

INDEPENDENT AUDITOR'S REPORT

To the Chief and Council 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 of March 31, 2024
- 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, 2024 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, the public sector accounting standards require that the First Nation account for its investments in Indigenous business enterprises and partnerships using the modified equity method. The investees (the economic development corporation ("ADK's Group of Companies") and/or the "ADK Holdings Ltd." are all Indigenous business enterprises and partnerships with a year end of May 31 and this 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 of May 31, 2023, and the consolidated statement of operations and accumulated surplus includes the First Nation's equity in the losses, as the Shareholder, of ADK Holdings Ltd. for the year ended May 31, 2023.

Other Matter

As the fiscal periods of the First Nation and the ADK's Group of Companies do not substantially coincide, events relating to, or transactions of, ADK's Group of Companies that have occurred during the period from June 1, 2023 to March 31, 2024 and this significantly affect the consolidated financial position or results of operations of the First Nation should be recorded in the First Nation's statements for the year ended March 31, 2024.

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, 2023, to March 31, 2024. Therefore, these financial statements do not reflect such events or transactions, should any exist. In addition, ADK's Group of Companies 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, 2024.

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 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

January 28, 2025

ACHO DENE KOE FIRST NATION
Consolidated Statement of Financial Position
As of March 31, 2024

	2024	2023
Financial Assets		
Current		
Cash and cash equivalents	\$ 1,660,707	\$ 302,498
Restricted cash	155,874	275,661
Portfolio investments (Note 2)	2,437,989	3,167,431
Accounts receivable (Note 3)	155,649	67,153
Contributions receivable (Note 4)	2,670,207	1,939,428
Due from related parties (Note 5)	1,765,352	654,023
Investments in government business enterprises and partnerships (Note 6)	3,715,756	5,174,397
	12,561,534	11,580,591
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 7)	866,720	319,528
Contributions repayable (Note 8)	110,101	110,101
Deferred revenue (Note 9)	3,784,434	1,744,565
	4,761,255	2,174,194
Net Financial Assets	7,800,279	9,406,397
Non-Financial Assets		
Tangible capital assets (Note 10)	107,082	124,584
Prepaid expenses	288,587	140,458
	395,669	265,042
Accumulated Surplus (Note 13)	\$ 8,195,948	\$ 9,671,439

Contingencies (Note 11)

Economic dependence (Note 12)

Legal commitments (Note 17)

See accompanying notes to the Consolidated Financial Statements.

Approved on behalf of the First Nation

Heine Hepe Councillor or Chief

Brenna Beemer Councillor or Chief

ACHO DENE KOE FIRST NATION
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2024

	2024 Budget	2024 Actual	2023 Actual
Revenues			
Government of Canada	1,000,000	1,128,190	1,817,155
Government of the Northwest Territories	400,000	522,888	503,267
Province of British Columbia	-	164,621	-
Government of Yukon	75,000	-	30,006
Canada Mortgage and Housing Corporation	\$ -	\$ 1,829,308	\$ -
British Columbia Treaty Commission	150,000	335,000	150,000
Dehcho First Nations	40,000	40,768	40,000
Government Shared Royalties Funds	100,000	83,858	133,227
Other income	165,000	883,349	442,912
Carry forward from previous year	-	1,743,788	-
Carry forward to next year	1,312,777	(3,783,657)	-
Total Revenues	3,242,777	2,948,112	3,116,567
Expenses			
Benefits and Royalties Contributions	-	124,972	195,587
Community and Social Development	-	516,334	468,929
Core Government Services	-	694,297	612,807
Cultural and Traditions	-	327,965	213,904
Economic and Business Development	-	23,146	134,034
Education and Training	-	142,212	73,490
Health and Mental Health	-	45,041	137,159
Housing Construction and Restorations	-	240,361	318,033
Inter-Governmental Affairs	-	139,168	42,066
Lands and Resources Management	-	115,586	148,014
Litigation	-	52,744	88,395
Land Claims, Self-Government and Reconciliation	-	828,593	500,669
Negotiations	-		
Specific Claims Negotiations	-	1,493	57,362
Total Expenses by Object (Schedule 1)	-	3,251,912	2,990,449
(Loss) income before other items	-	(303,800)	126,118
other items			
Investment income	-	172,901	85,294
Forgiveness of Inter-company loans	-	-	(295,972)
Equity in (loss) gain from First Nation's business enterprises and partnerships (Note 6)	-	(1,458,641)	3,596,693
(Deficit) surplus	-	(1,589,540)	3,512,133
Accumulated surplus, beginning of year	9,079,051	9,079,051	5,566,918
Accumulated surplus, end of year (Note 13)	\$ 9,079,051	\$ 7,489,511	\$ 9,079,051

