

ACHO DENE KOE FIRST NATION
Consolidated Statement of Financial Position

As at March 31, 2022

	2022	2021
Financial Assets		
Current		
Cash and cash equivalents	\$1,448,223	\$ 1,500,583
Restricted cash	71,373	89,801
Portfolio investments (Note 2)	3,244,561	3,016,775
Accounts receivable (Note 3)	47,132	84,061
Contributions receivable (Note 4)	1,204,545	692,580
Due from related parties (Note 5)	610,975	601,750
Investments in Nation's business enterprises and partnerships (Note 6)	1,577,704	1,363,563
	<u>8,204,513</u>	<u>7,349,113</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	447,088	538,751
Contributions repayable (Note 8)	25,000	-
Deferred revenue (Note 9)	1,631,488	1,330,552
British Columbia Treaty negotiation loan payable (Note 10)	-	-
	<u>2,103,576</u>	<u>1,869,303</u>
Net Financial Assets	6,100,937	5,479,810
Non-Financial Assets		
Tangible Capital Assets (Note 11)	85,658	102,010
Prepaid expenses	134,560	124,690
	<u>220,218</u>	<u>226,700</u>
Accumulated Surplus (Note 14)	\$6,321,155	\$ 5,706,510

Contingencies (Note 12)

Economic dependence (Note 13)

Legal Commitments (Note 18)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the First Nation

Breenda Bernaas Sub-Chief or Councillor

Julie Apiehase Sub-Chief or Councillor

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

For the year ended March 31, 2022

	2022 Budget	2022 Actual	2021 Actual
Revenue			
Dehcho First Nation	\$ 25,000	\$ 2,005	\$ 40,860
BC Treaty Commission	166,485	121,924	140,182
Government of Canada	800,000	1,507,815	1,981,588
Government of the Northwest Territories	300,000	796,999	521,132
Government of Yukon	95,200	49,745	46,307
Resource royalties	-	141,511	58,856
Other income	150,000	473,020	80,318
Carry forward	1,330,815	-	-
Total revenue	2,867,500	3,093,019	2,869,243
Expenses			
Cultural development	-	1,841	160,184
Community services	-	389,020	225,268
Community and social development	-	524,282	575,383
Governance and administration	-	394,899	314,027
Investment and benefits	-	124,168	44,417
Economic development	-	501,045	131,184
Land & resources	-	273,854	358,842
Specific claims	-	31,479	84,668
Self-government and treaties	-	443,583	997,325
Litigation	-	237,457	259,296
Total Expenses by Object (Schedule 1)	2,867,500	2,921,628	3,150,594
Earnings (loss) before other items	-	171,391	(281,351)
Other items			
Investment income	-	88,100	76,498
Equity in gain (loss) from Nation's business enterprises and partnerships (Note 6)	-	214,141	(344,879)
Surplus/(Deficit)	-	473,632	(549,732)
Accumulated surplus, beginning of year	5,093,286	5,093,286	5,643,018
Accumulated surplus, end of year (Note 14)	\$5,093,286	\$ 5,566,918	\$ 5,093,286

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, 2022

	2022	2021
Annual surplus (deficit)	\$ 473,632	\$ (549,732)
Amortization of tangible capital assets	22,536	34,646
Additions of tangible capital assets	(6,183)	(2,118)
Decrease (increase) in prepaid expenses	(9,864)	14,284
Remeasurement gain (loss) on portfolio investments	141,006	433,483
Decrease in net financial assets	621,127	(69,437)
Net financial assets, beginning of year	5,479,810	5,549,247
Net financial assets, end of year	\$ 6,100,937	\$ 5,479,810

