



**YELLOWKNIFE
ACCOUNTING**
PROFESSIONAL CORPORATION

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

We have audited the consolidated financial statements of Acho Dene Koe First Nation (the "First Nation"), which comprise:

- the consolidated statement of financial position as at March 31, 2020
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of remeasurement gains for the year then ended
- the consolidated statement of changes in net financial assets
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our qualified opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" paragraph, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2020 and its consolidated results of operations, remeasurement gains, changes in net financial assets and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As disclosed in Note 6 to the 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 First Nation Economic Development Corporation or the "ADK Holdings Ltd.") 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 statement of financial position reflects the First Nation's investment in the ADK Holdings Ltd. as at May 31, 2019 and the consolidated statement of operations and accumulated surplus includes the First Nation's equity in the losses of the ADK Holdings Ltd. for the year ended May 31, 2019.

Other Matter

The consolidated financial statements of the First Nation for the year ended March 31, 2020 were audited by another auditor who expressed a modified opinion for the same reason as disclosed in the above "Basis for Qualified Opinion" and noted in Note 6.

As the fiscal periods of the First Nation and the ADK Holdings Ltd. 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, 2019 to March 31, 2020 and significantly affect the consolidated financial position or results of operations of the First Nation should be recorded in the First Nation's statements as at and for the year ended March 31, 2020. 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, 2019 to March 31, 2020. Therefore, these financial statements do not reflect such events or transactions, should any exist. In addition, the ADK Holdings Ltd. 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.

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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 ADK Holdings Ltd., to its equity in the losses of the ADK Holdings Ltd., or balances due to/from related parties (note 5) as at and for the year ended March 31, 2020.

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

We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian public sector accounting standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian public sector accounting standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going

concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation
Chartered Professional Accountants
Yellowknife, NT
October 23, 2020

ACHO DENE KOE FIRST NATION
Consolidated Statement of Financial Position

As at March 31, 2020

	2020	2019
Financial Assets		
Current		
Cash and cash equivalents	\$ 559,931	\$ 519,496
Restricted cash	56,333	177,189
Portfolio investments (Note 2)	3,259,475	3,082,537
Accounts receivable (Note 3)	45,458	103,579
Contributions receivable (Note 4)	537,447	644,001
Due from related parties (Note 5)	631,945	635,966
Investments in Nation's business enterprises and partnerships (Note 6)	1,708,442	2,648,880
	<u>6,799,031</u>	<u>7,811,648</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	410,645	541,210
Contributions repayable (Note 8)	-	813
Deferred revenue (Note 9)	839,139	426,342
British Columbia Treaty negotiation loan payable (Note 10)	-	179,200
	<u>1,249,784</u>	<u>1,147,565</u>
Net Financial Assets	<u>5,549,247</u>	<u>6,664,083</u>
Non-Financial Assets		
Tangible Capital Assets (Note 11)	134,538	127,508
Prepaid expenses	138,975	60,408
	<u>273,513</u>	<u>187,916</u>
Accumulated Surplus (Note 14)	<u>\$5,822,760</u>	<u>\$6,851,999</u>

Contingencies (Note 12)

Economic dependence (Note 13)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the First Nation

 Councillor or Chief

 Councillor or Chief

ACHO DENE KOE FIRST NATION
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Dehcho First Nation	\$ 59,000	\$ 58,403	\$ 28,302
BC Treaty Commission	100,000	122,637	88,412
Government of Canada	1,492,469	1,319,954	1,109,448
Government of the Northwest Territories	674,920	543,310	531,680
Resource royalties	120,604	120,605	269,796
Other income	208,900	182,677	159,709
Total revenue	2,655,893	2,347,586	2,187,347
Expenses			
Cultural development	-	105,077	143,028
Community services	-	242,770	267,964
Governance and administration	-	401,079	628,248
Investment and benefits	-	69,900	80,401
Land, resources and economic development	-	383,234	232,832
Specific claims	-	119,959	57,999
Treaties and Land Claim Support (BC, NT and YT)	-	853,707	809,604
Others	-	92,092	103,318
Total Expenses by Object (Schedule 1)	2,584,000	2,267,818	2,323,394
Earnings (loss) before other items	71,893	79,768	(136,047)
Other items			
Investment income (loss)	-	12,433	109,018
Equity in loss from Nation's business enterprises and partnerships (Note 6)	-	(940,438)	(1,243,027)
Surplus/(Deficit)	71,893	(848,237)	(1,270,056)
Accumulated surplus, beginning of year	6,491,255	6,491,255	7,761,311
Accumulated surplus, end of year (Note 14)	\$ 71,893	\$ 5,643,018	\$ 6,491,255