See accompanying notes to the Consolidated Financial Statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Remeasurement Gains
For the year ended March 31, 2024

	2024	2023
Accumulated remeasurement gains, beginning of year	\$ 592,388	\$ 754,237
Change in remeasurement gain (loss) on portfolio investments for the year	114,049	(161,849)
	\$ 706,437	\$ 592,388

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, 2024

	2024	2023
Annual (deficit) surplus	\$ (1,589,540)	\$ 3,512,133
Proceeds from disposal of tangible capital assets	24,500	5,000
(Gain) Loss on disposal of tangible capital assets	(15,698)	261
Amortization of tangible capital assets	30,931	30,957
Additions of tangible capital assets	(22,230)	(75,144)
(Increase) in prepaid expenses	(148,130)	(5,897)
Remeasurement (loss) gain on portfolio investments	114,049	(161,849)
 (Decrease) increase in net financial assets	 (1,606,118)	 3,305,460
Net financial assets, beginning of year	9,406,397	6,100,937
 Net financial assets, end of year	 \$ 7,800,279	 \$ 9,406,397

See accompanying notes to the Consolidated Financial Statements.

ACHO DENE KOE FIRST NATION
Consolidated Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023
Cash provided by (used in):		
Cash generated from operations		
(Deficit) surplus	\$ (1,589,540)	\$ 3,512,133
Items not involving cash:		
Amortization	30,931	30,956
(Gain) loss from disposal of tangible capital assets	(15,698)	261
Equity in gain (loss) from First Nation's business enterprises and partnerships (Note)	1,458,641	(3,596,693)
	(115,666)	(53,343)
Changes in non-cash working capital accounts		
Accounts receivable	(88,496)	(18,877)
Contributions receivable	(730,779)	(734,883)
Prepaid expenses and deposits	(148,129)	(5,897)
Accounts payable and accruals	547,191	(128,704)
Contributions repayable	-	85,101
Deferred contributions	2,039,869	113,077
	1,503,990	(743,526)
Investing		
Disposal (purchase) of portfolio investments	843,491	(84,719)
Advances to related parties	(1,111,329)	(43,048)
Purchase of tangible capital assets	(22,230)	(75,144)
Proceeds from disposal of tangible capital assets	24,500	5,000
	(265,568)	(197,911)
Increase (decrease) in cash and cash equivalents	1,238,422	(941,437)
Cash and cash equivalents, beginning of year	578,159	1,519,596
Cash and cash equivalents, end of year	\$ 1,816,581	\$ 578,159
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 1,660,707	\$ 302,498
Restricted cash	155,874	275,661
	\$ 1,816,581	\$ 578,159

See accompanying notes to the Consolidated Financial Statements.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
March 31, 2024

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 Acho Dene Koe First Nation, an indigenous government and all its 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 through a Shareholders Agreement. All these related entities are consolidated except for Indigenous government business enterprises and Indigenous government business partnerships, which are accounted for by using the modified equity method.

i. The First Nation records its investments in the First Nation's Indigenous business enterprises (IBE's) and the First Nation's Indigenous business partnerships (IBP's) on a modified equity basis. Under the modified equity basis, the IBE's and IBP'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 IBE's and IBP'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 IBE's and IBP's account for their transactions under accounting standards for private enterprises since 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, 2024

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

b) 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	100.00% 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	99.00% interest
Shiha Energy Transmission Limited Partnership	10.00% 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:

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, 2024

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

d) Revenue Recognition

Public government transfers and grant revenue are recognized by the First Nation 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 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 the First Nation's Indigenous business enterprises and the First Nation's Indigenous business partnerships. Actual results could differ from those estimates.

