

Consolidated Financial Statements of

ACHO DENE KOE FIRST NATION

Year ended March 31, 2016



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INDEPENDENT AUDITORS' REPORT

To the Chief, Council and Members of Acho Dene Koe First Nation

We have audited the accompanying consolidated financial statements of Acho Dene Koe First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2016, the consolidated statements of operations and accumulated surplus, remeasurement gains, change in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our modified audit opinion.



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Basis for Modified Opinion

As disclosed in Note 6 to the consolidated financial statements, public sector accounting standards require that the First Nation account for its investments in government business enterprises and partnerships using the modified equity method. The investees (the Acho Dene Koe Corporate Group or the "Corporate Group") are all government business enterprises and partnerships with a year end of May 31 which does not substantially coincide with the year end of the First Nation of March 31. The consolidated statement of financial position reflects the First Nation's investment in the Corporate Group as at May 31, 2015 and the consolidated statement of operations includes the First Nation's equity in the losses of the Corporate Group for the year ended May 31, 2015.

As the fiscal periods of the First Nation and the Corporate Group government business enterprises and partnerships do not substantially coincide, events relating to, or transactions of, the government business enterprises and partnerships that have occurred during the period from June 1, 2015 to March 31, 2016 and significantly affect the consolidated financial position or results of operations of the First Nation should be recorded in the First Nation's consolidated financial statements as at and for the year ended March 31, 2016. The First Nation has not determined if any events or transactions that significantly affect the consolidated financial position or results of operations of the First Nation occurred during the period from June 1, 2015 to March 31, 2016. Therefore, these consolidated financial statements do not reflect such events or transactions, should any exist. In addition, the Corporate Group government business enterprises and partnerships are reporting under Canadian accounting standards for private enterprises instead of international financial reporting standards, as required by Canadian public sector accounting standards. As a result of the matters discussed above, we were unable to determine whether any adjustments were required to the First Nation's investment in the Corporate Group, to its equity in the losses of the Corporate Group, or balances due to/from related parties (note 6) as at and for the year ended March 31, 2016.

Modified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Modified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Acho Dene Koe First Nation as at March 31, 2016, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

October 3, 2016

Prince George, Canada

ACHO DENE KOE FIRST NATION


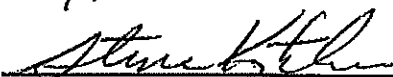
Consolidated Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Financial Assets:		
Cash and cash equivalents	\$ 722,352	\$ 613,885
Restricted cash	56,333	56,333
Portfolio investments (note 2)	2,690,074	2,728,419
Accounts receivable (note 3)	36,375	34,205
Contributions receivable (note 4)	106,378	231,756
Due from related parties (note 5)	705,973	701,959
Investments in government business enterprises and partnerships (note 6)	4,044,091	4,824,596
	8,361,576	9,191,153
Financial Liabilities:		
Accounts payable and accrued liabilities (note 7)	99,202	329,782
Contributions repayable (note 8)	75,491	117,913
Deferred revenue (note 9)	88,168	224,610
Treaty negotiation loan payable (note 10)	179,200	179,200
	442,061	851,505
Net financial assets	7,919,515	8,339,648
Non-Financial Assets:		
Tangible capital assets (note 11)	77,865	94,538
Prepaid expenses	23,017	175
	100,882	94,713
Contingencies (note 12)		
Economic dependence (note 13)		
Accumulated surplus (note 14)	\$ 8,020,397	\$ 8,434,361

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

 Chief
 Councillor

ACHO DENE KOE FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Revenues:		
Administration fees	\$ 1,540	\$ -
BC Treaty Commission	-	60,000
Deh Cho First Nation	24,716	22,075
Government of Canada	-	15,945
Government of Northwest Territories	427,499	351,320
Indigenous and Northern Affairs Canada	716,546	710,935
Other income	142,974	14,194
	1,313,275	1,174,469
Expenses:		
Cultural development	22,820	32,785
General community services	85,367	97,731
Governance and administration	726,455	1,000,896
Land, resources and economic development	94,867	45,074
Social development (recovery)	(21,119)	61,427
Treaty	-	65,597
	908,390	1,303,510
Excess (deficiency) of revenues over expenses before the undernoted items	404,885	(129,041)
Investment income (expense)	(38,344)	237,393
Equity in loss from government business enterprises and partnerships (note 6)	(780,505)	(903,519)
Annual deficit	(413,964)	(795,167)
Accumulated surplus, beginning of year	8,434,361	9,229,528
Accumulated surplus, end of year	\$ 8,020,397	\$ 8,434,361

