

Consolidated Financial Statements

ACHO DENE KOE FIRST NATION

March 31, 2023

ACHO DENE KOE FIRST NATION

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As at March 31, 2023

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Management's Responsibility for Financial Reporting

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

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

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

The Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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

The consolidated financial statements have been audited by EPR Yellowknife Accounting Professional Corporation in accordance with Canadian generally accepted auditing standards on behalf of the Members. EPR Yellowknife Accounting Professional Corporation have full access to the Council.

Brenda Bawceek
Councillor or Chief

Julie Apoblanc
Councillor or Chief



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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, 2023
- 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, 2023 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 "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 ADK Holdings Ltd. as at May 31, 2022 and the consolidated statement of operations and accumulated surplus includes the First Nation's equity in the losses of ADK Holdings Ltd. for the year ended May 31, 2022.

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Other Matter

As the fiscal periods of the First Nation and 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, 2022 to March 31, 2023 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, 2023. 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, 2022 to March 31, 2023. 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, 2023.

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

March 14, 2024

ACHO DENE KOE FIRST NATION
Consolidated Statement of Financial Position
As at March 31, 2023

	2023	2022
Financial Assets		
Current		
Cash and cash equivalents	\$ 302,498	\$ 1,448,223
Restricted cash	275,661	71,373
Portfolio investments (Note 2)	3,167,431	3,244,561
Accounts receivable (Note 3)	66,009	47,132
Contributions receivable (Note 4)	1,939,428	1,204,545
Due from related parties (Note 5)	654,023	610,975
Investments in government business enterprises and partnerships (Note 6)	5,174,397	1,577,704
	11,579,447	8,204,513
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	318,384	447,088
Contributions repayable (Note 8)	110,101	25,000
Deferred revenue (Note 9)	1,744,565	1,631,488
British Columbia Treaty Commission loan payable (Note 10)	-	-
	2,173,050	2,103,576
Net Financial Assets	9,406,397	6,100,937
Non-Financial Assets		
Tangible capital assets (Note 11)	124,584	85,658
Prepaid expenses	140,458	134,560
	265,042	220,218
Accumulated Surplus (Note 14)	\$ 9,671,439	\$ 6,321,155

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

Brenet Berneet Councillor or Chief

Julie Lepel Blaize Councillor or Chief

ACHO DENE KOE FIRST NATION
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	2023 Budget	2023 Actual	2022 Actual
Revenues			
Dehcho First Nation	\$ 40,000	\$ 40,000	\$ 2,005
BC Treaty Commission	150,000	150,000	121,924
Government of Canada	1,576,217	1,817,155	1,507,815
Government of the Northwest Territories	503,267	503,267	796,999
Government of Yukon	30,006	30,006	49,745
Resource royalties	133,227	133,227	141,511
Other income	495,171	442,912	473,020
Total Revenues	2,927,888	3,116,567	3,093,019
Expenses			
Benefits and royalties	-	195,587	124,168
Community and social development	-	468,929	913,302
Core government	-	612,807	394,899
Cultural development	-	213,905	1,841
Economic development	-	134,034	501,045
Education and training	-	73,490	-
Health and mental health	-	137,159	-
Housing	-	318,033	-
Intergovernmental affairs	-	42,066	-
Land and resources	-	148,014	273,854
Litigation	-	88,395	237,457
Modern treaty negotiations	-	500,669	443,583
Specific claims	-	57,360	31,479
Total Expenses by Object (Schedule 1)	2,821,003	2,990,449	2,921,628
Income before other items	106,885	126,118	171,391
Other items			
Investment income	-	85,294	88,100
Forgiveness of intercompany loans	-	(295,972)	-
Equity in gain from government's business enterprises and partnerships (Note 6)	-	3,596,693	214,141
Surplus	106,885	3,512,133	473,632
Accumulated surplus, beginning of year	5,566,918	5,566,918	5,093,286
Accumulated surplus, end of year (Note 14)	\$5,673,803	\$9,079,051	\$5,566,918

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Remeasurement Gains
For the year ended March 31, 2023