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

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

f) Final 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, 2024

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

g) Allocation of Expenses

The First Nation records expenses by contribution agreements and programs. The cost of each program includes the personnel, premises and other expenses that are related to providing the program.

The First Nation allocates certain general support expenses by identifying the appropriate basis for allocating each expense.

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 the following criteria are met:

- an environmental standard exists,
- contamination exceeds the environmental standard,
- the organization is solely responsible or accepts responsibility for the liability,
- future economic benefits will be given up, and
- 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, 2024

2. Portfolio Investments

	Level	2024 Cost	2024 Fair value	2023 Cost	2023 Fair value
Pooled funds:					
TD Cash and equivalents	1	\$ 66,877	\$ 66,877	\$ 106,080	\$ 106,080
TD Canadian bond pool	1	836,662	747,722	1,217,796	1,083,040
TD Canadian equities	1	622,378	753,977	710,329	808,524
TD USD equities	1	444,004	640,393	662,592	819,357
TD International equities	1	195,122	229,020	312,008	350,430
		\$2,165,043	\$2,437,989	\$3,008,805	\$3,167,431

During the year, the First Nation withdrew \$1,000,000 from its portfolio investments to provide a low interest loan to Beaver Enterprises Limited Partnership. This loan is part of a 10 year agreement between the First Nation and Beaver Enterprises Limited Partnership for the purchase of heavy civil construction equipment to service contractual agreements for the economic development corporation.

3. Accounts Receivable

	2024	2023
Member receivables	\$ 45,245	\$ 39,551
Payroll advances	13,019	12,019
Government receivables	65,509	25,899
Other trade receivables	89,142	18,856
	212,915	96,325
Less: allowance for doubtful accounts member receivables	(54,244)	(26,150)
Less: allowance for doubtful accounts payroll advances	(3,022)	(3,022)
	\$ 155,649	\$ 67,153

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

4. Contributions Receivables

Contributions receivables 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 on March 31:

	2024	2023
Government of Canada		
Crown-Indigenous Relations & Northern Affairs Canada:	\$ 257,492	\$ 257,492
Negotiations Support Directorate	40,000	-
Environment & Climate Change	571,174	196,536
Indigenous Service Canada	159,996	279,998
Crown-Indigenous Relations & Northern Affairs Canada:	21,529	21,529
Housing Stimulus	23,570	23,570
Canadian Northern Economic Development Agency	8,880	2,904
Nature Conservancy Canada	1,082,641	782,029
Dehcho First Nation		
Language and Culture	39,805	19,421
Land Use Planning Support	45,000	45,000
	84,805	64,421
Government of the Northwest Territories		
Environment and Climate Change: Community Harvester Assistance Program	39,585	-
Community Justice	24,750	24,750
Community Wellness	270,085	267,283
Environment and Climate Change: Water Stewardship	65,350	-
Environment and Climate Change: Interim Pressures	47,214	52,963
Environment and Climate Change: Interim Resource Management Assistance	183,000	74,000
Health and Social Services	76,139	76,139
Industry, Tourism, and Investment	17,550	17,550
Other	12,742	12,592
	\$ 736,415	\$ 525,277

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

4. Contributions receivables (Continued):

	2024	2023
British Columbia		
Province of British Columbia	\$ 35,956	\$ -
British Columbia Treaty Commission	56,333	56,333
	92,289	56,333
Yukon		
Yukon Government	99,617	99,617
	99,617	99,617
Other		
Undisclosed Industry Benefit Agreement ¹	420,190	300,000
Dene Nation	996	-
Alaska to Alberta Railway	10,469	10,469
Undisclosed Industry Benefit Agreement ²	140,286	100,286
Indigenous Tech.Ai	2,500	-
	574,441	410,755
	\$ 2,670,206	\$ 1,938,432

