

Consolidated Financial Statements of

ACHO DENE KOE FIRST NATION

Year ended March 31, 2017

ACHO DENE KOE FIRST NATION

Table of Contents

	Page
Management's Responsibility for Financial Reporting	
Independent Auditors' Report	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus	2
Consolidated Statement of Remeasurement Gains	3
Consolidated Statement of Changes in Net Financial Assets	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 31
Schedule 1 - Consolidated Expenses by Object	32
Schedule 2 - Segmented Information	33

ACHO DENE KOE FIRST NATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of the Acho Dene Koe First Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council of the First Nation.

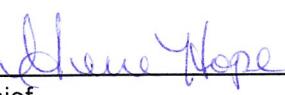
The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen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

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

The Chief and 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 Chief and Council review the First Nation's consolidated financial statements and recommend their approval. The Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditors' report. The Chief and Council take this information into consideration when approving the consolidated financial statements for issuance to the Members. The Chief and Council also consider the engagement of the external auditors.

The consolidated financial statements have been audited by KPMG LLP in accordance with Canadian generally accepted auditing standards on behalf of the Members. KPMG LLP have full access to the Council.



Chief



Sub Chief



KPMG LLP
177 Victoria Street, Suite 400
Prince George BC V2L 5R8
Canada
Telephone (250) 563-7151
Fax (250) 563-5693

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, 2017, the consolidated statements of operations and accumulated surplus, remeasurement gains, changes 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.

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, 2016 and the consolidated statement of operations and accumulated surplus includes the First Nation's equity in the losses of the Corporate Group for the year ended May 31, 2016.

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, 2016 to March 31, 2017 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, 2017. 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, 2016 to March 31, 2017. 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 5) as at and for the year ended March 31, 2017.

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, 2017, 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' in a stylized, cursive font. A thin horizontal line is drawn underneath the signature.

Chartered Professional Accountants

November 30, 2017

Prince George, Canada

ACHO DENE KOE FIRST NATION

Consolidated Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Financial Assets:		
Cash and cash equivalents	\$ 765,938	\$ 722,352
Restricted cash	56,333	56,333
Portfolio investments (note 2)	2,872,223	2,690,074
Accounts receivable (note 3)	38,015	36,375
Contributions receivable (note 4)	328,563	106,378
Due from related parties (note 5)	683,923	705,973
Investments in government business enterprises and partnerships (note 6)	<u>3,951,991</u>	<u>4,044,091</u>
	8,696,986	8,361,576
Financial Liabilities:		
Accounts payable and accrued liabilities (note 7)	221,946	99,201
Contributions repayable (note 8)	58,859	75,491
Deferred revenue (note 9)	88,168	88,168
Treaty negotiation loan payable (note 10)	<u>179,200</u>	<u>179,200</u>
	548,173	442,060
Net financial assets	8,148,813	7,919,516
Non-Financial Assets:		
Tangible capital assets (note 11)	64,316	77,865
Prepaid expenses	<u>8,170</u>	<u>23,017</u>
	72,486	100,882
Contingencies (note 12)		
Economic dependence (note 13)		
Accumulated surplus (note 14)	<u>\$ 8,221,299</u>	<u>\$ 8,020,398</u>

See accompanying notes to consolidated financial statements.

On behalf of the First Nation:

Dene Nope _____ Chief
Mark _____ Councillor

ACHO DENE KOE FIRST NATION

Consolidated Statement of Operations and Accumulated Surplus

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Revenues:		
Indigenous and Northern Affairs Canada	\$ 725,976	\$ 716,546
Government of Northwest Territories	457,236	427,499
Other income	83,441	142,974
Administration fees	3,634	1,540
Deh Cho First Nation	-	24,716
	1,270,287	1,313,275
Expenses:		
Cultural development	1,762	22,820
General community services	92,869	85,367
Governance and administration	833,175	726,455
Land, resources and economic development	231,708	94,867
Social development (recovery)	-	(21,119)
	1,159,514	908,390
Excess of revenues over expenses before the undernoted items	110,773	404,885
Investment income (expense)	182,228	(38,344)
Equity in loss from government business enterprises and partnerships (note 6)	(92,100)	(780,505)
Annual surplus (deficit)	200,901	(413,964)
Accumulated surplus, beginning of year	8,020,398	8,434,362
Accumulated surplus, end of year	\$ 8,221,299	\$ 8,020,398

See accompanying notes to consolidated financial statements.

