



# AVERY COOPER & Co. LTD.

Chartered Professional Accountants

4918 - 50th Street, P.O. Box 1620  
Yellowknife, NT X1A 2P2  
www.averycooper.com

Telephone: (867) 873-3441  
Facsimile: (867) 873-2353  
Toll-Free: 1-800-661-0787

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## Independent Auditor's Report

To the Members of  
Liidlíi Kue First Nation

### *Opinion*

We have audited the non-consolidated financial statements of Liidlíi Kue First Nation, which comprise the non-consolidated statement of financial position as at March 31, 2023, and the non-consolidated statements of revenue and expenditures and accumulated surplus, remeasurement gains and losses, change in net financial assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the First Nation as at March 31, 2023, and the results of its non-consolidated operations, its remeasurement gains and losses, its changes in its non-consolidated net financial assets, and its non-consolidated cash flows for the year then ended in accordance with PSAB.

### *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 Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada, and we have fulfilled our other ethical 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.

## **Independent Auditor's Report, continued**

### *Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with PSAB, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated 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 First Nation's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ♦ Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

## Independent Auditor's Report, continued

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Avery Cooper & Co. Ltd.*

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

July 15, 2024



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**LIIDLII KUE FIRST NATION****NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

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**March 31, 2023**

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	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 3)	\$ 3,024,223	\$ 2,533,553
Accounts receivable (Note 5)	250,698	141,141
Contributions receivable (Note 4)	754,975	475,177
Receivable from related party (Note 6)	232,339	145,965
	<u>4,262,235</u>	<u>3,295,836</u>

**LIABILITIES**

Accounts payable	676,849	311,553
Contributions repayable (Note 7)	3,978	35,815
Wages payable	180,916	424,831
Due from/to related party (Note 9)	455,088	109,205
Deferred revenue (Note 8)	2,794,742	1,705,698
Committed funds (Note 19)	3,408	559,335
	<u>4,114,981</u>	<u>3,146,437</u>

<b>NET FINANCIAL ASSETS (per page 2)</b>	<u>147,254</u>	<u>149,399</u>
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**NON-FINANCIAL ASSETS**

Prepaid expenses	58,126	36,304
Long term investments (Note 10)	1,281,311	1,281,311
	<u>1,339,437</u>	<u>1,317,615</u>

<b>ACCUMULATED SURPLUS (Note 11) and page 3</b>	<u>\$ 1,486,691</u>	<u>\$ 1,467,014</u>
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**CONTINGENCIES**

Approved on behalf of the Liidlil Kue First Nation

\_\_\_\_\_, Council Member\_\_\_\_\_, Council Member

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The accompanying notes are an integral part of the financial statements

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**LIIDLII KUE FIRST NATION**

**NON-CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

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**For the year ended March 31, 2023**

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	2023	2022
<b>EXCESS OF REVENUE OVER EXPENSES (per page 3)</b>	\$ 19,676	\$ (150,925)
Acquisition of prepaid asset	(21,822)	3,568
DECREASE IN NET FINANCIAL ASSETS	(2,145)	(147,357)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	149,399	296,756
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	<b>\$ 147,254</b>	<b>\$ 149,399</b>

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The accompanying notes are an integral part of the financial statements