	2023	2022
Accumulated remeasurement gains, beginning of year	\$ 754,237	\$ 613,231
Change in remeasurement (loss) gain on portfolio investments for the year	(161,849)	141,006
	\$ 592,388	\$ 754,237

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, 2023

	2023	2022
Annual surplus	\$ 3,512,133	\$ 473,632
Proceeds from disposal of tangible capital assets	5,000	-
Loss on disposal of tangible capital assets	261	-
Amortization of tangible capital assets	30,956	22,536
Additions of tangible capital assets	(75,144)	(6,183)
(Increase) in prepaid expenses	(5,897)	(9,864)
Remeasurement (loss) gain on portfolio investments	(161,849)	141,006
 Increase in net financial assets	 3,305,460	 621,127
 Net financial assets, beginning of year	 6,100,937	 5,479,810
 Net financial assets, end of year	 \$ 9,406,397	 \$ 6,100,937

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used in):		
Cash generated from operations		
Surplus	\$ 3,512,133	\$ 473,632
Items not involving cash:		
Amortization	30,956	22,536
Loss from disposal of tangible capital assets	261	-
Equity in (gain) from government business enterprises and partnerships (Note 6)	(3,596,693)	(214,141)
	<hr/>	<hr/>
	(53,343)	282,027
Changes in non-cash working capital accounts		
Accounts receivable	(18,877)	36,929
Contributions receivable	(734,883)	(511,965)
Prepaid expenses and deposits	(5,897)	(9,863)
Accounts payable and accruals	(128,704)	(91,664)
Contributions repayable	85,101	25,000
Deferred contributions	113,077	300,936
	<hr/>	<hr/>
	(743,526)	31,400
Investing		
Disposal of (purchase) of portfolio investments	(84,719)	(86,780)
Advances to related parties	(43,048)	(9,225)
Purchase of tangible capital assets	(75,144)	(6,183)
Proceeds from disposal of tangible capital assets	5,000	-
	<hr/>	<hr/>
	(197,911)	(102,188)
Decrease in Cash and cash equivalents	(941,437)	(70,788)
Cash and cash equivalents, beginning of year	1,519,596	1,590,384
Cash and cash equivalents, end of year	\$ 578,159	\$ 1,519,596
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 302,498	\$ 1,448,223
Restricted cash	275,661	71,373
	<hr/>	<hr/>
	\$ 578,159	\$ 1,519,596

See accompanying notes to the consolidated financial statements.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
March 31, 2023

1. Basis of presentation and significant accounting policies:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for government entities as recommended by the Public Sector Accounting Board of the CPA Canada

a. Fund accounting

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

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

b. Reporting entity and principles of financial reporting

The First Nation's reporting entity includes the Acho Dene Koe First Nation government and all related entities, which are accountable for the administration of their financial and resources to the First Nation and are either owned or controlled by the First Nation. All these related entities are consolidated except for government business enterprises and government business partnerships, which are accounted for by using the modified equity method.

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, 2023

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:

Assets	Rate
Building	4 %
Computers	30 %
Office equipment	20 %
Vehicles	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, 2023

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

d. Revenue recognition

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

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

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

e. Use of estimates

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

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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 Consolidated Financial Statements
For the year ended March 31, 2023

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

g. Allocation of expenses

The Chief and Council record 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 allocate certain 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 an entity 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, 2023

2. Portfolio investments

	Level	2023 Cost	2023 Fair value	2022 Cost	2022 Fair value
Pooled funds:					
TD Cash and equivalents	1	\$ 106,080	\$ 106,080	\$ 41,789	\$ 41,789
TD Canadian bond pool	1	1,217,796	1,083,040	1,056,666	965,035
TD Canadian equities	1	710,329	808,524	618,157	843,032
TD USD equities	1	662,592	819,357	722,724	910,795
TD International equities	1	312,008	350,430	484,614	483,910
		\$3,008,805	\$ 3,167,431	\$ 2,923,950	\$3,244,561