ACHO DENE KOE FIRST NATION

Consolidated Statement of Remeasurement Gains

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Accumulated remeasurement gains, beginning of year	\$ 350,032	\$ 458,533
Change in remeasurement gains on portfolio investments for the year	72,165	(108,501)
Accumulated remeasurement gains, end of year	\$ 422,197	\$ 350,032

See accompanying notes to consolidated financial statements.

ACHO DENE KOE FIRST NATION

Consolidated Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus (deficit)	\$ 200,901	\$ (413,964)
Acquisition of tangible capital assets	-	(11,372)
Amortization of tangible capital assets	10,141	28,045
Loss on disposal of tangible capital assets	3,408	-
<u>Decrease (increase) in prepaid expenses</u>	<u>14,847</u>	<u>(22,841)</u>
Increase (decrease) in net financial assets	229,297	(420,132)
Net financial assets, beginning of year	7,919,516	8,339,648
Net financial assets, end of year	\$ 8,148,813	\$ 7,919,516

See accompanying notes to consolidated financial statements.

ACHO DENE KOE FIRST NATION

Consolidated Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Cash generated from operations:		
Surplus (deficit)	\$ 200,901	\$ (413,964)
Items not involving cash:		
Amortization	10,141	28,045
Loss on sale of tangible capital assets	3,408	-
Equity in loss on investment in government business enterprises and partnerships	92,100	780,505
	306,550	394,586
Changes in non-cash operating working capital:		
Accounts receivable	(1,640)	(2,170)
Contributions receivable	(222,185)	125,378
Prepaid expenses	14,847	(22,842)
Portfolio investments	(182,149)	38,345
Accounts payable	122,745	(230,580)
Contributions repayable	(16,632)	(42,422)
Deferred revenue	-	(136,442)
	21,536	123,853
Investing:		
Advances from (to) related party	22,050	(4,014)
Purchase of tangible capital assets	-	(11,372)
	22,050	(15,386)
Increase in cash and cash equivalents	43,586	108,467
Cash and cash equivalents, beginning of year	778,685	670,218
Cash and cash equivalents, end of year	\$ 822,271	\$ 778,685
Cash and cash equivalents consist of:		
Restricted cash	\$ 56,333	\$ 56,333
Cash and cash equivalents	765,938	722,352
	\$ 822,271	\$ 778,685

See accompanying notes to consolidated financial statements.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements

Year ended March 31, 2017

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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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 the 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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

(g) Budget data:

As no formal budget was approved by Chief and Council for the 2017 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 19 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 an 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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

2. Portfolio investments:

	Level	2017 Cost	2017 Fair value	2016 Cost	2016 Fair value
Pooled funds:					
CIBC short term bond pool	1	\$ 816,308	\$ 814,478	\$ 756,097	\$ 761,128
CIBC Canadian bond pool	1	800,360	850,420	732,946	790,277
CIBC International bond pool	1	96,346	110,712	72,152	89,318
CIBC Canadian dividend income pool	1	234,518	303,452	206,278	242,147
CIBC USD equity pool	1	206,012	381,911	235,866	388,448
CIBC International equity pool	1	296,483	411,250	336,703	418,756
		\$ 2,450,027	\$ 2,872,223	\$ 2,340,042	\$ 2,690,074

3. Accounts receivable:

	2017	2016
Member receivables	\$ 26,282	\$ 26,782
Payroll advances	28,756	28,796
Goods and services tax	33,210	17,897
Other	4,805	26,716
	93,053	100,191
Less allowance for doubtful accounts- member receivables	(26,282)	(26,782)
Less allowance for doubtful accounts- payroll advances	(28,756)	(28,796)
Less allowance for doubtful accounts- other	-	(8,238)
	\$ 38,015	\$ 36,375

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2017	2016
Indigenous and Northern Affairs Canada:		
Consult & policy development	\$ -	\$ 1,260
Negotiation preparedness	20,000	15,000
Self government- inherent right	20,000	15,000
Governance capacity development	-	15,000
Community development	20,000	-
Land use planning	15,000	-
NWT Water Board	15,750	-
Core funding	2,094	-
	92,844	46,260
Deh Cho First Nation:		
Language	8,075	12,358
Government of Northwest Territories:		
ECE	-	15,000
ENR - Wildlife division	15,000	-
ITI - Arctic Oil & Gas	361	-
ITI - Handgames & Fall	3,901	-
ITI - Fort Simpson	-	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
Resource revenue sharing	191,582	-
ENR - IRMA	16,800	-
	227,644	47,760
	\$ 328,563	\$ 106,378

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

5. Due from related parties:

Net balances due from related parties consist of the following:

	2017	2016
Due from Liard Fuel Centre Limited Partnership	\$ 103,528	\$ 103,528
Due from ADK Holdings Limited	60,109	82,159
Due from Deh Cho Air Limited Partnership	287,778	287,778
Due from Beaver Enterprises Limited Partnership	100,310	100,310
Due from Acho Real Estate Limited Partnership	3,439	3,439
Due from Acho Camps & Catering Limited Partnership	128,759	128,759
	<hr/> \$ 683,923	<hr/> \$ 705,973

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 the Corporate Group year ends not coinciding with the year end of the First Nation, the following amounts are presented as at 2016 and 2015 rather than at March 31, 2017 and 2016.