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

5. Due from Related Parties

Net balances due from related parties consist of the following:

	2024	2023
Due from Liard Fuel Centre Limited Partnership	\$ 23,575	\$ 105,848
Due from ADK Holdings Ltd.	711,047	(33,513)
Due from Beaver Enterprises Limited Partnership	85,988	108,571
Due from Acho Real Estate Limited Partnership	42,718	(5,642)
Due from Acho Camps & Catering Limited Partnership	127,524	128,759
Due from Beaver Enterprises Limited-Grader	774,500	350,000
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	\$ 1,765,352	\$ 654,023

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

6. Investments in Indigenous Business Enterprises and Partnerships

Due to ADK Holdings Ltd. year end not coinciding with the year-end of the First Nation, the following amounts are presented as of May 31, 2023, and 2022 rather than on March 31, 2024, and 2023.

The transactions for the period between June 1, 2023, and March 31, 2024, have not been recorded as management believes they are not significant.

	2023	2022
Acho Camps and Catering Limited Partnership	\$ (3,204,557)	\$ (347,954)
Acho Real Estate Limited Partnership	3,322,737	393,121
ADK Holdings Ltd.	469,927	(170,930)
ADK Petroleum Limited Partnership	(18,568)	396,604
Beaver Enterprises Limited Partnership	2,302,987	958,612
Deh Cho Air Limited Partnership	652,560	(58,140)
Liard Fuel Centre Limited Partnership	184,675	23,415
Nahendeh Investments Limited Partnership	(1,025)	(27,351)
Shiha Energy Transmission Limited Partnership	7,010	7,010
Shiha Energy Transmission Ltd.	10	10
	<hr/>	<hr/>
	\$ 3,715,756	\$ 174,397

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

	2023	2022
Profit (loss) on investments in subsidiaries:		
Acho Camps and Catering Limited Partnership	\$ (36,084)	\$ 2,863,232
Acho Real Estate Limited Partnership	66,384	897,487
ADK Holdings Ltd.	640,857	(639,316)
ADK Petroleum Limited Partnership	(4,415,172)	140,218
Beaver Enterprises Limited Partnership	1,344,375	(42,469)
Deh Cho Air Limited Partnership	753,413	42,713
Liard Fuel Centre Limited Partnership	161,260	335,928
Nahendeh Investments Limited Partnership	26,326	(1,100)
	\$ (1,458,641)	\$ 3,596,693

a) Acho Camps and Catering Limited Partnership:

Acho Camps and Catering, a limited partnership of the Northwest Territories, whose principal activities include providing camps and catering operations, held inclusive of Horizon North 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:

	2023	2022
Financial position		
Current assets	\$ 5,527	\$ 4,514
Receivable from related parties	825	1,575
Long-term investment	1	1
Total assets	6,353	6,090
Current liabilities	80,592	77,047
Payable to related parties	229,028	128,759
Long-term debt	80,771	148,238
Total liabilities	390,391	354,044
Total partners' deficiency	\$ (384,038)	\$ (347,954)
Results of operations		
Revenue	\$ -	\$ 6,565
Expense	(36,084)	(37,919)
Gain on forgiveness of related party liabilities	-	3,089,647
Impairment of long-term investments	-	(195,061)
Net (loss) income for the year	\$ (36,084)	\$ 2,863,232

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

a) Acho Camps and 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, a limited partnership of the Northwest Territories, whose principal activity is to provide both long-term residential housing and short-term guest accommodations in Fort Liard. The following table provides condensed supplementary financial information for the Acho Real Estate Limited Partnership for the year ended May 31:

	2023	2022
Financial position		
Current assets	\$ 76,591	\$ 46,062
Receivable from related parties	62,325	11,503
Income producing properties	429,427	452,804
Total assets	568,343	510,369
Current liabilities	24,393	17,247
Long-term debt	84,444	100,000
Total liabilities	108,837	117,247
Total partners' equity	\$ 459,506	\$ 393,122
Results of operations		
Revenue	\$ 249,947	\$ 139,534
Expense	(183,563)	(169,628)
Forgiveness of intercompany loan	-	927,581
Net income for the year	\$ 66,384	\$ 897,487