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Remeasurement Gains

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Accumulated remeasurement gains, beginning of year	\$ 458,533	\$ 309,039
Change in remeasurement gains on portfolio investments for the year	(108,501)	149,494
Accumulated remeasurement gains, end of year	\$ 350,032	\$ 458,533

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Change in Net Financial Assets

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Annual deficit	\$ (413,964)	\$ (795,167)
Acquisition of tangible capital assets	(11,372)	-
Amortization of tangible capital assets	28,045	24,362
Decrease (increase) in prepaid expenses	(22,842)	2,994
Decrease in net financial assets	(420,133)	(767,811)
Net financial assets, beginning of year	8,339,648	9,107,459
Net financial assets, end of year	\$ 7,919,515	\$ 8,339,648

See accompanying notes to consolidated financial statements.

ACHO DENE KOE FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Cash generated from operations:		
Deficit	\$ (413,964)	\$ (795,167)
Items not involving cash:		
Amortization	28,045	24,362
Gain on sale of investments	-	(235,628)
Equity in loss on investment in government business enterprises and partnerships	780,505	903,519
	394,586	(102,914)
Changes in non-cash operating working capital:		
Accounts receivable	(2,170)	(3,681)
Contributions receivable	125,378	(33,242)
Prepaid expenses	(22,842)	2,994
Portfolio investments	38,345	459,000
Accounts payable	(230,580)	121,289
Contributions repayable	(42,422)	55,315
Deferred revenue	(136,442)	(2,443)
	123,853	496,318
Investing:		
Advances from (to) related party	(4,014)	16,240
Purchase of tangible capital assets	(11,372)	-
	(15,386)	16,240
Increase in cash and cash equivalents	108,467	512,558
Cash and cash equivalents, beginning of year	670,218	157,660
Cash and cash equivalents, end of year	\$ 778,685	\$ 670,218
Cash and cash equivalents consist of:		
Restricted cash	\$ 56,333	\$ 56,333
Cash and cash equivalents	722,352	613,885
	\$ 778,685	\$ 670,218

See accompanying notes to consolidated financial statements.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2016

Nature of operations:

Acho Dene Koe First Nation (the "First Nation") provides local government, education and social development services to its members and was established under the Indian Act (Canada).

1. Basis of presentation and significant accounting policies:

These consolidated financial statements include the assets, liabilities, revenue and expenses of the Acho Dene Koe First Nation (the "First Nation") and all related entities and organizations subject to control by the First Nation. No inclusion has been made of assets, liabilities, revenue or expenditures of First Nation members, individually or collectively, incorporated or unincorporated, that are not controlled by or the responsibility of the Chief and Council.

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for governments, as established by the Canadian Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada, which encompasses the following principles:

(a) Fund accounting:

The First Nation uses fund accounting procedures which result in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. The various funds have been amalgamated for the purpose of presentation in the consolidated financial statements.

Details of the operations of each fund are set out in the supplementary schedules.

(b) Reporting entity and principles of financial reporting:

The First Nation's reporting entity includes the Acho Dene Koe First Nation's government and all related entities, which are accountable for the administration of their financial affairs and resources to the First Nation and are either owned or controlled by the First Nation.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Basis of presentation and significant accounting policies (continued):

(b) Reporting entity and principles of financial reporting (continued):

(i) Investments in government business enterprises and partnerships:

The First Nation records its investments in government business enterprises (GBE's) and government business partnerships (GBP's) on a modified equity basis. Under the modified equity basis, the GBE's and GBP's accounting policies are not adjusted to conform with those of the First Nation and inter-organizational transactions and balances are not eliminated. The First Nation recognizes its equity interest in the annual earnings or loss of the GBE's and GBP's in its consolidated statement of operations with a corresponding increase or decrease in its investment asset account. Any dividends or other cash distributions are recorded as a reduction to the investment asset account. The GBE's and GBP's account for their transactions under accounting standards for private enterprises due to the fact that management believes that the differences between accounting standards for private enterprises and international financial reporting standards are not significant.