The transactions for the period between May 31, 2016 and March 31, 2017 have not been recorded as management believes they are not significant.

	2017	2016
Acho Camps & Catering Limited Partnership	\$ (532,463)	\$ (275,144)
Acho Real Estate Limited Partnership	(353,515)	(346,999)
ADK Holdings Limited	927,129	914,359
ADK Petroleum Limited Partnership	3,570,766	3,455,845
Beaver Enterprises Limited Partnership	1,293,196	1,336,211
Deh Cho Air Limited Partnership	(174,235)	(178,432)
Liard Fuel Centre Limited Partnership	(766,756)	(856,762)
Nahendeh Investments Limited Partnership	(19,151)	(17,007)
Shiha Energy Transmission Limited Partnership	7,010	12,010
Shiha Energy Transmission Ltd.	10	10
	<hr/> \$ 3,951,991	<hr/> \$ 4,044,091

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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

	2017	2016
Profit (loss) on investments in subsidiaries:		
Acho Camps & Catering Limited Partnership	\$ (257,319)	\$ 182,423
Acho Real Estate Limited Partnership	(6,516)	(29,769)
ADK Holdings Limited	12,770	33,027
ADK Petroleum Limited Partnership	114,921	114,168
Beaver Enterprises Limited Partnership	(43,015)	(972,503)
Deh Cho Air Limited Partnership	4,197	26,100
Liard Fuel Centre Limited Partnership	90,006	(131,393)
Nahendeh Investments Limited Partnership	(2,144)	(2,558)
Shiha Energy Transmission Limited Partnership	(5,000)	-
	\$ (92,100)	\$ (780,505)

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:

	2016	2015
Financial position:		
Current assets	\$ 1,061,739	\$ 1,343,049
Receivable from related parties	29,649	-
Long term investment	658,025	658,025
Property and equipment	3,050,039	3,665,716
Total assets	4,799,452	5,666,790
Current liabilities	1,591,171	1,392,393
Payable to related parties	2,515,330	2,622,557
Long-term debt	1,225,414	1,926,984
Total liabilities	5,331,915	5,941,934
Total partners' deficiency	\$ (532,463)	\$ (275,144)
Results of operations:		
Revenues	\$ 806,328	\$ 1,300,255
Expenses	1,063,647	1,117,832
Net (loss) income for the year	\$ (257,319)	\$ 182,423

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2016	2015
Financial position:		
Current assets	\$ 9,975	\$ 39,356
Receivable from related parties	56,858	22,438
Income producing properties	541,527	572,767
Total assets	608,360	634,561
Current liabilities	75,736	81,770
Non-current liabilities	886,138	899,790
Total liabilities	961,874	981,560
Total partners' deficiency	\$ (353,514)	\$ (346,999)
Results of operations:		
Revenues	\$ 142,539	\$ 120,960
Expenses	149,055	150,729
Net loss for the year	\$ (6,516)	\$ (29,769)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2017	2016
Financial position:		
Current assets	\$ 63,771	\$ 65,707
Receivable from related parties	1,456,104	1,184,020
Long term investments	10	10
Equipment	30,939	31,115
Income producing properties	586,778	611,227
Total assets	2,137,602	1,892,079
Current liabilities	73,792	69,545
Non-current liabilities	1,136,678	908,172
Total liabilities	1,210,470	977,717
Total equity	\$ 927,132	\$ 914,362
Results of operations:		
Revenues	\$ 727,975	\$ 735,826
Expenses	715,205	702,799
Net income for the year	\$ 12,770	\$ 33,027

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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 in the Northwest Territories, British Columbia and Yukon. The following table provides condensed supplementary financial information for the ADK Petroleum Limited Partnership for the year ended May 31:

	2017	2016
Financial position:		
Current assets	\$ 33,451	\$ 40,148
Other receivable	2,875	2,875
Receivable from related parties	3,601,044	3,462,177
Long term investment	1	1
Total assets	3,637,371	3,505,201
Current liabilities	12,501	10,503
Payable to related parties	54,100	38,850
Total liabilities	66,601	49,353
Total partners' equity	\$ 3,570,770	\$ 3,455,848
Results of operations:		
Revenues	\$ 138,867	\$ 133,567
Expenses	23,946	687,266
Net income (loss) for the year	\$ 114,921	\$ (553,699)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2016	2015
Financial position:		
Current assets	\$ 836,545	\$ 919,285
Receivable from related parties	2,495,504	2,648,273
Equipment	1,704,018	2,319,995
Total assets	5,036,067	5,887,553
Current liabilities	1,115,678	1,506,310
Payable to related parties	2,211,338	2,105,618
Long-term debt	415,852	939,411
Total liabilities	3,742,868	4,551,339
Total partners' equity	\$ 1,293,199	\$ 1,336,214
Results of operations:		
Revenues	\$ 4,010,370	\$ 4,716,329
Expenses	4,053,385	5,688,832
Net loss for the year	\$ (43,015)	\$ (972,503)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2016	2015
Financial position:		
Current assets	\$ 25,000	\$ 12,030
Long-term investments	425,128	433,314
Total assets	450,128	445,344
Current liabilities	7,000	10,764
Payable to related parties	617,363	613,012
Total liabilities	624,363	623,776
Total partners' deficiency	\$ (174,235)	\$ (178,432)
Results of operations:		
Revenues	\$ 16,814	\$ 43,525
Expenses	12,617	17,425
Net income for the year	\$ 4,197	\$ 26,100

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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 the 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:

	2016	2015
Financial position:		
Current assets	\$ 194,729	\$ 211,113
Receivable from related parties	156,305	140,123
Property and equipment	146,161	156,023
Total assets	497,195	507,259
Current liabilities	307,741	435,054
Payable to related parties	941,958	913,132
Deferred government assistance	14,251	15,835
Total liabilities	1,263,950	1,364,021
Total partners' deficiency	\$ (766,755)	\$ (856,762)
Results of operations:		
Revenues	\$ 1,456,585	\$ 1,431,723
Expenses	1,366,579	1,493,168
Net income (loss) for the year	\$ 90,006	\$ (61,445)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2016	2015
Financial position:		
Current assets	\$ -	\$ 4,556
Current liabilities	19,150	21,562
Total liabilities	19,150	21,562
 Total partners' deficiency	 \$ (19,150)	 \$ (17,006)
Results of operations:		
Expenses	2,144	2,558
 Loss for the year	 \$ (2,144)	 \$ (2,558)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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	\$ 257,000	\$ 269,000
Asset retirement obligation	171,000	171,000
Total liabilities	171,000	171,000
 Total partners' equity	 \$ 86,000	 \$ 98,000
Results of operations:		
Expenses	12,000	32,000
 Loss for the year	 \$ (12,000)	 \$ (32,000)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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	9	10
Total assets	109	110
Due to related parties	3,830	3,830
Total liabilities	3,830	3,830
Total deficiency	\$ (3,721)	\$ (3,720)
Results of operations:		
Expenses	(1)	(3)
Loss for the year	\$ (1)	\$ (3)

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

7. Accounts payable and accrued liabilities:

	2016	2015
Accounts payable	\$ 74,778	\$ 31,113
Accrued liabilities	91,931	30,000
Payroll accruals	43,581	26,432
Member payables	11,656	11,656
	<hr/> \$ 221,946	<hr/> \$ 99,201

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:

	2017	2016
Indigenous & Northern Affairs Canada:		
Government of Canada - 2014	\$ 10,159	\$ 10,159
Government of Northwest Territories:		
Community justice - 2015	48,700	48,700
Community harvester - 2016	-	16,632
	<hr/> \$ 58,859	<hr/> \$ 75,491

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

9. Deferred revenue:

	2017	2016
BC Treaty Commission	\$ 56,333	\$ 56,333
Deh Cho First Nation - Advisory Services	31,835	31,835
	\$ 88,168	\$ 88,168

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:

	2017	2016
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, 2017, \$56,333 (2016 - \$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, 2017

11. Tangible capital assets:

Cost	Balance at March 31, 2016	Additions	Disposals	Balance at March 31, 2017
Building	\$ 111,916	\$ -	\$ -	\$ 111,916
Boat	9,645	-	9,645	-
Computer	61,311	-	15,702	45,609
Computer - website	44,000	-	-	44,000
Office equipment	6,629	-	5,102	1,527
	\$ 233,501	\$ -	\$ 30,449	\$ 203,052