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Cash provided by (used in):		
Cash generated from operations		
Deficit	\$ 473,632	\$ (549,732)
Items not involving cash:		
Amortization	22,536	34,646
Loss from disposal of tangible capital assets	-	-
Equity in loss from government business enterprises and partnerships (Note 6)	(214,141)	344,879
	<u>282,027</u>	<u>(170,207)</u>
Changes in non-cash working capital accounts		
Accounts receivable	36,929	(38,603)
Contributions receivable	(511,965)	(155,133)
Prepaid expenses and deposits	(9,863)	14,283
Accounts payable and accruals	(91,664)	128,107
Contributions repayable	25,000	-
Deferred contributions	300,936	491,413
	<u>31,400</u>	<u>269,860</u>
Investing		
Disposal of (purchase) of portfolio investments	(86,780)	676,183
Advances to related party	(9,225)	30,195
Purchase of tangible capital assets	(6,183)	(2,118)
Proceeds from disposal of tangible capital assets	-	-
	<u>(102,188)</u>	<u>704,260</u>
Increase (decrease) in Cash and cash equivalents	(70,788)	974,120
Cash and cash equivalents, beginning of year	1,590,384	616,264
Cash and cash equivalents, end of year	\$ 1,519,596	\$ 1,590,384
Cash and cash equivalents consists of:		
Cash and cash equivalents	\$ 1,448,223	\$ 1,500,583
Restricted cash	71,373	89,801
	<u>\$ 1,519,596</u>	<u>\$ 1,590,384</u>

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Notes to the Financial Statements
For the year ended March 31, 2022

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.

ACHO DENE KOE FIRST NATION
Notes to the Financial Statements
For the year ended March 31, 2022

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 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.

j. Budget data

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

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

2. Portfolio investments

	Level	2022 Cost	2022 Fair value	2021 Cost	2021 Fair value
Pooled funds:					
TD Cash and equivalents	1	41,789	41,789	52,661	52,661
TD Canadian bond pool	1	1,056,666	965,035	539,472	562,859
TD Canadian equities	1	618,157	843,032	886,993	1,040,023
TD USD equities	1	722,724	910,795	831,214	953,611
TD International equities	1	484,614	483,910	380,307	407,621
		\$2,923,950	\$3,244,561	\$2,690,647	\$3,016,775

3. Accounts receivable

	2022	2021
Member receivables	\$ 32,786	\$ 38,167
Payroll advances	12,519	6,937
Government receivables	22,191	50,669
Other	8,808	17,640
	76,304	113,413
Less: allowance for doubtful accounts member receivables	(26,150)	(22,534)
Less: allowance for doubtful accounts payroll advances	(3,022)	(6,818)
	\$ 47,132	\$ 84,061

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2022	2021
Government of Canada		
Consultation & Policy Development (P&ID)	\$ 1,673	\$ 10,600
Impact Assessment Agency	13,218	8,239
Community Development	55,800	55,800
Land Use Planning	60,000	60,000
Core Funding	-	-
Professional Development	15,100	4,500
Youth Projects	11,645	5,150
Community LED Project	13,750	13,750
CANNOR NorZinc IBA	171,529	29,029
Other	(2,552)	4,987
	340,163	192,055
Dehcho First Nation		
Language and Culture	19,421	19,421
Land Use Planning Support	40,000	23,000
	59,421	42,421
Government of the Northwest Territories		
Education, Culture and Employment	-	-
Community Justice	24,750	24,750
Community Wellness	177,439	-
Covid-19 response	-	-
Strengthen Indigenous Communities	103,550	7,500
Environment and Natural Resources - Covid	20,000	20,000
Environment and Natural Resources - Interim Measures	11,800	8,719
Environment and Natural Resources - Groundwater	5,757	5,757
Environment and Natural Resources - Traditional Knowledge	15,967	66,000
Health - Anti-Poverty Kitchen	22,500	-
Health - Land Based Hope	46,339	-
Climate Change	5,750	-
Other	2,201	12,120
	436,053	144,846

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

4. Contributions receivable (continued)

British Columbia			
Government of British Columbia	\$	-	\$
British Columbia Treaty Commission		56,333	56,333
		56,333	56,333
Government of the Yukon			
Consultation Support		98,110	60,000
Reimbursements		-	510
Forest Resources Act		-	10,000
Mineral Development Strategy		-	2,500
		98,110	73,010
Other			
Unnamed Benefit Agreement		200,000	100,000
Dehcho Regional Helicopters		-	(1,500)
Dene Nation		996	995
Alaska to Alberta Railway		10,469	25,000
Food Banks Canada		-	56,920
Indigenous Tech.Ai		2,500	2,500
Union of Northern Workers		500	-
		214,465	183,915
	\$	1,204,545	\$ 692,580

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

5. Due from related parties

Net balances due from related parties consist of the following:

	2022	2021
Due from Liard Fuel Centre Limited Partnership	\$ 103,528	\$ 103,528
Due from ADK Holdings Limited	(11,731)	(1,083)
Due from Deh Cho Air Limited Partnership	287,778	287,778
Due from Beaver Enterprises Limited Partnership	104,694	88,790
Due from Acho Real Estate Limited Partnership	(2,053)	(6,022)
Due from Acho Camps & Catering Limited Partnership	128,759	128,759
	<hr/>	<hr/>
	\$ 610,975	\$ 601,750

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, 2020 and 2021 rather than at March 31, 2020 and 2019.