The First Nation's investments in government business enterprises consist of the following:

- ADK Holdings Ltd. - 100% interest
- Shiha Energy Transmission Ltd. - 10% interest

The First Nation's investments in government business partnerships consist of the following:

- Acho Camps & Catering Management Limited Partnership - 100% interest
- Acho Real Estate Limited Partnership - 99.99% interest
- ADK Petroleum Limited Partnership - 99.99% interest
- Beaver Enterprises Limited Partnership - 99.99% interest
- Deh Cho Air Limited Partnership - 99.99% interest
- Liard Fuel Centre Limited Partnership - 99.99% interest
- Nahendeh Investments Limited Partnership - 99% interest
- Shiha Energy Transmission Limited Partnership - 10% interest

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Basis of presentation and significant accounting policies (continued):

(c) Tangible capital assets:

Tangible capital assets are recorded at cost, less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Tangible capital assets are amortized annually over their expected useful lives using the declining balance method at the following annual rates:

Asset	Rate
Boat	15%
Building	4%
Computer	30%
Computer - website	30%
Office equipment	20%

When management determines that a tangible capital asset no longer contributes to the First Nation's ability to provide goods and services or that the value of future benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Basis of presentation and significant accounting policies (continued):

(d) Revenue recognition:

Government transfers and grant revenue are recognized as the First Nation becomes entitled to the funding under the terms of applicable funding agreements and are recorded in the period in which the resources are used for the purpose specified in the agreements. Restricted funding received which relates to a subsequent fiscal period or which stipulations that give rise to an obligation are reported as deferred revenue until the resources are used for purpose or purposes specified and/or the stipulations giving rise to an obligation have been met.

Investment income includes interest, dividends and pooled investment income. Restricted investment income is recognized as revenue in the period in which the related expenditures are incurred. Other unrestricted investment income is recognized as revenue when earned.

Royalties, user fees, rent, other recoveries and land reclamation fees are accounted for in the period in which the transactions or events occurred that gave rise to the revenue if reasonably assured.

(e) Use of estimates:

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards (the "Standards") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates include assumptions used in estimating valuation of accounts receivable, contributions receivable and investments in GBEs and GBPs. Actual results could differ from those estimates.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Basis of presentation and significant accounting policies (continued):

(f) Financial instruments:

Financial instruments, except amounts due to or from related parties, are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Management has elected to record all portfolio investments at fair value as they are managed and evaluated on a fair value basis.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. When a decline is determined to be other than temporary, the amount of the loss is reported in the consolidated statement of operations and any unrealized gain is adjusted through the consolidated statement of remeasurement gains.

When the asset is sold, the unrealized gains and losses previously recognized in the consolidated statement of remeasurement gains are reversed and recognized in the consolidated statement of operations.

The Standards require the First Nation to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

1. Basis of presentation and significant accounting policies (continued):

(g) Budget data:

As no formal budget was approved by Chief and Council for the 2016 fiscal year, budget data has not been presented.

(h) Allocation of expenses:

The Chief and Council records a number of the First Nation's expenses by program. The cost of each program includes the personnel, premises and other expenses that are directly related to providing the program.

The Chief and Council allocates certain of the First Nation's general support expenses by identifying the appropriate basis of allocating each expenses.

(i) Segmented disclosure:

A segment is defined as a distinguishable activity or group of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The First Nation has determined the most appropriate basis for classifying segments is by program. Segmented disclosures are provided in note 20 and Schedule 2 to the consolidated financial statements.

(j) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds and environmental standard.

A liability for remediation of contaminated sites is recognized, net of any expected recoveries, when all of the following criteria are met:

- (a) an environmental standard exists,
- (b) contamination exceeds the environmental standard,
- (c) the organization is directly responsible or accepts responsibility for the liability,
- (d) future economic benefits will be given up, and
- (e) a reasonable estimate of the liability can be made.