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# LIIDLII KUE FIRST NATION

## NON-CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURES AND ACCUMULATED SURPLUS

For the year ended March 31, 2023

	2023	2022
<b>REVENUE</b>		
Government Funding:		
Indigenous Services Canada	\$ 2,274,347	\$ 1,578,796
Government of the NWT	1,925,431	1,444,254
Government of Canada	518,897	747,238
Other revenue and recoveries	1,243,259	1,117,487
Dehcho First Nation	898,406	1,150,576
Deferred revenue - closing	(2,005,808)	(1,716,533)
Deferred revenue - opening	1,428,620	975,160
<b>TOTAL REVENUE</b>	<b>6,283,152</b>	<b>5,296,978</b>
<b>EXPENDITURES</b>		
Administration - Hosting	2,400	-
Administration- Support	932,329	696,317
Advocacy	269,453	262,990
Cultural and historical	466,635	330,599
Education	333,868	164,413
LKS - Enterprises	38,726	41,873
Family Development	462,392	350,815
Family Health	876,858	906,137
Family Youth	261,102	149,586
Governance	364,814	260,971
Lands, resource management and economic development	1,845,193	1,507,816
Treaty	-	92,644
Other	409,706	683,742
<b>TOTAL EXPENSES</b>	<b>6,263,476</b>	<b>5,447,903</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>19,676</b>	<b>(150,925)</b>
<b>EQUITY AT BEGINNING OF YEAR</b>	<b>1,467,017</b>	<b>1,617,942</b>
<b>EQUITY AT END OF YEAR</b>	<b>\$ 1,486,693</b>	<b>\$ 1,467,017</b>

The accompanying notes are an integral part of the financial statements

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**LIIDLII KUE FIRST NATION****NON-CONSOLIDATED STATEMENT OF CASH FLOWS**

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**For the year ended March 31, 2023**

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	2023	2022
<b>Cash flows from</b>		
<b>OPERATING ACTIVITIES</b>		
Cash receipts from government transfers and others	\$ 5,088,093	\$ 3,770,288
Cash receipts from contributions and recoveries	1,106,652	2,257,227
Cash paid to suppliers and employees	(6,136,333)	(5,182,411)
	58,412	845,104
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in payable to related parties	345,883	36,939
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in receivable from related party	86,375	47,176
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	490,670	929,219
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	2,533,553	1,604,334
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 3,024,223	\$ 2,533,553
<b>REPRESENTED BY</b>		
Cash and cash equivalents	\$ 3,024,223	\$ 2,533,553

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The accompanying notes are an integral part of the financial statements

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## LIIDLII KUE FIRST NATION

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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**March 31, 2023**

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#### **1. NATURE OF OPERATIONS**

The Liidlíi Kue First Nations ("LKFN") is an Indian Band registered under the Indian Act. It provides cultural and social services to its membership/members of Liidlíi Kue First Nation.

LKFN is exempt from income tax under paragraph 149(1)(c) of the Income Tax Act (Canada).

#### **2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

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

##### **(a) Fund Accounting**

LKFN 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 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.

##### **(b) Basis of Accounting**

The non-consolidated financial statements are prepared for the information and use of the Chief and Council and may not be suitable for other purposes. In addition, a separate set of general purpose consolidated financial statements for the year ended March 31, 2022 have been prepared in accordance with PSAB.



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## LIIDLII KUE FIRST NATION

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2023

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#### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

##### (c) Revenue recognition

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

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

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

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

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

##### (d) Fund Accounting

Long term investments are accounted for on the cost basis and are written down to their net recoverable value if there is an impairment in value that is permanent. When the extent of impairment of a previously written down investment decreases and the decrease can be related to an event occurring after the impairment was recognized, the impairment loss is reversed to the extent of improvement. Investment income is recognized to the extent that they are received.

##### (e) Cash

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

##### (f) Financial instruments

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

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

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## LIIDLII KUE FIRST NATION

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2023

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#### 2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES, continued

##### (g) Fund Accounting

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and long-term investment.

##### (h) Net Financial Assets (Net Debt)

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

##### (i) Use of estimates

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

##### (j) Segment disclosures

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

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## LIIDLII KUE FIRST NATION

### NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2023

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#### 3. CASH AND CASH EQUIVALENTS

	2023	2022
Cash in bank	\$ 713,646	\$ 1,680,739
Petty Cash	1,000	1,000
GIC	1,751,814	851,814
Undaa Gogha Trust	552,000	-
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	\$ 3,018,460	\$ 2,533,553

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The guaranteed income certificates bear interest at 4.3% per annum, not exceeding 12 months, maturing in 2023.

LKFN also has an unsecured demand operating loan of \$50,000 at prime plus 1.0% 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, 2023 was \$nil (2022 - \$nil).