The transactions for the period between April 1, 2020 and March 31, 2021 have not been recorded as management believes they are not significant.

	2021	2020
Acho Camps & Catering Limited Partnership	\$ (3,211,186)	\$ (3,063,697)
Acho Real Estate Limited Partnership	(504,366)	(439,544)
ADK Holdings Limited	468,386	697,762
ADK Petroleum Limited Partnership	4,256,386	4,106,093
Beaver Enterprises Limited Partnership	1,001,081	545,789
Deh Cho Air Limited Partnership	(100,853)	(149,470)
Liard Fuel Centre Limited Partnership	(312,513)	(312,239)
Nahendeh Investments Limited Partnership	(26,251)	(28,151)
Shiha Energy Transmission Limited Partnership	7,010	7,010
Shiha Energy Transmission Ltd	10	10
	<hr/>	<hr/>
	\$ 1,577,704	\$ 1,363,563

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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

	2021	2020
Profit (loss) on investments in subsidiaries:		
Acho Camps & Catering Limited Partnership	\$ (147,489)	\$ (838,872)
Acho Real Estate Limited Partnership	(64,822)	(14,767)
ADK Holdings Limited	(229,376)	(81,988)
ADK Petroleum Limited Partnership	150,293	143,228
Beaver Enterprises Limited Partnership	455,292	384,509
Deh Cho Air Limited Partnership	48,617	2,965
Liard Fuel Centre Limited Partnership	(274)	62,646
Nahendeh Investments Limited Partnership	1,900	(2,600)
	\$ 214,141	\$ (344,879)

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:

	2021	2020
Financial position		
Current assets	\$ 6,752	\$ 18,286
Receivable from related parties	-	242,303
Long-term investment	1	1
Property and equipment	210,061	239,777
Total assets	216,814	500,367
Current liabilities	69,996	60,247
Payable to related parties	3,141,380	3,286,815
Long-term debt	216,624	217,002
Total liabilities	3,428,000	3,564,064
Total partners' deficiency	\$(3,211,186)	\$(3,063,697)
Results of operations		
Revenue	\$ -	\$ 26,782
Expense	147,489	379,093
Impairment of long-term investments	-	486,561
Net income (loss) for the year	\$ (147,489)	\$ (838,872)

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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 charge 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:

	2021	2020
Financial position		
Current assets	\$ 9,230	\$ 16,830
Receivable from related parties	24,670	287,082
Income producing properties	475,252	449,119
Total assets	509,152	753,031
Current liabilities	14,091	28,706
Payable to related parties	899,426	1,163,868
Long-term debt	100,000	-
Total liabilities	1,013,517	1,192,574
Total partners' deficiency	\$ (504,365)	\$ (439,543)
Results of operations		
Revenue	\$ 121,370	\$ 131,594
Expense	186,192	146,361
Net income (loss) for the year	\$ (64,822)	\$ (14,767)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2021	2020
Financial position		
Current assets	\$ 34,192	\$ 48,198
Receivable from related parties	2,741,654	2,260,906
Long-term investment	10	10
Equipment	49,457	17,384
Income producing properties	478,443	498,378
Total assets	3,303,756	2,824,876
Current liabilities	391,817	576,606
Payable to related parties	2,403,558	1,510,513
Long-term debt	40,000	40,000
Total liabilities	2,835,375	2,127,119
Total equity	\$ 468,381	\$ 697,757
Results of operations		
Revenue	\$ 438,565	\$ 672,128
Expense	667,941	754,116
Net income (loss) for the year	\$ (229,376)	\$ (81,988)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2021	2020
Financial position		
Current assets	\$ 13,394	\$ 11,312
Other receivable	3,340	3,340
Receivable from related parties	4,216,049	4,072,437
Long-term investment	25,001	25,001
Total assets	<u>4,257,784</u>	<u>4,112,090</u>
Current liabilities	1,400	6,000
Total liabilities	<u>1,400</u>	<u>6,000</u>
Total partners' equity	<u><u>\$ 4,256,384</u></u>	<u><u>\$ 4,106,090</u></u>
Results of operations		
Revenue	\$ 168,508	\$ 162,027
Expense	18,215	18,799
Net income (loss) for the year	<u><u>\$ 150,293</u></u>	<u><u>\$ 143,228</u></u>