3. Accounts receivable

	2023	2022
Member receivables	\$ 39,551	\$ 32,786
Payroll advances	12,019	12,519
Government receivables	24,755	22,191
Other	18,856	8,808
	95,181	76,304
Less: allowance for doubtful accounts member receivables	(26,150)	(26,150)
Less: allowance for doubtful accounts payroll advances	(3,022)	(3,022)
	\$ 66,009	\$ 47,132

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2023	2022
Government of Canada		
Comprehensive Claims and Treaties	\$ 257,492	\$ -
Consultation and Policy Development (P&ID)	-	1,673
Impact Assessment Agency	-	13,218
Indigenous Service Canada	196,536	-
Community Development	-	55,800
Land Use Planning	-	60,000
Housing Stimulus	279,998	-
Professional Development	-	15,100
Youth Projects	-	11,645
Community LED Project	-	13,750
CANNOR	21,529	171,529
Centre for Northern Conservation	23,570	-
Other	2,904	(2,552)
	782,029	340,163
Dehcho First Nation		
Language and Culture	19,421	19,421
Land Use Planning Support	45,000	40,000
	64,421	59,421
Government of the Northwest Territories		
Community Justice	24,750	24,750
Community Wellness	267,283	177,439
Strengthen Indigenous Communities	-	103,550
Environment and Natural Resources - COVID	-	20,000
Environment and Natural Resources - Interim Measures	52,963	33,524
Interim Resource Management Assistance (IRMA)	74,000	-
Health and Social Services	76,139	68,839
Industry, Tourism and Investment	17,550	-
Climate Change	-	5,750
Other	12,592	2,201
	525,277	436,053

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Contributions receivable (continued)

British Columbia		
British Columbia Treaty Commission	56,333	56,333
	56,333	56,333
Government of the Yukon		
Consultation Support	99,617	98,110
	99,617	98,110
Other		
Unnamed Benefit Agreement	-	200,000
Transcanada Pipelines Ltd	300,000	-
Dene Nation	996	996
Alaska to Alberta Railway	10,469	10,469
Canadian Zinc Corporation	100,286	-
Indigenous Tech.Ai	-	2,500
Union of Northern Workers	-	500
	411,751	214,465
	\$ 1,939,428	\$ 1,204,545

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

5. Due from related parties

Net balances due from related parties consist of the following:

	2023	2022
Due from Liard Fuel Centre Limited Partnership	\$ 105,848	\$ 103,528
Due from ADK Holdings Ltd.	(33,513)	(11,731)
Due from Deh Cho Air Limited Partnership	-	287,778
Due from Beaver Enterprises Limited Partnership	108,571	104,694
Due from Acho Real Estate Limited Partnership	(5,642)	(2,053)
Due from Acho Camps & Catering Limited Partnership	128,759	128,759
Due from Beaver Enterprises Limited-Grader	350,000	-
	\$ 654,023	\$ 610,975

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 May 31, 2022 and 2021 rather than at March 31, 2023 and 2022.

The transactions for the period between June 1, 2022 and March 31, 2023 have not been recorded as management believes they are not significant.

	2022	2021
Acho Camps and Catering Limited Partnership	\$ (347,954)	\$ (3,211,186)
Acho Real Estate Limited Partnership	393,121	(504,366)
ADK Holdings Ltd.	(170,930)	468,386
ADK Petroleum Limited Partnership	4,396,604	4,256,386
Beaver Enterprises Limited Partnership	958,612	1,001,081
Deh Cho Air Limited Partnership	(58,140)	(100,853)
Liard Fuel Centre Limited Partnership	23,415	(312,513)
Nahendeh Investments Limited Partnership	(27,351)	(26,251)
Shiha Energy Transmission Limited Partnership	7,010	7,010
Shiha Energy Transmission Ltd.	10	10
	\$ 5,174,397	\$ 1,577,704