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION**Consolidated Statement of Remeasurement Gains**

For the year ended March 31, 2020

	2020	2019
Accumulated remeasurement gains, beginning of year	\$ 360,744	\$ 361,944
Change in remeasurement gain on portfolio investments for the year	(181,000)	(1,200)
	\$ 179,744	\$ 360,744

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2020

	2020	2019
Annual deficit	\$ (848,237)	\$(1,270,056)
Proceeds from disposal of tangible capital assets	-	900
Loss of disposal of tangible capital assets	-	45
Amortization of tangible capital assets	35,815	13,902
Additions of tangible capital assets	(42,845)	(70,220)
Increase in prepaid expenses	(78,569)	(6,194)
Remeasurement loss	(181,000)	(1,200)
Decrease in net financial assets	(1,114,836)	(1,332,823)
Net financial assets, beginning of year	6,664,083	7,996,906
Net financial assets, end of year	\$ 5,549,247	\$ 6,664,083

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
Cash provided by (used in):		
Cash generated from operations		
Deficit	\$ (848,237)	\$ (1,270,056)
Items not involving cash:		
Amortization	35,815	13,902
Loss from disposal of tangible capital assets	-	45
Equity in loss from government business enterprises and partnerships (Note 6)	940,438	1,243,027
	128,016	(13,082)
 Changes in non-cash working capital accounts		
Accounts receivable	58,121	(68,406)
Contributions receivable	106,554	(355,914)
Prepaid expenses and deposits	(78,567)	(6,194)
Accounts payable and accruals	(130,565)	340,132
Contributions repayable	(813)	(36,361)
Deferred contributions	54,397	177,309
	137,143	37,484
 Investing		
Purchase of portfolio investments	(306,755)	(110,205)
Advances to related party	4,020	23,997
Purchase of tangible capital assets	(42,845)	(70,220)
Proceeds from disposal of tangible capital assets	-	900
	(345,580)	(155,528)
 Increase (decrease) in Cash and cash equivalents	(80,421)	(118,044)
 Cash and cash equivalents, beginning of year	696,685	814,729
 Cash and cash equivalents, end of year	\$ 616,264	\$ 696,685
 Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 559,931	\$ 519,496
Restricted cash	56,333	177,189
	\$ 616,264	\$ 696,685

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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. Funding 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.

- i. 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.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

i. Reporting entity and principles of financial reporting (continued):

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

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
Building	4 %
Computer	30 %
Computer - website	30 %
Office equipment	20 %
Vehicle	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 the Consolidated Financial Statements

For the year ended March 31, 2020

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.

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.

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.

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

g. 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.

h. 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 to the consolidated financial statements.

i. 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 with be given up, and
- (e) a reasonable estimate of the liability can be made.

j. Budget data

The First Nation has prepared a budget based on expenses by object as disclosed in schedule 1, rather then by function.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

2. Portfolio investments

	Level	2020 Cost	2020 Fair value	2019 Cost	2019 Fair value
Pooled funds:					
CIBC short term bond pool	1	\$ -	\$ -	\$ 965,115	\$ 953,610
CIBC Canadian bond pool	1	-	-	866,068	920,233
CIBC International bond pool	1	-	-	112,167	125,666
CIBC Canadian dividend income pool	1	-	-	261,531	309,865
CIBC USD equity pool	1	-	-	207,892	365,953
CIBC International equity pool	1	-	-	306,443	407,210
TD Cash and equivalents	1	333,752	333,752	-	-
TD Canadian bond pool	1	574,762	557,942	-	-
TD Canadian equities	1	862,538	744,527	-	-
TD USD equities	1	622,775	612,463	-	-
TD International equities	1	296,820	260,791	-	-
FNB Term deposit 1.35% interest	1	250,000	250,000	-	-
FNB Term deposit 1.35% interest	1	250,000	250,000	-	-
FNB Term deposit 1.35% interest	1	250,000	250,000	-	-
		\$3,440,647	\$3,259,475	\$2,719,216	\$3,082,537

During the year, the First Nation liquidated the portfolio holdings with CIBC and reinvested the funds with TD bank and the First Nation Bank.