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

c) ADK Holdings Ltd.:

ADK Holdings Ltd., a registered holdings company of the Northwest Territories, whose principal activities include ownership and operation of an administrative head office building for ADK's Group of Companies in Fort Liard 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:

	2023	2022
Financial position		
Current assets	\$ 580,068	\$ 37,631
Receivable from related parties	66,754	26,808
Long-term investment	10	10
Equipment	39,396	37,504
Income producing properties	440,933	459,305
Future income taxes	48,337	48,337
Total assets	1,175,498	561,258
Current liabilities		
Payable to related parties	255,514	652,193
Long-term debt	370,062	-
Total liabilities	705,576	732,193
Total equity (deficiency)	\$ 469,922	\$ (170,935)
Results of operations		
Revenue	\$ 1,594,984	\$ 460,553
Expense	(957,432)	(658,593)
Contributions repaid	(46,682)	-
Impairment of long-term investments	-	(441,276)
Future income tax recovery	49,987	-
Net income (loss) for the year	\$ 640,857	\$ (639,316)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

d) ADK Petroleum Limited Partnership:

ADK Petroleum, a limited partnership of the Northwest Territories and Alberta, whose principal activity is to continue 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:

	2023	2022
Financial position		
Current assets	\$ 13,833	\$ 14,431
Other receivable	3,340	3,340
Receivable from related parties	-	4,357,330
Long-term investment	25,001	25,001
Total assets	42,174	4,400,102
Current liabilities	60,744	3,500
Total partners' (deficiency) equity	\$ (18,570)	\$ 4,396,602
Results of operations		
Revenue	\$ 49,356	\$ 175,277
Expense	(57,636)	(35,059)
Forgiveness of intercompany loans	(4,406,892)	-
Net (loss) income for the year	\$ (4,415,172)	\$ 140,218

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

e) Beaver Enterprises Limited Partnership:

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

	2023	2022
Financial position		
Current assets	\$ 4,452,635	\$ 1,046,215
Receivable from related parties	28,906	-
Equipment	4,911,356	1,280,715
Total assets	9,392,897	2,326,930
Current liabilities	2,352,821	563,858
Payable to related parties	1,258,250	384,604
Long-term debt	3,478,839	419,856
Total liabilities	7,089,910	1,368,318
Total partners' equity	\$ 2,302,987	\$ 958,612
Results of operations		
Revenue	\$ 14,847,254	\$ 5,442,360
Expense	(13,523,279)	(5,431,800)
Forgiveness of intercompany loan	-	(53,029)
Gain on disposal of equipment	20,400	-
Net income (loss) for the year	\$ 1,344,375	\$ (42,469)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

f) Deh Cho Air Limited Partnership:

Deh Cho Air, a limited partnership of the Northwest Territories, 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:

	2023	2022
Financial position		
Accounts receivable	\$ -	\$ 5,880
Long-term investments	5,000	5,000
Receivable from related parties	691,849	612,842
Total assets	696,849	623,722
Current liabilities	1,575	4,330
Payable to related parties	-	677,531
Total liabilities	1,575	681,861
Total partners' equity (deficiency)	\$ 695,274	\$ (58,139)
Results of operations		
Revenue	\$ 88,597	\$ 54,890
Expense	(12,575)	(12,177)
Forgiveness of intercompany loans	677,391	-
Net income for the year	\$ 753,413	\$ 42,713

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

g) Liard Fuel Centre Limited Partnership:

Liard Fuel Centre, a limited partnership of the Northwest Territories, 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:

	2023	2022
Financial position		
Current assets	\$ 362,230	\$ 409,603
Receivable from related parties	208,095	
Property and equipment	75,609	83,117
Total assets	645,934	492,720
Current liabilities	416,286	319,201
Payable to related parties	-	103,528
Long-term debt	40,000	40,000
Deferred government assistance	4,970	6,573
Total liabilities	461,256	469,302
Total partners' equity	\$ 184,678	\$ 23,418
Results of operations		
Revenue	\$ 2,459,182	\$ 2,145,364
Expense	(2,299,525)	(1,877,642)
Other Income	1,603	68,206
Net income for the year	\$ 161,260	\$ 335,928

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

h) Nahendeh Investments Limited Partnership:

Nahendeh Investments, a limited partnership of the Northwest Territories, whose principal activity is to continue 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:

	2023	2022
Financial position		
Current assets	\$ 1,095	\$ 7,845
Total assets	1,095	7,845
Current liabilities	2,120	35,196
Total partners' deficiency	\$ (1,025)	\$ (27,351)
Results of operations		
Expense	(1,500)	(1,100)
Forgiveness of intercompany loans	27,826	-
Net income (loss) for the year	\$ 26,326	\$ (1,100)

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued):

i) Shiha Energy Transmission Limited Partnership:

Shiha Energy Transmission, a limited partnership of Alberta, 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:

	2024	2023
Financial position		
Total assets	\$ -	\$ -
Current liabilities	- -	- -
Total liabilities	- -	- -
Total partners' equity	\$ -	\$ -
Results of operations		
Expense	- -	- -
Net income for the year	\$ -	\$ -

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

6. Investments in Indigenous Business Enterprises and Partnerships (continued)

j) Shiha Energy Transmission Ltd.:

Shiha Energy Transmission Ltd., a private company of the Northwest Territories and Alberta, 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:

	2024	2023
Financial position		
Total assets	\$ -	\$ -
Current liabilities	- -	- -
Total liabilities	- -	- -
Total partners' equity	\$ -	\$ -
Results of operations		
Expense	- -	- -
Net income for the year	\$ -	\$ -

7. Accounts Payable and Accruals

	2024	2023
Accounts payable	\$ 729,327	\$ 246,076
Accrued liabilities	60,785	40,236
Payroll accruals	38,905	6,397
Payroll taxes payable	37,703	26,819
	\$ 866,720	\$ 319,528

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

8. Contributions Repayable

Acho Dene Koe First Nation receives 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 may require the First Nation to refund 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 of March 31:

	2024	2023
First Nations and Inuit Health Branch (Health Canada)	\$ 49,281	\$ 49,281
Government of the Northwest Territories -		
Anti-Poverty Program	25,000	25,000
Yukon Government -Traditional Use Study	35,820	35,820
	\$ 110,101	\$ 110,101

9. Deferred Revenue

	2024	2023
British Columbia Treaty Commission	\$ 84,527	\$ 204,288
Government of Canada	3,056,166	1,216,905
Dehcho Land Use Planning Committee	52,663	223,322
Dene First Nation	123,431	-
Enbridge Inc.	67,405	-
Government of the Northwest Territories	137,937	46,025
Yukon Government	-	44,060
Undisclosed Benefit Agreements	112,091	9,965
Province of British Columbia	150,214	-
	\$ 3,784,434	\$ 1,744,565

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

10. Tangible Capital Assets

Cost	2023	Additions	Disposals	2024
Building	\$ 111,916	\$ -	\$ -	\$ 111,916
Vehicles	93,317	-	(40,731)	52,586
IT infrastructures	168,557	2,248	-	170,805
Office equipment	13,758	19,982	-	33,740
	\$ 387,548	\$ 22,230	\$ (40,731)	\$ 369,047
Accumulated amortization	2023	Disposals	Amortization Expense	2024
Building	\$ 64,428	\$ -	\$ 1,899	\$ 66,327
Vehicles	47,704	(31,929)	11,043	26,818
IT infrastructures	142,165	-	15,030	157,195
Office equipment	8,667	-	2,958	11,625
	\$ 262,964	\$ (31,929)	\$ 30,930	\$ 261,965
Net book value			2024	2023
Building		\$ 45,589	\$ 47,488	
Vehicles		25,768	45,613	
IT infrastructures		13,610	26,392	
Office equipment		22,115	5,091	
		\$ 107,082	\$ 124,584	

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

11. Contingencies

- a) In addition, in the normal course of its operations, Acho Dene Koe First Nation may be involved in litigations and some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that a 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) Acho Dene Koe 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 and was extended for an additional 5-years with the extension to expire in May 2027.