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

	2022	2021
Profit (loss) on investments in subsidiaries:		
Acho Camps and Catering Limited Partnership	\$ 2,863,232	\$ (147,489)
Acho Real Estate Limited Partnership	897,487	(64,822)
ADK Holdings Ltd.	(639,316)	(229,376)
ADK Petroleum Limited Partnership	140,218	150,293
Beaver Enterprises Limited Partnership	(42,469)	455,292
Deh Cho Air Limited Partnership	42,713	48,617
Liard Fuel Centre Limited Partnership	335,928	(274)
Nahendeh Investments Limited Partnership	(1,100)	1,900
	\$ 3,596,693	\$ 214,141

a) Acho Camps and Catering Limited Partnership:

Acho Camps and 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 and Catering Limited Partnership for the year ended May 31:

	2022	2021
Financial position		
Current assets	\$ 4,514	\$ 6,752
Receivable from related parties	1,575	-
Long-term investment	1	1
Property and equipment	-	210,061
Total assets	6,090	216,814
Current liabilities	77,047	69,996
Payable to related parties	128,759	3,141,380
Long-term debt	148,238	216,624
Total liabilities	354,044	3,428,000
Total partners' deficiency	\$ (347,954)	\$ (3,211,186)
Results of operations		
Revenue	\$ 6,565	\$ -
Expense	(37,919)	(147,489)
Gain on forgiveness of related party liabilities	3,089,647	-
Impairment of long-term investments	(195,061)	-
Net income (loss) for the year	\$ 2,863,232	\$ (147,489)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2022	2021
Financial position		
Current assets	\$ 46,062	\$ 9,230
Receivable from related parties	11,503	24,670
Income producing properties	452,804	475,252
Total assets	510,369	509,152
Current liabilities	17,247	14,091
Payable to related parties	-	899,426
Long-term debt	100,000	100,000
Total liabilities	117,247	1,013,517
Total partners' equity (deficiency)	\$ 393,122	\$ (504,365)
Results of operations		
Revenue	\$ 139,534	\$ 121,370
Expense	(169,628)	(186,192)
Forgiveness of intercompany loan	927,581	-
Net income (loss) for the year	\$ 897,487	\$ (64,822)

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

c) ADK Holdings Ltd.:

ADK Holdings Ltd. 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 ADK Holdings Ltd. for the year ended May 31:

	2022	2021
Financial position		
Current assets	\$ 37,631	\$ 34,192
Receivable from related parties	26,808	2,741,654
Long-term investment	10	10
Equipment	37,504	49,457
Income producing properties	459,305	478,443
Total assets	561,258	3,303,756
Current liabilities	652,193	391,817
Payable to related parties	-	2,403,558
Long-term debt	80,000	40,000
Total liabilities	732,193	2,835,375
Total equity	\$ (170,935)	\$ 468,381
Results of operations		
Revenue	\$ 460,553	\$ 438,565
Expense	(658,593)	(667,941)
Impairment of long-term investments	(441,276)	-
Net (loss) for the year	\$ (639,316)	\$ (229,376)

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2022	2021
Financial position		
Current assets	\$ 14,431	\$ 13,394
Other receivable	3,340	3,340
Receivable from related parties	4,357,330	4,216,049
Long-term investment	25,001	25,001
Total assets	<u>4,400,102</u>	<u>4,257,784</u>
Current liabilities	3,500	1,400
Total liabilities	3,500	1,400
Total partners' equity	<u>\$ 4,396,602</u>	<u>\$ 4,256,384</u>
Results of operations		
Revenue	\$ 175,277	\$ 168,508
Expense	(35,059)	(18,215)
Net income for the year	<u>\$ 140,218</u>	<u>\$ 150,293</u>

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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 and repairs. The following table provides condensed supplementary financial information for the Beaver Enterprises Limited Partnership for the year ended May 31:

	2022	2021
Financial position		
Current assets	\$ 1,046,215	\$ 531,785
Receivable from related parties	-	2,663,191
Equipment	1,280,715	883,587
Total assets	2,326,930	4,078,563
Current liabilities	563,858	556,092
Payable to related parties	384,604	2,759,063
Long-term debt	419,856	217,619
Total liabilities	1,368,318	3,532,774
Total partners' equity	\$ 958,612	\$ 545,789
Results of operations		
Revenue	\$ 5,442,360	\$ 2,986,912
Expense	(5,431,800)	(2,703,047)
Forgiveness of intercompany loan	(53,029)	-
Gain on disposal of equipment	-	171,427
Net (loss) income for the year	\$ (42,469)	\$ 455,292