3. Accounts receivable

	2020	2019
Member receivables	\$ 22,534	\$ 30,713
Payroll advances	8,589	33,867
Government receivables	27,539	37,465
Other	16,408	66,114
	75,070	168,159
Less: allowance for doubtful accounts member receivables	(22,534)	(30,713)
Less: allowance for doubtful accounts payroll advances	(7,078)	(33,867)
	\$ 45,458	\$ 103,579

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2020	2019
Government of Canada		
Governance Capacity (P&ID)	\$ -	\$ 102,000
Consultation & Policy Development (P&ID)	1,863	7,215
Negotiation Preparedness	-	102,000
Self-Government Inherent Right	-	120,500
Community Development	24,550	13,893
Land Use Planning	60,000	-
Core Funding	24,128	-
Professional Development	4,500	22,000
Youth Projects	5,150	10,892
Canadian Wildlife Service	-	36,955
Other	7,691	-
	127,882	415,455
Dehcho First Nation		
Language and Culture	34,716	15,438
Land Use Planning Support	-	16,799
	34,716	32,237
Government of the Northwest Territories		
Education, Culture and Employment	25,553	2,694
Community Justice	24,750	552
Covid-19 response	58,856	-
General	-	9,898
Environment and Natural Resources - Land-Based Healing	-	15,000
Environment and Natural Resources - Interim Measures	5,300	9,900
Environment and Natural Resources - Land-Use Forum	-	1,775
Environment and Natural Resources - MVRMA	-	2,000
Health - Anti-Poverty Kitchen	10,000	-
Other	33,732	2,097
	158,191	43,916

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

4. Contributions receivable (continued)

British Columbia		
Government of British Columbia	-	20,000
British Columbia Treaty Commission	56,333	-
	56,333	20,000
Government of the Yukon		
Consultation Support	30,000	-
Reimbursements	13,330	-
Forest Resources Act	10,000	-
	53,330	-
Other		
Unnamed Benefit Agreement	100,000	132,393
Other	6,996	-
	106,996	132,393
	\$ 537,448	\$ 644,001

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

5. Due from related parties

Net balances due from related parties consist of the following:

	2020	2019
Due from Liard Fuel Centre Limited Partnership	\$ 103,528	\$ 103,528
Due from ADK Holdings Limited	20,967	15,787
Due from Deh Cho Air Limited Partnership	287,778	287,778
Due from Beaver Enterprises Limited Partnership	96,936	96,936
Due from Acho Real Estate Limited Partnership	(6,023)	3,178
Due from Acho Camps & Catering Limited Partnership	128,759	128,759
	\$ 631,945	\$ 635,966

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 ADK Holdings Ltd year ends not coinciding with the year end of the First Nation, the following amounts are presented as at March 31, 2019 and 2018 rather than at March 31, 2019 and 2018.

The transactions for the period between April 1, 2019 and March 31, 2020 have not been recorded as management believes they are not significant.

	2019	2018
Acho Camps & Catering Limited Partnership	\$ (2,224,825)	\$ (1,758,734)
Acho Real Estate Limited Partnership	(424,777)	(367,624)
ADK Holdings Limited	779,750	814,134
ADK Petroleum Limited Partnership	3,962,865	3,825,848
Beaver Enterprises Limited Partnership	161,280	746,345
Deh Cho Air Limited Partnership	(152,435)	(155,272)
Liard Fuel Centre Limited Partnership	(374,885)	(439,886)
Nahendeh Investments Limited Partnership	(25,551)	(22,951)
Shiha Energy Transmission Limited Partnership	7,010	7,010
Shiha Energy Transmission Ltd	10	10
	\$ 1,708,442	\$ 2,648,880