Accumulated amortization	Balance at March 31, 2016	Disposals	Amortization expense	Balance at March 31, 2017
Building	\$ 48,720	\$ -	\$ 2,529	\$ 51,249
Boat	9,306	9,373	68	-
Computer	54,519	14,499	2,037	42,057
Computer - website	39,000	-	5,000	44,000
Office equipment	4,091	3,168	507	1,430
	\$ 155,636	\$ 27,040	\$ 10,141	\$ 138,736

Net book value	Net book value March 31, 2016	Net book value March 31, 2017
Building	\$ 63,196	\$ 60,667
Boat	340	-
Computer	6,792	3,552
Computer - website	5,000	-
Office equipment	2,537	97
	\$ 77,865	\$ 64,316

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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, 2017, the First Nation had received \$64,000 in funding from Transcanada Corporation.

13. Economic dependence:

The First Nation receives a major portion of its revenue from 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:

	2017	2016
Unrestricted funds:		
General Operating Fund	\$ (8,722)	\$ (60,879)
Enterprise Fund	7,743,508	7,653,380
Equity in tangible capital assets (note 17)	64,316	77,865
Accumulated remeasurement gains	422,197	350,032
	<hr/>	<hr/>
	\$ 8,221,299	\$ 8,020,398

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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:

	2017	2016
ADK Holdings Ltd.		
Expenses:		
Rent	\$ 21,000	\$ -
Travel	-	1,212
Acho Real Estate Limited Partnership		
Expenses:		
Rent	\$ 3,720	\$ 6,754
Liard Fuel Center Limited Partnership		
Expenses:		
Utilities	\$ 3,248	\$ 1,179
Fuel	15,289	19,034

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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

16. Financial risks and concentration of risk: (continued):

(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 2016.

17. Invested in tangible capital assets:

	2017	2016
Balance, beginning of year	\$ 77,865	\$ 94,538
Acquisition of tangible capital assets	-	11,372
Amortization of tangible capital assets	(10,141)	(28,045)
Loss on sale of tangible capital assets	(3,408)	-
Balance, end of year	\$ 64,316	\$ 77,865

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.

ACHO DENE KOE FIRST NATION

Notes to Consolidated Financial Statements (continued)

Year ended March 31, 2017

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, 2017 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.

ACHO DENE KOE FIRST NATION

Schedule 1 - Consolidated Expenses by Object

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Administration	\$ -	\$ 1,540
Amortization	10,141	28,045
Bad debts (recovery)	6,159	(36,355)
Bank charges and interest	2,767	64,879
Community events	17,380	350
Contributions repaid (recovered)	32,660	(16,400)
Donations	14,200	12,578
Insurance	3,129	10,815
Licenses, registration and fees	5,366	-
Loss on disposal of tangible capital assets	3,408	-
Materials and supplies	68,286	54,352
Miscellaneous (recovery)	(2,028)	29,900
Office and general	3,126	550
Professional fees	423,170	254,940
Property tax	5,061	916
Rent	25,720	9,195
Telephone and internet (recovery)	8,308	(786)
Travel and accommodation	112,451	88,134
Utilities	10,945	3,892
Wages and benefits	409,265	401,845
	<hr/> \$ 1,159,514	<hr/> \$ 908,390

ACHO DENE KOE FIRST NATION

Schedule 2 - Segmented Information

Year ended March 31, 2017, with comparative information for 2016

2017									Annual Surplus (Deficit)
	INAC	Other	Total	Expenses	March 31, 2017				
Cultural development	\$ -	\$ 1,540	\$ 1,540	\$ 1,762	\$ (222)				
General community services	68,283	9,459	77,742	92,869	(15,127)				
Governance and administration	581,943	424,938	1,006,881	840,831	166,050				
Land, resources and economic development	75,750	108,374	184,124	224,052	(39,928)				
Social development	-	-	-	-	-				
Treaty	-	-	-	-	-				
	\$ 725,976	\$ 544,311	\$ 1,270,287	\$ 1,159,514	\$ 110,773				
2016									Annual Surplus (Deficit)
	INAC	Other	Total	Expenses	March 31, 2016				
Cultural development	\$ -	\$ 24,716	\$ 24,716	\$ 22,820	\$ 1,896				
General community services	67,052	97,135	164,187	85,367	78,820				
Governance and administration	642,231	322,223	964,454	726,455	237,999				
Land, resources and economic development	2,500	152,655	155,155	94,867	60,288				
Social development	4,763	-	4,763	(21,119)	25,882				
Treaty	-	-	-	-	-				
	\$ 716,546	\$ 596,729	\$ 1,313,275	\$ 908,390	\$ 404,885				