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

2. Portfolio investments:

	Level	2016 Cost	2016 Fair value	2015 Cost	2015 Fair value
Pooled funds:					
CIBC short term bond pool	1	\$ 756,097	\$ 761,128	\$ 762,292	\$ 780,676
CIBC Canadian bond pool	1	732,946	790,277	705,736	787,270
CIBC International bond pool	1	72,152	89,318	67,852	84,925
CIBC Canadian dividend income pool	1	206,278	242,147	198,573	250,932
CIBC USD equity pool	1	235,866	388,448	228,767	383,495
CIBC International equity pool	1	336,703	418,756	306,666	441,121
		\$ 2,340,042	\$ 2,690,074	\$ 2,269,886	\$ 2,728,419

3. Accounts receivable:

	2016	2015
Member receivables	\$ 26,782	\$ 26,782
Payroll advances	28,796	28,796
Goods and services tax	17,897	13,139
Other	26,716	89,106
	100,191	157,823
Less allowance for doubtful accounts	(63,816)	(123,618)
	\$ 36,375	\$ 34,205

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

4. Contributions receivable:

Contributions receivable reflect the amount of funding that is due to the First Nation from the various funding agencies. The following table shows the amounts receivable by the First Nation at March 31:

	2016	2015
Indigenous and Northern Affairs Canada:		
NWT devolution	\$ -	\$ 41,667
Negotiation preparedness #2	-	25,229
Consult & policy development	1,260	12,605
Negotiation preparedness	15,000	20,000
Self government- inherent right	15,000	25,000
Governance capacity development	15,000	20,000
	46,260	144,501
Deh Cho First Nation:		
Language	12,358	11,038
Government of Northwest Territories:		
ECE	-	15,155
ENR- Wildlife division	15,000	15,000
ITI - Entrepreneur support	-	13,526
Justice	-	24,350
ITI - Fort Simpson	8,186	8,186
IRMA Resource pressures	7,000	-
ITI - SEED Community economic development (physical infrastructure)	1,500	-
ITI - Building aboriginal capacity	11,800	-
ITMA Program base funding	4,274	-
	47,760	76,217
	\$ 106,378	\$ 231,756

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

5. Due from related parties:

Net balances due from related parties consist of the following:

	2016	2015
Due from Liard Fuel Centre Limited Partnership	\$ 103,528	\$ 99,514
Due from ADK Holdings Limited	82,159	61,691
Due from Deh Cho Air Limited Partnership	287,778	287,778
Due from Beaver Enterprises Limited Partnership	100,310	100,310
Due from ADK Pipelines Limited Partnership	-	20,468
Due from ADK Camps & Catering Management Ltd.	-	6,244
Due from Acho Real Estate Limited Partnership	3,439	3,439
Due from Acho Camps & Catering Limited Partnership	128,759	122,515
	\$ 705,973	\$ 701,959

Net balances due from related parties are non-interest bearing, are unsecured and have no set terms of repayment.

6. Investments in government business enterprises and partnerships:

Due to Corporate Group year ends not coinciding with the year end of the First Nation, the following amounts are presented as at 2015 and 2014 rather than at March 31, 2016 and 2015.

The transactions for the period between May 31, 2015 and March 31, 2016 have not been recorded as management believes they are not significant.

	2015	2014
Acho Camps & Catering Limited Partnership	\$ (275,144)	\$ (457,567)
Acho Real Estate Limited Partnership	(346,999)	(317,230)
ADK Holdings Limited	914,359	881,332
ADK Petroleum Limited Partnership	3,455,845	3,341,677
Beaver Enterprises Limited Partnership	1,336,211	2,308,714
Deh Cho Air Limited Partnership	(178,432)	(204,532)
Liard Fuel Centre Limited Partnership	(856,762)	(725,369)
Nahendeh Investments Limited Partnership	(17,007)	(14,449)
Shiha Energy Transmission Limited Partnership	12,010	12,010
Shiha Energy Transmission Ltd.	10	10
	\$ 4,044,091	\$ 4,824,596

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

	2015	2014
Profit (loss) on investments in subsidiaries:		
Acho Camps & Catering Limited Partnership	\$ 182,423	\$ (396,927)
Acho Real Estate Limited Partnership	(29,769)	(30,950)
ADK Holdings Limited	33,027	22,121
ADK Petroleum Limited Partnership	114,168	(560,535)
Beaver Enterprises Limited Partnership	(972,503)	152,419
Deh Cho Air Limited Partnership	26,100	48,271
Liard Fuel Centre Limited Partnership	(131,393)	(121,227)
Nahendeh Investments Limited Partnership	(2,558)	(16,691)
	\$ (780,505)	\$ (903,519)

a) Acho Camps & Catering Limited Partnership:

Acho Camps & Catering Limited Partnership is a limited partnership whose principal activities include providing camps and catering. The following table provides condensed supplementary financial information for the Acho Camps & Catering Limited Partnership for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 1,343,049	\$ 1,284,136
Long term investment	658,025	658,025
Property and equipment	3,665,716	4,404,187
Total assets	5,666,790	6,346,348
Current liabilities	1,392,393	1,621,690
Payable to related parties	2,622,557	2,933,787
Long-term debt	1,926,984	2,248,438
Total liabilities	5,941,934	6,803,915
Total partners' deficiency	\$ (275,144)	\$ (457,567)
Results of operations:		
Revenues	\$ 1,300,255	\$ 740,888
Expenses	1,117,832	1,137,815
Net income (loss) for the year	\$ 182,423	\$ (396,927)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

b) Acho Real Estate Limited Partnership:

Acho Real Estate Limited Partnership is a limited partnership whose principal activity is to provide long-term residential housing. The following table provides condensed supplementary financial information for the Acho Real Estate Limited Partnership for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 39,356	\$ 30,924
Receivable from related parties	22,438	22,586
Income producing properties	572,767	605,976
Total assets	634,561	659,486
Current liabilities	81,770	86,150
Non-current liabilities	899,790	890,566
Total liabilities	981,560	976,716
Total partners' deficiency	\$ (346,999)	\$ (317,230)
Results of operations:		
Revenues	\$ 120,960	\$ 131,780
Expenses	150,729	162,730
Net loss for the year	\$ (29,769)	\$ (30,950)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

c) ADK Holdings Limited:

ADK Holdings Limited is a private company whose principal activities include ownership and operation of an office building and being the General Partner to the following limited partnerships: Acho Camps and Catering Limited Partnership, Acho Real Estate Limited Partnership, ADK Petroleum Limited Partnership, Beaver Enterprises Limited Partnership, Deh Cho Air Limited Partnership, Liard Fuel Centre Limited Partnership and Nahendeh Investments Limited Partnership. On June 1, 2013, ADK Holdings Ltd. and ADK Camps & Catering Management Ltd., were amalgamated under the name of ADK Holdings Ltd. The following table provides condensed supplementary financial information for the ADK Holdings Limited for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 65,707	\$ 11,619
Receivable from related parties	1,184,020	872,342
Long term investments	10	10
Equipment	31,115	40,518
Income producing properties	611,227	636,696
Total assets	1,892,079	1,561,185
Current liabilities	69,545	57,562
Non-current liabilities	908,172	622,288
Total liabilities	977,717	679,850
Total equity	\$ 914,362	\$ 881,335
Results of operations:		
Revenues	\$ 735,826	\$ 628,229
Expenses	702,799	606,108
Net income for the year	\$ 33,027	\$ 22,121

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

d) ADK Petroleum Limited Partnership:

ADK Petroleum Limited Partnership is a limited partnership whose principal activity is to carry on the business of exploration, development and production of oil and gas from traditional lands of the First Nation. The following table provides condensed supplementary financial information for the ADK Petroleum Limited Partnership for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 40,148	\$ 39,395
Non-current receivables	3,465,052	3,331,485
Long term investment	1	667,868
Total assets	3,505,201	4,038,748
Current liabilities	10,503	4,001
Non-current liabilities	38,850	25,200
Total liabilities	49,353	29,201
Total partners' equity	\$ 3,455,848	\$ 4,009,547
Results of operations:		
Revenues	\$ 133,567	\$ 128,652
Expenses	687,266	21,321
Net (loss) income for the year	\$ (553,699)	\$ 107,331

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

e) Beaver Enterprises Limited Partnership:

Beaver Enterprises Limited Partnership is a limited partnership whose principal activities are construction, transportation, workshops and repairs. The following table provides condensed supplementary financial information for the Beaver Enterprises Limited Partnership for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 919,285	\$ 2,187,491
Receivable from related parties	2,648,273	3,134,582
Equipment	2,319,996	931,701
Total assets	5,887,554	6,253,774
Current liabilities	1,506,313	1,524,010
Non-current liabilities	3,045,027	2,421,047
Total liabilities	4,551,340	3,945,057
Total partners' equity	\$ 1,336,214	\$ 2,308,717
Results of operations:		
Revenues	\$ 4,716,329	\$ 6,966,912
Expenses	5,688,832	6,814,493
Net (loss) income for the year	\$ (972,503)	\$ 152,419

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

f) Deh Cho Air Limited Partnership:

Deh Cho Air Limited Partnership is a limited partnership whose principal activity is to earn commission from granting landing rights to charter aircraft on the traditional lands of the First Nation. The following table provides condensed supplementary financial information for the Deh Cho Air Limited Partnership for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 12,030	\$ 12,191
Long-term investments	433,314	389,789
Total assets	445,344	401,980
Current liabilities	10,764	4,000
Payable to related parties	613,012	602,512
Total liabilities	623,776	606,512
Total partners' deficiency	\$ (178,432)	\$ (204,532)
Results of operations:		
Revenues	\$ 43,525	\$ 68,630
Expenses	17,425	20,359
Net income for the year	\$ 26,100	\$ 48,271

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

g) Liard Fuel Centre Limited Partnership:

Liard Fuel Centre Limited Partnership is a limited partnership whose principal activities are the operation of a gas station, home heating fuel sale and delivery and the sale of bulk fuel to oil and gas industry. The following table provides condensed supplementary financial information for the Liard Fuel Centre Limited Partnership for the year ended May 31:

	2015	2014 (Restated)
Financial position:		
Current assets	\$ 211,113	\$ 233,070
Receivable from related parties	140,123	84,824
Property and equipment	156,023	181,090
Total assets	507,259	498,984
Current liabilities	435,054	232,445
Non-current liabilities	928,968	1,061,856
Total liabilities	1,364,022	1,294,301
Total partners' deficiency	\$ (856,763)	\$ (795,317)
Results of operations:		
Revenues	\$ 1,431,723	\$ 1,554,017
Expenses	1,493,168	1,745,192
Net loss for the year	\$ (61,445)	\$ (191,175)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

h) Nahendeh Investments Limited Partnership:

Nahendeh Investments Limited Partnership is a limited partnership whose principal activity is to carry on the management of commercial investments for the First Nation. The following table provides condensed supplementary financial information for the Nahendeh Investments Limited Partnership for the year ended May 31:

	2015	2014
Financial position:		
Current assets	\$ 4,556	\$ 27,764
Current liabilities	21,562	42,212
Total liabilities	21,562	42,212
Total partners' deficiency	\$ (17,006)	\$ (14,448)
Results of operations:		
Expenses	2,558	16,691
Loss for the year	\$ (2,558)	\$ (16,691)

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

i) Shiha Energy Transmission Limited Partnership:

Shiha Energy Transmission Limited Partnership is a limited partnership whose principal activity is to acquire, construct and operate access roads, pipelines, flowlines, gathering lines and other facilities for the gathering, collection, processing, storage, treatment and delivery of petroleum substances in northeast British Columbia and the Northwest Territories. The term of the partnership ends on December 31, 2050. The following table provides condensed supplementary financial information for the Shiha Energy Transmission Limited Partnership for the year ended December 31:

	2015	2014
Financial position:		
Current assets	\$ 280,000	\$ 280,000
Asset retirement obligation	150,000	150,000
Total liabilities	150,000	150,000
Total partners' equity	\$ 130,000	\$ 130,000
Results of operations:		
Loss for the year	\$ -	\$ -

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

6. Investments in government business enterprises and partnerships (continued):

j) Shiha Energy Transmission Ltd.:

Shiha Energy Transmission Ltd. is a private company whose principal activity is to acquire, construct and operate access roads, pipelines, flowlines, gathering lines and other facilities for the gathering, collection, processing, storage, treatment and delivery of petroleum substances in northeast British Columbia and the Northwest Territories for the period of February 1, 2001 to December 31, 2050. The following table provides condensed supplementary financial information for the Shiha Energy Transmission Ltd. for the year ended December 31:

	2015	2014
Financial position:		
Current assets	\$ 100	\$ 100
Share in Partnership equity	13	13
Total assets	113	113
Due to related parties	3,830	3,830
Total liabilities	3,830	3,830
Total deficiency	\$ (3,717)	\$ (3,717)
Results of operations:		
Loss for the year	\$ -	\$ -

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Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

7. Accounts payable and accrued liabilities:

	2016	2015
Accounts payable	\$ 42,770	\$ 87,862
Accrued liabilities	30,000	90,573
Payroll accruals	26,432	151,347
	\$ 99,202	\$ 329,782

8. Contributions repayable:

The First Nation receives government funding for various programs each year. If the amounts received are not spent within the timelines set out by the funding agencies, the funding agency can ask the First Nation to repay the unspent amounts. The following table is a summary of the projects and amounts that the First Nation could have to repay to the funding agencies as at March 31:

	2016	2015
Aboriginal Affairs & Northern Development Canada:		
Negotiation preparedness - 2013	\$ -	\$ 6,722
Re-orientation of self-government - 2013	-	1,362
Interim resource management assistance - 2014	-	8,270
Lands and Environmental Action Fund - 2014	-	3,974
Government of Canada - 2014	10,159	10,159
Government of Northwest Territories:		
Arts festival - 2010	-	5,000
Pre-Natal nutrition - 2013	-	3,920
Species at risk - 2014	-	5,118
Land and water - 2014	-	1,783
Health and Social Services - 2014	-	6,542
Wildlife- Conference of Management Authorities - 2014	-	1,730
Community Garden - 2014	-	10,133
Wildlife - 2014	-	4,500
Community justice - 2015	48,700	48,700
Community harvester - 2016	16,632	-
	\$ 75,491	\$ 117,913

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

9. Deferred revenue:

	2016	2015
BC Treaty Commission	\$ 56,333	\$ 56,333
Government of Northwest Territories- Community Wellness	-	136,442
Deh Cho First Nation - Advisory Services	31,835	31,835
	\$ 88,168	\$ 224,610

10. Treaty negotiation loan payable:

On August 2, 2012, the Council entered into a First Nation Negotiation Support Agreement (the "Agreement") with the British Columbia Treaty Commission and the Government of Canada to obtain loan funding to carry out negotiations with Canada and British Columbia under the Treaty Process as follows:

	2016	2015
Total loan funding	\$ 339,000	\$ 339,000
Non-repayable contributions	(159,800)	(159,800)
Repayable loan funding	\$ 179,200	\$ 179,200

Under the terms of the Agreement, the repayable loan funding is non-interest bearing until the loan becomes due. It is repayable on the earliest of treaty signing date or the later of the twelfth anniversary date of loan advance or the negotiated extended due date.

At March 31, 2016, \$56,333 (2015 - \$56,333) of unspent negotiation support funding was classified as restricted cash under the terms of the Agreement.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

11. Tangible capital assets:

Cost	Balance at March 31, 2015	Additions	Disposals	Balance at March 31, 2016
Building	\$ 111,916	\$ -	\$ -	\$ 111,916
Boat	9,645	-	-	9,645
Computer	61,129	182	-	61,311
Computer - website	34,000	10,000	-	44,000
Office equipment	5,439	1,190	-	6,629
	\$ 222,129	\$ 11,372	\$ -	\$ 233,501

Accumulated amortization	Balance at March 31, 2015	Disposals	Amortization expense	Balance at March 31, 2016
Building	\$ 46,087	\$ -	\$ 2,633	\$ 48,720
Boat	9,220	-	85	9,306
Computer	51,653	-	2,866	54,519
Computer - website	17,000	-	22,000	39,000
Office equipment	3,631	-	461	4,091
	\$ 127,591	\$ -	\$ 28,045	\$ 155,636

Net book value	Net book value March 31, 2015			Net book value March 31, 2016
Building	\$ 65,829	\$ -	\$ -	\$ 63,196
Boat	425	-	-	340
Computer	9,476	-	-	6,792
Computer - website	17,000	-	-	5,000
Office equipment	1,808	-	-	2,537
	\$ 94,538	\$ -	\$ -	\$ 77,865