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

	2019	2018
Profit (loss) on investments in subsidiaries:		
Acho Camps & Catering Limited Partnership	\$ (466,091)	\$ (1,229,950)
Acho Real Estate Limited Partnership	(57,153)	(13,672)
ADK Holdings Limited	(34,384)	(62,106)
ADK Petroleum Limited Partnership	137,017	130,546
Beaver Enterprises Limited Partnership	(585,065)	(272,135)
Deh Cho Air Limited Partnership	2,837	18,504
Liard Fuel Centre Limited Partnership	65,001	189,586
Nahendeh Investments Limited Partnership	(2,600)	(3,800)
	\$ (940,438)	\$ (1,243,027)

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:

	2019	2018
Financial position		
Current assets	\$ 566,905	\$ 207,540
Receivable from related parties	176,146	195,053
Long-term investment	1	1
Property and equipment	1,454,052	2,176,631
Total assets	2,197,104	2,579,225
Current liabilities	185,650	356,016
Payable to related parties	3,286,815	2,678,173
Long-term debt	1,252,236	1,303,770
Total liabilities	4,724,701	4,337,959
Total partners' deficiency	\$(2,527,597)	\$(1,758,734)
Results of operations		
Revenue	\$ 191,083	\$ 301,241
Expense	653,713	873,167
Impairment of long-term investments	3,461	658,024
Net income (loss) for the year	\$ (466,091)	\$ (1,229,950)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

a) Acho Camps & Catering Limited Partnership (continued):

Impairment of Long-lived Assets including property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of each asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds the estimated future cash flows, an impairment change is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less estimated costs to sell, and are no longer amortized. The assets and liabilities of the disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

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:

	2019	2018
Financial position		
Current assets	\$ 17,951	\$ 30,390
Receivable from related parties	217,943	175,268
Income producing properties	474,784	494,840
Total assets	710,678	700,498
Current liabilities	30,695	29,991
Payable to related parties	1,104,759	1,038,131
Total liabilities	1,135,454	1,068,122
Total partners' deficiency	\$ (424,776)	\$ (367,624)
Results of operations		
Revenue	\$ 128,509	\$ 166,350
Expense	185,662	180,023
Net income (loss) for the year	\$ (57,153)	\$ (13,673)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2019	2018
Financial position		
Current assets	\$ 60,760	\$ 59,581
Receivable from related parties	1,950,372	1,624,563
Long-term investment	10	10
Equipment	23,453	20,974
Income producing properties	519,144	540,775
Total assets	2,553,739	2,245,903
Current liabilities	171,886	167,064
Payable to related parties	1,602,108	1,264,705
Total liabilities	1,773,994	1,431,769
Total equity	\$ 779,745	\$ 814,134
Results of operations		
Revenue	\$ 689,332	\$ 702,330
Expense	723,716	764,443
Net income (loss) for the year	\$ (34,384)	\$ (62,113)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2019	2018
Financial position		
Current assets	\$ 36,312	\$ 35,491
Other receivable	3,340	3,340
Receivable from related parties	4,050,684	3,894,890
Long-term investment	1	1
Total assets	4,090,337	3,933,722
Current liabilities	6,000	3,200
Payable to related parties	121,474	104,674
Total liabilities	127,474	107,874
Total partners' equity	\$ 3,962,863	\$ 3,825,848
Results of operations		
Revenue	\$ 155,817	\$ 149,984
Expense	18,800	19,440
Net income (loss) for the year	\$ 137,017	\$ 130,544

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2019	2018
Financial position		
Current assets	\$ 779,219	\$ 819,519
Receivable from related parties	2,441,394	2,513,306
Equipment	813,965	972,869
Total assets	4,034,578	4,305,694
Current liabilities	1,171,870	979,794
Payable to related parties	2,604,148	2,537,710
Long-term debt	97,280	41,845
Total liabilities	3,873,298	3,559,349
Total partners' equity	\$ 161,280	\$ 746,345
Results of operations		
Revenue	\$ 1,643,007	\$ 2,632,189
Expense	2,228,072	2,904,327
Net income (loss) for the year	\$ (585,065)	\$ (272,138)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2019	2018
Financial position		
Long-term investments	\$ 486,018	\$ 469,719
Current liabilities	5,093	2,132
Payable to related parties	633,359	622,859
Total liabilities	638,452	624,991
Total partners' equity	\$ (152,434)	\$ (155,272)
Results of operations		
Revenue	\$ 16,299	\$ 30,937
Expense	13,462	12,432
Net income (loss) for the year	\$ 2,837	\$ 18,505

