	331,520
Net earnings	113,855	114,089
Net earnings attributable to LKFN	\$ 16,265	\$ 16,298
Investments		
Investment at cost	\$ 5,000	\$ 5,000
Retained earnings	364,244	347,979
	\$ 369,244	\$ 352,979
Total investments	\$ 3,153,507	\$ 2,657,914

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

11. Accumulated Surplus

	2021	2020
Unrestricted		
General Operating Fund	\$(1,023,209)	\$(925,996)
Enterprise Fund	3,153,507	2,657,914
Equity in Tangible Capital Assets	2,607,872	2,661,518
	\$ 4,738,170	\$ 4,393,436

12. Government Transfers

	2021	2020
Government of Canada - Indigenous Services Canada	\$ 1,972,174	\$ 447,906
Dehcho First Nation	513,556	510,411
Government of NWT	1,338,716	1,074,130
Government of Canada	256,507	156,565
	\$ 4,080,953	\$ 2,189,012

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

13. Expenditure by Object

	2021	2020
Administration	\$ 223,955	\$ 112,056
Advertising and promotion	1,251	92
Amortization	109,365	104,662
Bad debts	3,897	13,890
Bank charges and interest	21,580	23,343
Community events	217,164	163,201
Contracted services	116,500	58,300
Contributions repaid	25,591	7,177
Donations	28,303	13,090
Insurance	77,006	20,923
Loss (gain) on disposal of assets	-	(279,817)
Materials and supplies	1,034,741	253,485
Meeting and workshop	94,644	73,460
Office	143,061	220,927
Professional fees	569,080	835,153
Property taxes	33,222	28,438
Rent	59,369	51,281
Repairs and maintenance	80,135	134,447
Telephone and Internet	40,952	36,904
Training and scholarships	2,516	2,259
Travel and accommodation	156,993	272,014
Utilities	119,984	109,437
Wages and benefits	1,809,833	1,636,759
Total Expenditure	\$ 4,969,142	\$ 3,891,481

14. Economic Dependence

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

15. Guarantee

LKFN has provided guarantee for a bank loan of 507409 N.W.T. Ltd., a party related by common control, to a maximum amount of \$3,830,000. The facility is availed by Business Development Bank of Canada for the purpose of construction of a office building. As at March 31, 2021, the outstanding loan balance was \$2,930,261. The loan was in compliance with all lending covenants.

LIIDLII KUE FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2021

16. Comparative Figures

The comparative figures were restated to reverse contributions to deferred contributions and to correct long term investment in Deh Cho Helicopters Regional Limited Partnership. In addition, computer equipment worth \$47,665 was incorrectly capitalized in the previous year.

As a result, the comparative figure was restated as follow:

	Originally Reported	Adjustments	Restated
Statement of Financial Position:			
Contributions repayable (note 7)	\$ 99,547	\$(99,547)	\$ -
Deferred contributions (note 7)	1,090,673	81,242	1,171,915
Tangible capital assets	47,665	(47,665)	-
Long term investments (note 10)	2,662,914	(5,000)	2,657,914
Statement of Operations:			
Revenue	4,501,965	(81,242)	4,420,723
Expenditure	3,943,361	(51,880)	3,891,481
Equity earnings from subsidiaries	4,668	(5,000)	(332)
Annual surplus	\$ 563,275	\$(34,365)	\$ 528,910

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

17. Financial Instruments and Risk Management

The LKFN'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 LKFN is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the LKFN's non-compliance to the contribution agreements. The LKFN 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 LKFN will not be able to meet its financial obligations as they fall due. The LKFN manages liquidity risk through the management of its capital structure.

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