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2022	2021
Financial position		
Accounts receivable	\$ 5,880	\$ 2,940
Long-term investments	5,000	5,000
Receivable from related parties	612,842	557,951
Total assets	623,722	565,891
Current liabilities	4,330	4,300
Payable to related parties	677,531	662,443
Total liabilities	681,861	666,743
Total partners' deficit	\$ (58,139)	\$ (100,852)
Results of operations		
Revenue	\$ 54,890	\$ 60,668
Expense	(12,177)	(12,051)
Net income for the year	\$ 42,713	\$ 48,617

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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 sales 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:

	2022	2021
Financial position		
Current assets	\$ 409,603	\$ 280,782
Property and equipment	83,117	97,761
Total assets	492,720	378,543
 Current liabilities	 319,201	 144,401
Payable to related parties	103,528	498,475
Long-term debt	40,000	40,000
Deferred government assistance	6,573	8,177
Total liabilities	469,302	691,053
 Total partners' equity (deficit)	 \$ 23,418	 \$ (312,510)
 Results of operations		
Revenue	\$ 2,145,364	\$ 1,246,178
Expense	(1,877,642)	(1,246,452)
Other Income	68,206	-
Net income (loss) for the year	\$ 335,928	\$ (274)

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2022	2021
Financial position		
Current assets	\$ 7,845	\$ 3,350
Total assets	7,845	3,350
Current liabilities	35,196	29,601
Total liabilities	35,196	29,601
Total partners' deficit	\$ (27,351)	\$ (26,251)
Results of operations		
Expense	(1,100)	1,900
Net (loss) income for the year	\$ (1,100)	\$ 1,900

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2023	2022
<u>Financial position</u>		
Total assets	-	-
<u>Current liabilities</u>	-	-
Total liabilities	-	-
<u>Total partners' equity</u>	\$ -	\$ -
<u>Results of operations</u>		
Expense	-	-
<u>Net income (loss) for the year</u>	\$ -	\$ -

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2023	2022
<u>Financial position</u>		
Total assets	-	-
<u>Current liabilities</u>	-	-
Total liabilities	-	-
<u>Total partners' equity</u>	\$ -	\$ -
<u>Results of operations</u>		
Expense	-	-
<u>Net income (loss) for the year</u>	\$ -	\$ -

7. Accounts payable and accruals

	2023	2022
Accounts payable	\$ 246,077	\$ 369,120
Accrued liabilities	40,236	44,474
Payroll accruals	32,071	33,494
	\$ 318,384	\$ 447,088

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2023	2022
Government of Canada-Non-Insured Health Benefit (NIHB)	\$ 49,281	\$ -
Government of the Northwest Territories -		
Anti Poverty Lunch Kitchen	25,000	25,000
Government of Yukon-Traditional Use	35,820	-
	\$ 110,101	\$ 25,000

9. Deferred revenue

	2023	2022
BC Treaty Commission	\$ 204,288	\$ 184,836
Government of Canada	1,216,905	1,122,861
Dehcho Land Use Planning Commission	223,322	46,500
Government of the Northwest Territories	46,025	116,306
Government of Yukon	44,060	97,383
Benefit Agreement	9,965	63,602
	\$ 1,744,565	\$ 1,631,488

10. British Columbia Treaty Commission 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, 2023, \$204,288 (2022 - \$184,836) 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, 2023