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2021	2020
Financial position		
Current assets	\$ 531,785	\$ 531,785
Receivable from related parties	2,663,191	2,663,191
Equipment	883,587	883,587
Total assets	<u>4,078,563</u>	<u>4,078,563</u>
Current liabilities	556,092	556,092
Payable to related parties	2,759,063	2,759,063
Long-term debt	217,619	217,619
Total liabilities	<u>3,532,774</u>	<u>3,532,774</u>
Total partners' equity	<u>\$ 545,789</u>	<u>\$ 545,789</u>
Results of operations		
Revenue	\$ 2,986,912	\$ 3,901,006
Expense	2,703,047	3,544,394
Gain on disposal of equipment	171,427	27,897
Net income (loss) for the year	<u>\$ 455,292</u>	<u>\$ 384,509</u>

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2021	2020
Financial position		
Accounts receivable	\$ 2,940	\$ -
Long-term investments	5,000	5,000
Receivable from related parties	557,951	497,283
Total assets	565,891	502,283
Liabilities		
Current liabilities	4,300	5,093
Payable to related parties	662,443	646,659
Total liabilities	666,743	651,752
Total partners' equity	\$ (100,852)	\$ (149,469)
Results of operations		
Revenue	\$ 60,668	\$ 16,265
Expense	12,051	13,300
Net income (loss) for the year	\$ 48,617	\$ 2,965

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2021	2020
Financial position		
Current assets	\$ 280,782	\$ 326,371
Receivable from related parties	-	367,615
Property and equipment	97,761	113,744
Total assets	378,543	807,730
Current liabilities	144,401	140,721
Payable to related parties	498,475	929,465
Long-term debt	40,000	40,000
Deferred government assistance	8,177	9,780
Total liabilities	691,053	1,119,966
Total partners' equity	\$ (312,510)	\$ (312,236)
Results of operations		
Revenue	\$ 1,246,178	\$ 1,642,930
Expense	1,246,452	1,580,284
Net income (loss) for the year	\$ (274)	\$ 62,646

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2021	2020
Financial position		
Current assets	\$ 3,350	\$ -
Total assets	3,350	-
Current liabilities	29,601	28,151
Total liabilities	29,601	28,151
Total partners' equity	\$ (26,251)	\$ (28,151)
Results of operations		
Expense	(1,900)	2,600
Net income (loss) for the year	\$ 1,900	\$ (2,600)

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2022	2021
Financial position		
Total assets	-	-
Current liabilities	-	-
Total liabilities	-	-
Total partners' equity	\$ -	\$ -
Results of operations		
Expense	-	-
Net income (loss) for the year	\$ -	\$ -

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Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2022	2021
Financial position		
Total assets	-	-
Current liabilities	-	-
Total liabilities	-	-
Total partners' equity	\$ -	\$ -
Results of operations		
Expense	-	-
Net income (loss) for the year	\$ -	\$ -

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7. Accounts payable and accruals

	2022	2021
Accounts payable	\$ 369,120	\$ 423,267
Accrued liabilities	44,474	65,595
Payroll accruals	58,494	49,889
	\$ 472,088	\$ 538,751

8. Contributions repayable

Nil report

9. Deferred contributions

	2022	2021
BC Treaty Commission	\$ 184,836	\$ 166,151
Government of Canada	1,122,861	764,063
Dehcho Land Use Planning Commission	46,500	25,005
Government of the Northwest Territories	116,306	228,620
Government of Yukon	97,383	88,629
Benefit Agreement	63,602	58,084
	\$ 1,631,488	\$ 1,330,552

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For the year ended March 31, 2022

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 British Columbia under the Treaty Process. As of March 31, 2021, the Government of Canada, Minister of Crown-Indigenous Relations, forgave the balance of the remaining loan, \$179,200.