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2019	2018
Financial position		
Current assets	\$ 158,569	\$ 285,369
Receivable from related parties	262,315	185,113
Property and equipment	136,817	118,514
Total assets	557,701	588,996
Current liabilities	432,102	209,624
Payable to related parties	489,098	807,715
Deferred government assistance	11,383	11,543
Total liabilities	932,583	1,028,882
Total partners' equity	\$ (374,882)	\$ (439,886)
Results of operations		
Revenue	\$ 1,382,840	\$ 1,513,403
Expense	1,317,839	1,323,817
Net income (loss) for the year	\$ 65,001	\$ 189,586

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2019	2018
Financial position		
Total assets	-	-
Current liabilities	25,551	22,951
Total liabilities	25,551	22,951
Total partners' equity	\$ (25,551)	\$ (22,951)
Results of operations		
Expense	2,600	2,300
Net income (loss) for the year	\$ (2,600)	\$ (2,300)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2020	2019
Financial position		
Total assets	-	-
Current liabilities	-	-
Total liabilities	-	-
Total partners' equity	\$ -	\$ -
Results of operations		
Expense	-	-
Net income (loss) for the year	\$ -	\$ -

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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

I) 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:

	2020	2019
Financial position		
Total assets	-	-
Current liabilities	-	-
Total liabilities	-	-
Total partners' equity	\$ -	\$ -
Results of operations		
Expense	-	-
Net income (loss) for the year	\$ -	\$ -

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

7. Accounts payable and accruals

	2020	2019
Accounts payable	\$ 284,078	\$ 428,826
Accrued liabilities	90,405	76,111
Payroll accruals	36,162	12,777
Member payable	-	23,496
	\$ 410,645	\$ 541,210

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:

	2020	2019
Government of the Northwest Territories - Community Justice	\$ -	\$ 813

9. Deferred contributions

	2020	2019
BC Treaty Commission	\$ 56,666	\$ 179,303
Government of Canada	574,799	193,653
Dehcho First Nation	12,148	31,835
Government of the Northwest Territories	176,590	14,816
Donation & Community Agreement	18,936	6,735
	\$ 839,139	\$ 426,342

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

10. British Columbia 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 of March 31, 2020, the Government of Canada, Minister of Crown-Indigenous Relations, forgave the balance of the remaining loan, \$179,200.

At March 31, 2020, \$56,333 (2019 - \$170,923) of unspent negotiation support funding was classified as restricted cash under the terms of the Agreement as the forgiveness of the loan did not remove the restrictions place on the use of the funds.

	2020	2019
Total loan funding	\$ 339,000	\$ 339,000
Non-repayable contributions	(159,800)	(159,800)
Foregiven amount	(179,200)	-
Repayable loan funding	\$ -	\$ 179,200

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

11. Tangible capital assets

Cost	2019	Additions	Disposals	2020
Building	\$ 111,916	\$ -	\$ -	\$ 111,916
Vehicles	65,080	-	-	65,080
Computers	53,552	42,845	-	96,397
Server	44,000	-	-	44,000
Office equipment	11,058	-	-	11,058
	\$ 285,606	\$ 42,845	\$ -	\$ 328,451
Accumulated amortization	2019	Disposals	Amortization Expense	2020
Building	\$ 56,006	\$ -	\$ 2,236	\$ 58,242
Vehicles	6,508	-	17,571	24,079
Computers	47,682	-	14,576	62,258
Server	44,000	-	-	44,000
Office equipment	3,902	-	1,431	5,333
	\$ 158,098	\$ -	\$ 35,814	\$ 193,912
Net book value			2020	2019
Building			\$ 53,674	\$ 55,910
Vehicles			41,001	58,572
Computers			34,139	5,870
Server			-	-
Office equipment			5,725	7,156
			\$ 134,538	\$ 127,508

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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 into an Unnamed Benefit Agreement in which, a financial contribution of \$1,000,000 is payable to the First Nation over a ten year period into a joint account of the two parties. At March 31, 2020, the First Nation had not received funding from the Unnamed Benefit Agreement; but the amount was received subsequent to the year end.