# LIIDLII KUE FIRST NATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 4. CONTRIBUTIONS RECEIVABLE

	2023	2022
<b>Federal government - Indigenous Services Canada</b>		
2018/19 P & ID	\$ 4,500	\$ 4,500
2018/19 Youth Employment	6,890	6,890
2018/19 Estates Management	1,331	1,331
2018/19 Sage 50	5,000	5,000
2018/19 EDO	9,838	9,838
2019/20 Band Manager's EG #003	11,500	11,500
2019/20 Institutional Development	4,500	4,500
2019/20 Band Manager's Working Group	3,991	3,991
2019/20 IAC	3,276	3,276
2020/21 Amd #2 & 3 - Summer/Youth Work	2,960	2,960
2020/21 Amd #6 - Band Manager's Working Group	2,635	2,635
2020/21 Amd #8 - Finance & Training	11,500	11,500
2021/22 Amd #4 IM/IT Gov Cap Dev	3,750	3,750
2021/22 Amd #5 Fin'l Mgmt Gov Cap Dev	7,500	7,500
2021/22 Amd #30 Basic Admin Gov Cap Dev	-	100,000
2021/22 CanNor LK Trust Committee	12,086	12,086
2021/22 CanNor Nogha Hydroponic Garden	24,730	24,730
2021/22 CanNor Economic Development Officer	54,636	54,636
2022/23 Band Manager's Working Group	10,000	-
2022/23 Band Manager's Workshop August 2022	38,755	-
2022/23 CanNor Liidlil Kue Tourism Centre	61,430	-
2022/23 Skills Link Program	2,433	-
2022/23 CanNor Economic Dev Officer	95,000	-
2022/23 CanNor Office Complex Upgrade	20,800	-
2022/23 Workshops on LKFN Policies	5,000	-
2022/23 Family Violence Prevention	2,000	-
2022/23 Infrastructure and Housing	12,834	-
2022/23 Youth Employment Strategy	4,400	-
2021/22 DFO Indigenous Habitat Participation	14,975	-
2022/23 DFO Indigenous Habitat Participation	14,953	-
Other	(69,287)	-
	<b>383,916</b>	<b>270,623</b>
<b>Government of the Northwest Territories</b>		
2021/22 ECE - Early Childhood	-	32,469
2021/22 ECE - Child Care Fee Reduction Subsidy	-	11,862
2022/23 ECE - Child Care Fee Reduction Subsidy	6,826	-
2022/23 ECE - Early Childhood Program	33,872	-
2022/23 ECE - Minor Health and Safety	2,045	-



# LIIDLII KUE FIRST NATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 4. CONTRIBUTIONS RECEIVABLE, continued

2015/16 ENR - IRMA - RPF	7	-
2019/20 ENR - IRMA - Base Funding	3,361	3,361
2019/20 ENR - Boreal Caribou Range Planning	1,000	1,000
2021/22 ENR - IRMA - Base Funding	-	12,000
2021/22 ENR - IRMA - RPF	-	4,000
2021/22 ENR - IRMA - RPF	-	1,800
2022/23 ENR - Boreal Caribou Range Planning	512	-
2022/23 ENR - Trapper Mentorship Program	6,487	-
2022/23 ENR - IRMA - RPF	2,000	-
2022/23 ENR - IRMA Base Funding	12,000	-
2022/23 ENR - IRMA - RPF	4,500	-
2021/22 ITI - Tourism Restart Investment Program	1,044	1,757
2021/22 ITI - Economic Development Officer	-	2,750
2021/22 ITI - On the Land Camp	-	4,000
2021/22 ITI - LKS Support Services	72	-
2022/23 ITI - Economic Development Officer	6,000	-
2022/23 ITI - Scotty Creek Research Station	14,753	-
2022/23 ITI - On the Land Camp	693	-
2022/23 ITI - Tourism Restart Investment Program	506	-
2022/23 ITI - Community Tourism Coordinator	10,000	-
2022/23 ITI - On the Land Camp	10,000	-
2021/22 Justice - Suicide Prevention	-	22,500
2022/23 Justice - Civil Family Mediation	30,500	-
2022/23 Justice - Symposium	2,124	-
2022/23 HSS - Travel for Wellness Gathering	3,062	-
2022/23 HSS - ARA Funding	47,632	-
2022/23 HSS - Anti Poverty	15,000	-
2022/23 HSS - Journey to Wellness	4,601	-
	218,597	97,499
	\$ 754,976	\$ 475,177