At March 31, 2021, \$184,836 (2021 - \$166,484) 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 placed on the use of the funds.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

11. Tangible capital assets

Cost	2021	Additions	Disposals	2022
Building	\$ 111,916	\$ -	\$ -	\$ 111,916
Vehicles	65,080	-	-	65,080
Computers	98,515	6,183	-	104,698
Server	44,000	-	-	44,000
Office equipment	11,058	-	-	11,058
	\$ 330,569	\$ 6,183	\$ -	\$ 336,752
Accumulated amortization	2021	Disposals	Amortization Expense	2022
Building	\$ 60,389	\$ -	\$ 2,061	\$ 62,450
Vehicles	36,379	-	8,610	44,989
Computers	81,313	-	10,949	92,262
Server	44,000	-	-	44,000
Office equipment	6,478	-	916	7,394
	\$ 228,559	\$ -	\$ 22,536	\$ 251,095
Net book value			2022	2021
Building			\$ 49,466	\$ 51,527
Vehicles			20,091	28,701
Computers			12,436	17,202
Server			-	-
Office equipment			3,664	4,580
			\$ 85,657	\$ 102,010

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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. The 10-year commitment expires in 2022; a 5-year extension is possible but has not been committed to. At March 31, 2021, 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:

	2022	2021
Accumulated surplus		
General Operating Fund	\$ (157,148)	\$ (344,892)
Enterprise Fund	5,638,409	5,336,167
<u>Equity in tangible capital assets (Note 17)</u>	85,657	102,010
Accumulated surplus before remeasurement gains	5,566,918	5,093,285
Accumulated remeasurement gains	754,233	613,227
<u>Total accumulated surplus</u>	<u>\$ 6,321,149</u>	<u>\$ 5,706,510</u>

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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:

	2022	2021
ADK Holdings Ltd.		
Expenses		
Rent	\$ 21,525	\$ 21,525
Other	-	20,000
Liard Fuel Centre Limited Partnership		
Expenses		
Utilities		
Fuel	\$ 89,885	\$ 64,059
Beaver Enterprises Limited Partnership		
Expenses		
Materials and supplies: building and vehicle maintenance	\$ 31,506	\$ 31,208

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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 2020.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

17. Invested in tangible capital assets

	2022	2021
Balance, beginning of year	\$ 102,010	\$ 134,538
Acquisition of tangible capital assets	6,183	2,118
Amortization of tangible capital assets	(22,536)	(34,646)
	\$ 85,657	\$ 102,010

18. Legal Commitments

The First Nation will incur additional legal fees for current litigation continuing into future fiscal periods. The amount of the legal fees is not estimable at this time. Litigation in which the First Nation is currently engaged in is as follows:

- A judicial review concerning the 2020 election of the Chief,
- The 2020 Council Election court action and legal hearing,
- A judicial review concerning the GNWT enforcement of benefit agreements, and
- Mediation regarding the enforcement of community benefits agreement.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

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, 2022.

(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) Community and Social Development

Social, community and recreation program development for the community.

(d) Governance and Administration

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

(e) Economic Development

Economic development includes revenue and expenses to develop the First Nation's investments in economic development in the Northwest Territories, British Columbia and Yukon.

(f) Lands & Resources

Land & resources include revenue and expenses to maintain the First Nation's title and rights under Section 35 of the Constitution including land management and resource management (i.e. response to referrals) in the Northwest Territories, British Columbia and Yukon.

(g) Specific Claims

(Made by First Nations against the Government of Canada) relate to the administration of land and other First Nation assets and to the fulfillment of historic treaties and other agreements. Specific claims are separate and distinct from comprehensive land claims or modern treaties. The Government of Canada works with First Nations to resolve outstanding specific claims through negotiated settlements. The specific claims process is voluntary for First Nations and provides a way to resolve disputes outside of the court system.