11. Tangible capital assets

Cost	2022	Additions	Disposals	2023
Building	\$ 111,916	\$ -	\$ -	\$ 111,916
Vehicles	65,080	52,585	(24,348)	93,317
Computers	104,698	19,859	-	124,557
Server	44,000	-	-	44,000
Office equipment	11,058	2,700	-	13,758
	\$ 336,752	\$ 75,144	\$ (24,348)	\$ 387,548
Accumulated amortization	2022	Disposals	Amortization Expense	2023
Building	\$ 62,450	\$ -	\$ 1,978	\$ 64,428
Vehicles	44,989	(19,087)	21,802	47,704
Computers	92,262	-	5,903	98,165
Server	44,000	-	-	44,000
Office equipment	7,394	-	1,273	8,667
	\$ 251,095	\$ (19,087)	\$ 30,956	\$ 262,964
Net book value			2023	2022
Building			\$ 47,488	\$ 49,466
Vehicles			45,613	20,091
Computers			26,392	12,437
Server			-	-
Office equipment			5,091	3,664
			\$ 124,584	\$ 85,658

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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 entered 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 expired in 2022; a 5-year extension is possible but has not been committed to.

13. Economic dependence

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

14. Accumulated surplus

Surplus is as follows:

	2023	2022
Accumulated surplus(deficit)		
General Operating Fund	\$ 2,842,421	\$ (157,148)
Enterprise Fund	6,112,046	5,638,408
<u>Equity in tangible capital assets (Note 17)</u>	<u>124,584</u>	<u>85,658</u>
Accumulated surplus before remeasurement gains	9,079,051	5,566,918
Accumulated remeasurement gains	592,388	754,237
Total accumulated surplus	\$ 9,671,439	\$ 6,321,155

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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:

	2023	2022
ADK Holdings Ltd.		
Expenses		
Rent	\$ 21,525	\$ 21,525
Acho Real Estate Limited Partnership		
Expenses		
Rent	\$ 950	\$ -
Liard Fuel Centre Limited Partnership		
Expenses		
Utilities		
Fuel	\$ 63,013	\$ 89,885
Beaver Enterprises Limited Partnership		
Expenses		
Materials and supplies: building and vehicle maintenance	\$ 12,105	\$ 31,506

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.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

16. Financial instruments (Cont'd..)

(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.

17. Equity in tangible capital assets

	2023	2022
Balance, beginning of year	\$ 85,658	\$ 102,011
Acquisition of tangible capital assets	75,144	6,183
Proceeds from disposal of tangible capital assets	(5,000)	-
Amortization of tangible capital assets	(30,957)	(22,536)
Loss on sale of tangible capital assets	(261)	-
	<hr/>	<hr/>
	\$ 124,584	\$ 85,658

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

18. Legal Commitments

Acho Dene Koe First Nation will incur additional legal fees, beyond legal fees annually incurred for general counsel, treaty negotiations, regulatory permitting, and specific claims action due to on-going litigation.

The amount of the legal fees is not estimable at this time. The litigation currently involves the following:

- A Federal Court Judicial Review concerning the 2021 election of the Chief,
- A Federal Court Judicial Review filed by the First Nation arising from a 2020 Territorial Court Judicial Review regarding the Government of Canada and the Government of the Northwest Territories and their failing to enforce conditions of a proponent's regulatory permit for a community benefit agreement.

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, 2023.

(a) Benefits and Royalties

Provides infrastructure investments to foster the growth of safe, healthy and prosperous community and support Indigenous economic participation.

(b) Community and Social Development

Social, community and recreation program development for the community.

(c) Core Government

Core government program outlines first nation's objective, standards and directives for sound management.

(d) Cultural Development

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

(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.

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Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

19. Segment Reporting (Cont'd..)

(f) Education and Training

Education and training program development for the community.

(g) Health and Mental Health

Health and Mental Health services provides the health benefits and mental health programs to the community.

(h) Housing

Provides housing benefit for the community.

(i) Intergovernmental Affairs

Consultation, engagements and meetings with Canada, Government of British Columbia, Northwest Territories and Yukon.

(j) Land and Resources

Land and 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.

(k) Litigation

The process to resolve a legal dispute between the Nation and other parties, where it be individuals or entities, that involves a lawsuit with potential and/or actual court action.

(l) Modern Treaty Negotiations

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.

(m) 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.