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**LIIDLII KUE FIRST NATION****NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**

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**March 31, 2023**

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**5. ACCOUNTS RECEIVABLE**

	2023	2022
Accounts receivable	\$ 300,249	\$ 183,160
GST	49,859	31,323
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Allowance for doubtful accounts	350,108 (99,410)	214,483 (73,342)
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	\$ 250,698	\$ 141,141

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**6. RECEIVABLE FROM RELATED PARTY**

	2023	2022
Liidl原因 Society - wholly owned	\$ 232,339	\$ 145,965

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The amount receivable from related party is unsecured, non-interest bearing and there are no set terms of repayment.

**7. CONTRIBUTIONS REPAYABLE**

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

During the year, the Council had various contribution agreements with the the Departments of Municipal and Community Affairs (MACA), Justice, Environment and Natural Resources (ENR), Health and Social Services (HSS), of the Government of the Northwest Territories (GNWT). Changes in contributions repayable during the year are as follows:

	2022	2021
Government of NWT - ENR	\$ 2,070	\$ 2,070
Government of NWT - Justice	1,908	28,745
Deh Cho First Nation	-	5,000
	<hr/>	<hr/>
	\$ 3,978	\$ 35,815

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# LIIDLII KUE FIRST NATION

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2023

### 8. DEFERRED REVENUE

	March 31, 2022	Funding received, 2023	Revenue recognized, 2023	March 31, 2023
<b>Government of Canada:</b>				
2017/18 Climate Change Adaptation	\$ 111,243	\$ -	\$ (4)	\$ 111,239
2018/19 Estates Management Amd#3	13,310	-	-	13,310
2020/21 CFA - Climate Change Adaptation	187,077	60,193	(105,835)	141,435
2020/21 Cantung Mines Amd#4	29,067	-	(29,067)	-
2020/21 UPIP COVID - 19	2,484	422,392	(253,265)	171,611
2020/21 Band Manager's Working Group	105,077	-	(100,000)	5,077
2020/21 Indigenous Monitoring Initiatives	15,159	-	(15,159)	-
2021/22 Consultation & Policy Development	75,000	-	-	75,000
2021/22 Infrastructure and Housing	70,000	128,333	(67,429)	130,904
2021/22 Professional & Institutional Development	9,562	-	(5,665)	3,897
2021/22 Research of Residential Schools	81,400	57,750	-	139,150
2021/22 Youth Employment Strategy	5,732	48,400	(49,847)	4,285
2022/23 SCRS Rebuilding Project	-	42,797	(31,839)	10,958
2022/23 UNDRIP Project	-	75,000	(66,004)	8,996
2022/23 Family Violence Prevention	-	20,000	-	20,000
2022/23 Workshop on LKFN Policies	-	50,000	(16,456)	33,544
2022/23 CanNor - Economic Dev. Officer	54,636	95,000	-	149,636
2021/22 CanNor - LK Trust Committee	43,356	-	(15,947)	27,409
2021/22 CanNor - Nogha Hydroponic Garden	110,436	-	-	110,436
2022/23 CanNor - Liidlii Kue Tourism Centre	-	737,169	(578,249)	158,920
2022/23 DFO - Indigenous Habitat Participation	39,345	149,751	(185,244)	3,852
2021/22 Canadian Heritage - Treaty 11 Celebrations	23,850	-	(21,594)	2,256
2021/2022 Canadian Heritage - Liidlii Kue Snowboard Team	11,643	-	(11,643)	-
2022/23 Service Canada -New Horizons for Seniors	-	25,000	(23,059)	1,941
	988,377	1,911,785	(1,576,306)	1,323,856

GNWT