(h) Self-Government and Treaties

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
Notes to the Financial Statements

For the year ended March 31, 2022

19. Segment Reporting (continued)

	2022												
	Cultural Development	Community Services	Community and Social Development	Governance and Administration	Investments and Benefits	Economic Development	Lands & Resources	Specific Claims	Self-Government and Treaties	Litigation	Total		
Revenue													
BC Treaty Commission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,924	\$ 121,924
Dehcho First Nation	-	-	-	-	-	-	-	-	-	-	-	\$ 2,005	\$ 2,005
Government of Canada	-	135,745	585,062	291,487	-	201,004	-	31,479	263,038	-	-	-	1,507,815
Government of Northwest Territories	-	328,895	-	29,447	-	132,262	306,395	-	-	-	-	-	796,999
Government of Yukon	-	-	-	-	-	-	20,859	-	28,886	-	-	-	49,745
Resource Royalties	-	-	-	-	141,511	-	-	-	-	-	-	-	141,511
Other income	-	-	-	14,969	426,090	31,961	-	-	-	-	-	-	473,020
Total revenue	\$ -	\$ 464,640	\$ 585,062	\$ 335,903	\$ 567,601	\$ 365,227	\$ 327,254	\$ 31,479	\$ 415,853	\$ -	\$ 3,093,019		

ACHO DENE KOE FIRST NATION
Notes to the Financial Statements

For the year ended March 31, 2022

19. Segment Reporting (continued)

2022

	Cultural Development	Community Services	Community and Social Development	Governance and Administration	Investments and Benefits	Economic Development	Lands & Resources	Specific Claims	Self-Government and Treaties	Litigation	Total
Expenses											
Accounting	\$ 644	\$ 8,373	\$ 14,036	\$ 12,184	\$ 2,576	\$ 6,441	\$ 12,237	\$ 1,288	\$ 17,390	\$ 1,932	\$ 77,101
Advertising	-	6,942	-	3,716	-	-	278	-	-	545	11,481
Amortization	-	-	-	22,536	-	-	-	-	-	-	22,536
Audit	498	6,476	2,491	8,639	1,993	4,982	9,465	996	13,450	1,494	50,484
Bad debt	-	-	-	-180	-	-	-	-	-	-	-180
Bank charges & interest	-	45	185	2,618	1,049	-	-	-	-	-	3,897
Community events	-	24,209	355,547	3,225	27,947	579	-	-	-	-	411,507
Community pandemic support	-	-	-	-	-	-	-	-	-	-	-
Conference fees	-	300	-	50	-	1,990	-	-	-	-	2,340
Educational & training support	-	-	-	1,700	31,903	-	-	-	728	-	34,331
Governance wages & benefits and honoraria	-	-	10,767	83,493	-	1,600	1,400	-	22,455	-	119,715
Insurance	202	2,632	1,012	2,128	810	2,025	3,847	405	5,669	607	19,337
Legal: court and litigation	-	-	-	-	-	-	-	-	-	222,393	222,393
Legal: general	-	-	20,527	26,678	14,302	153,897	2,138	19,672	117,656	-	354,870
Materials & supplies	-	36,423	29,695	74,081	13,687	37,671	3,219	-	10,571	408	205,755
Office & miscellaneous	-	558	-	807	231	163	7,489	-	269	276	9,793
Professional fees	497	61,336	27,814	86,259	21,742	133,687	201,118	7,199	226,112	7,598	773,362
Rent	-	2,625	2,625	3,150	2,625	-	2,625	-	7,875	600	22,125
Telephone & Internet	-	2,599	-	4,479	-	-	-	-	5,662	-	12,740
Travel and accommodation	-	1,513	1,500	79	2,102	22,087	-	-	10,674	746	38,701
Utilities	-	5,113	-	1,411	-	-	-	-	293	-	6,817
Wages & benefits	-	229,876	58,083	52,046	3,201	50,724	138	1,919	2,091	858	398,936
Contributions repaid	-	-	-	5,800	-	85,199	29,900	-	2,688	-	123,587
Total expenses	1,841	389,020	524,282	394,899	124,168	501,045	273,854	31,479	443,583	237,457	2,921,628
Earnings/(loss)	\$ -1,841	\$ 75,620	\$ 60,780	\$ -58,996	\$ 443,433	\$ -135,818	\$ 53,400	\$ -	\$ -27,730	\$ -237,457	\$ 171,391