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

12. Contingencies:

- (a) In addition, in the normal course of its operations, the First Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on the First Nation's consolidated financial statements.
- (b) The First Nation is the beneficiary of funds held in trust by Transcanada Corporation of approximately \$1,000,000, payable over a ten year period. The First Nation is the beneficiary of funds held in trust by Quicksilver Resources of \$9,000 per year for Phase I - Pre Construction, \$15,000 per year for Phase II - Construction and \$75,000 for Phase III - Operation. The First Nation and Quicksilver are currently in Phase I and there is no guarantee that the parties will enter Phase II or Phase III. Receipts of the funding is contingent upon the First Nation and the funders establishing independent advisory boards. At March 31, 2016, the funding requirements have not been met.

13. Economic dependence:

The First Nation receives a major portion of its revenue from the Indigenous and Northern Affairs Canada and the Department of Municipal and Community Affairs of the Government of Northwest Territories. The nature and extent of these revenues are of such significance that the First Nation is economically dependent on these sources of revenue.

14. Accumulated surplus:

Surplus (deficit) is as follows:

	2016	2015
Unrestricted funds:		
General Operating Fund	\$ (64,893)	\$ (590,939)
Enterprise Fund	7,657,393	8,472,229
Equity in tangible capital assets (note 17)	77,865	94,538
Accumulated remeasurement gains	350,032	458,533
	<u>\$ 8,020,397</u>	<u>\$ 8,434,361</u>

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

15. Related party transactions:

During the year, the First Nation entered into related party transactions measured at the exchange amount, being the amount agreed to by the related parties, as follows:

	2016	2015
ADK Holdings Ltd.		
Expenses:		
Program supplies	\$ -	\$ 112
Rent	-	7,000
Travel	1,212	5,425
Acho Real Estate Limited Partnership		
Expenses:		
Rent	\$ 6,754	\$ 4,082
Beaver Enterprises Limited Partnership		
Expenses:		
Supplies	-	7,145
Insurance	-	1,000
Miscellaneous	-	6,084
Utilities	-	228
Liard Fuel Center Limited Partnership		
Revenue:		
Other revenue	\$ -	\$ 324
Expenses:		
Supplies	-	1,624
Utilities	1,179	4,302
Fuel	19,034	17,608

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

16. Financial risks and concentration of risk:

(a) Fair value:

Fair value represents the estimated consideration that would be agreed upon in a current transaction between knowledgeable and willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the fair value of the consideration given or received. The fair value of the First Nation's cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their carrying value due to the short term nature of those instruments.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The First Nation holds its cash and cash equivalents, with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

(c) Liquidity risk:

Liquidity risk is the risk that the First Nation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The First Nation manages its liquidity risk by monitoring its operating requirements.

(d) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows or a financial instrument will fluctuate because of changes in the market interest rates. Financial assets with variable interest rates expose the First Nation to cash flow interest rate risk. The First Nation is exposed to this risk through the holding of portfolio investments. The First Nation's portfolio investments, including pooled funds, are disclosed in note 2.

There has been no change to the risk exposures from 2015.

17. Invested in tangible capital assets:

	2016	2015
Balance, beginning of year	\$ 94,538	\$ 118,900
Acquisition of tangible capital assets	11,372	-
Amortization of tangible capital assets	(28,045)	(24,362)
Balance, end of year	\$ 77,865	\$ 94,538

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2016

18. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year fund balances or earnings.

19. Segment reporting:

Segmented information has been identified based upon lines of services provided by the First Nation. Certain lines of services that have been separately disclosed are summarized below, with activities for the year ended March 31, 2016 summarized in Schedule 2.

(a) Cultural development

Cultural resource management operates natural and cultural resource related projects for the First Nation.

(b) General community services

General community services provides the function of coordinating and planning the First Nation's community events and services.

(c) Governance and administration

Governance and administration provides the function of the First Nation's governance, administration, finance, human resources and legislative services.

(d) Land, resources and economic development

Land, resources and economic development include revenue and expenses to maintain the First Nation's land, building and infrastructure.

(e) Social development

Social development provides social programs for First Nation members.

(f) Treaty

Treaty relates to funding, revenue and expenses relating to the First Nation's treaty negotiations with the governments of Canada, British Columbia, Yukon and Northwest Territories.