13. Economic dependence

The First Nation receives a major portion of its revenue from the Government of Canada and 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:

	2020	2019
Accumulated surplus		
General Operating Fund	\$ (96,069)	\$ (349,806)
Enterprise Fund	5,604,549	6,713,553
Equity in tangible capital assets (Note 18)	134,538	127,508
Accumulated surplus before remeasurement gains	5,643,018	6,491,255
Accumulated remeasurement gains	179,744	360,744
Total accumulated surplus	\$ 5,822,760	\$ 6,851,999

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

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:

	2020	2019
ADK Holdings Ltd.		
Expenses		
Rent	\$ 21,000	\$ 21,000
Other	-	1,165
Professional services	-	22,098
Acho Real Estate Limited Partnership		
Expenses		
Rent	\$ 3,300	\$ 2,570
Liard Fuel Centre Limited Partnership		
Expenses		
Utilities		
Fuel	\$ 52,442	\$ 5,324
Beaver Enterprises Limited Partnership		
Expenses		
Repairs and maintenance	\$ -	\$ 6,799

ACHO DENE KOE FIRST NATION

Notes to the Consolidated Financial Statements

For the year ended March 31, 2020

16. Financial instruments

The First Nation's financial instruments consist of cash, accounts receivable, employee advance receivable, due from related parties, accounts payables, accrued liabilities and accrued payroll expenses.

(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 fulfil 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 2019.

17. 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 accumulated surplus.



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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To: Crown-Indigenous Relations and Northern Affairs Canada/ Indigenous Services Canada

We have reviewed the accompanying Annex B – Schedule of Remuneration and Expenses (Chief and Councillors) of Acho Dene Koe First Nation (the "Annex B") for the year ended March 31, 2020.

Management's Responsibility for the Annex B

Management is responsible for the preparation of the Annex B in accordance with the Canadian public sector accounting standards this includes determining that the applicable financial framework is acceptable for the preparation of the Annex B in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Annex B that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying Annex B based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this Annex B.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Annex B – Schedule of Remuneration and Expenses (Chief and Councillors) of Acho Dene Koe for the year ended March 31, 2020 is not prepared, in all material respects, in accordance with the Canadian public sector accounting standards.

Other Matter

The Annex B – Schedule of Remuneration and Expense (Chief and Councillors) of the Acho Dene Koe First Nation for the year ended March 31, 2019 were reviewed by another practitioner who expressed an unmodified opinion.

EPR Yellowknife Accounting Prof. Corp.

EPR Yellowknife Accounting Professional Corporation

Chartered Professional Accountants

Yellowknife, NT

October 22, 2020

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ANNEX B

Schedule of Remuneration and Expenses (Chiefs and Councillors)

Name of Recipient Acho Dene Koe First Nations
For the Year Ended March 31, 2020

Name of Individual	Position Title	Number of Months [Note 1]	Remuneration [Note 2]	Expenses [Note 3]
Gene Hope	Chief	12	\$ 88,825	\$ 39,173
Irene McLeod	Sub-Chief	12	8,263	1,437
Angus Capot-Blanc	Councillor	12	11,459	26,756
Dennis Nelson	Councillor	12	9,307	-
Joe Bertrand	Councillor	12	8,484	-
Morris McLeod	Councillor	12	8,263	-
Roger Bertrand	Councillor	12	8,463	-

1. The number of months during the fiscal year that the individual was a chief or councillor.

2. As per the First Nations Financial Transparency Act:

"Remuneration" means any salaries, wages, commissions, bonuses, fees, honoraria and dividends and any other monetary benefits — other than the reimbursement of expenses — and non-monetary benefits.

Examples are provided in the supporting document which accompanies this document on CIRNAC/ISC's Internet site entitled: "2019-2020 Financial Reporting Requirements".

3. Expenses

"Expenses" includes: flights, mileage, hotel, meals and incidentals.