ACHO DENE KOE FIRST NATION
Notes to the Financial Statements

For the year ended March 31, 2022

19. Segment Reporting (continued)

2021

	Cultural Development	Community Services	Community and Social Development	Governance and Administration	Investments and Benefits	Economic Development	Lands & Resources	Specific Claims	Self-Government and Treaties	Litigation	Total
Revenue											
BC Treaty Commission	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 140,182	\$ -	\$ 140,182
Dehcho First Nation	34,716	-	\$ -	-	-	-	-	-	6,144	-	40,860
Government of Canada	56,920	-	\$ 575,383	260,986	-	59,475	113,771	84,668	830,385	-	1,981,588
Government of Northwest Territories	59,585	226,584	-	17,412	-	-	217,551	-	-	-	521,132
Government of Yukon	-	-	\$ -	-	-	-	25,693	-	20,614	-	46,307
Resource Royalties	-	-	\$ -	-	58,856	-	-	-	-	-	58,856
Other income	-	-	\$ -	1,000	44,416	34,902	-	-	-	-	80,318
Total revenue	\$ 151,221	\$ 226,584	\$ 575,383	\$ 279,398	\$ 103,272	\$ 94,377	\$ 357,015	\$ 84,668	\$ 997,325	\$ -	\$ 2,869,243

ACHO DENE KOE FIRST NATION
Notes to the Financial Statements

For the year ended March 31, 2022

19. Segment Reporting (continued)

2021

	Cultural Development	Community Services	Community and Social Development	Governance and Administration	Investments and Benefits	Economic Development	Lands & Resources	Specific Claims	Self-Government and Treaties	Litigation	Total
Expenses											
Accounting	\$ 2,724	\$ 5,454	\$ 15,000	\$ 12,418	\$ 1,818	\$ 3,227	\$ 15,542	\$ 1,212	\$ 23,763	\$ -	\$ 81,158
Advertising	-	-	2,296	55	-	-	-	-	-	997	3,348
Amortization	-	-	-	34,646	-	-	-	-	-	-	34,646
Audit	-	-	-	16,294	-	-	-	-	8,563	-	24,857
Bad debt	-	-	-	-260	-	-	-	-	-	-	-260
Bank charges & interest	-	3	560	4,823	-	3	3	-	504	-	5,896
Community events	42,830	60,859	-	109	11,123	-	-	-	-	-	114,921
Community Pandemic Support	-	-	538,006	-	-	-	-	-	-	-	538,006
Conference Fees	-	-	-	1,805	650	-	-	-	592	-	3,047
Educational & Training Support	-	-	-	-	14,973	-	-	-	-	-	14,973
Governance wages & benefits and honoraria	-	6,289	-	73,555	-	4,492	19,965	-	39,133	-	143,434
Insurance	-	-	-	15,730	-	-	-	-	-	-	15,730
Legal: court and litigation	-	-	-	-	-	-	-	-	-	224,938	224,938
Legal: general	-	-	209	7,166	0	73,455	5,745	24,803	435,469	-	546,847
Materials & supplies	81,700	33,470	6,167	12,088	592	-	-	-	1,646	-	135,663
Office & miscellaneous	-	307	257	568	549	-	-	-	316	11	2,008
Professional fees	-	636	951	40,815	3,181	48,467	310,142	58,653	474,229	29,286	966,360
Rent	-	-	-	21,525	-	-	-	-	-	-	21,525
Telephone & Internet	-	1,561	-	4,166	-	479	613	-	7,319	-	14,138
Travel and accommodation	-	-566	876	5,333	1,531	1,061	2,169	-	2,957	1,958	15,319
Utilities	-	2,349	21	850	-	-	-	-	-	-	3,220
Wages & benefits	32,930	112,610	13,336	62,341	10,000	-	4,663	-	2,834	2,106	240,820
Total expenses	160,184	225,268	575,383	314,027	44,417	131,184	358,842	84,668	997,325	259,296	3,150,594
Earnings/(loss)	\$ -8,963	\$ 1,316	-	\$ -34,629	\$ 58,855	\$ -36,807	\$ -1,827	\$ -	\$ -	\$ -259,296	\$ -281,351



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INDEPENDENT AUDITOR'S REPORT

To the of 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, 2022
- 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, 2022 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, 2021 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, 2021.

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Other Matter

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, 2021 to March 31, 2022 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, 2022. 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, 2021 to March 31, 2022. 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.

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, 2022.

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 Ltd. Corp.

EPR Yellowknife Professional Accounting Corporation

Chartered Professional Accountants

Yellowknife, NT

March 1, 2023