12. Economic Independence

Acho Dene Koe First Nation receives a sizable portion of its revenue from public governments and agencies of federal, provincial, and territorial governments. The nature and extent of these revenues are of such significance that the First Nation is economically dependent on these sources of revenue.

13. Accumulated Surplus

Surplus is as follows:

	2024	2023
Accumulated surplus(deficit)		
General Operating Fund	\$ (1,974,810)	\$ 2,842,421
Enterprise Fund	9,357,241	6,112,046
<u>Equity in tangible capital assets (Note 16)</u>	<u>107,080</u>	<u>124,584</u>
Accumulated surplus before remeasurement gains	7,489,511	9,079,051
Accumulated remeasurement gains	706,437	592,388
Total accumulated surplus	\$ 8,195,948	\$ 9,671,439

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

14. Related Party Transactions

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

	2024	2023
ADK Holdings Ltd.		
Expenses		
Rent	\$ 21,525	\$ 21,525
Other	10,655	-
Acho Real Estate Limited Partnership		
Expenses		
Rent	\$ 1,120	\$ 950
Liard Fuel Centre Limited Partnership		
Expenses		
Fuel	\$ 41,187	\$ 63,013
Beaver Enterprises Limited Partnership		
Expenses		
Materials and supplies: building and vehicle maintenance	\$ 36,396	\$ 12,105

15. Financial Instruments:

The First Nation's financial instruments consist of cash, accounts receivable, employee advance receivable, due from related parties, accounts payable, 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, 2024

15. Financial Instruments (Continued):

b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a monetary 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.

16. Equity in Tangible Capital Assets

	2024	2023
Balance, beginning of year	\$ 124,584	\$ 85,658
Acquisition of tangible capital assets	22,230	75,144
Proceeds from disposal of tangible capital assets	(24,500)	(5,000)
Amortization of tangible capital assets	(30,930)	(30,957)
Gain (loss) on sale of tangible capital assets	15,698	(261)
	<hr/>	<hr/>
	\$ 107,080	\$ 124,584

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

17. Legal Commitments:

Acho Dene Koe First Nation incurs litigation costs annually and these include general counsel in matters involving public government discussions, regulatory permitting, and industry proponent action,; in addition to due to negotiations, litigation costs occur annually due to land claim and self-government negotiations, specific claims negotiations, and treaty and reconciliation negotiations held with the federal, provincial and territorial governments.

The amount of the legal fees is not estimable currently. Court action litigation currently involves the following:

- The Supreme Court of the Northwest Territories, Action no: S-1-CV-2020-000239

18. 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, 2024.

a. Benefits and Royalties Contribution

Provides infrastructure and economic 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 Services

Core government services are the central institutions and functions that make up the Indigenous's government system.

d. Cultural and Traditions

The practice of preserving cultural and traditions as well as resource management for the First Nation.

e. Economic and Business Development

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

ACHO DENE KOE FIRST NATION
Notes to the Consolidated Financial Statements
For the year ended March 31, 2024

19. Segment Reporting (Continued):

- f. Education and Training
Post Secondary Education and trade certificate training program development for the First Nation's members for employment readiness.
- g. Health and Mental Health
Health and Mental Health services programs and support for the First Nation's members.
- h. Housing Construction and Restorations
Provides housing supports and benefits to service the First Nation's members and employees of the ADK Group of Companies.
- i. Intergovernmental Affairs
Consultation, engagements and meetings with the Government of Canada, British Columbia, Northwest Territories and Yukon.
- j. Land and Resources Management
Land and resources involves preserving 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, whether it be individuals or entities, involves a lawsuit with potential and/or actual court action.
- l. Self-Government and Reconciliation Negotiations
Relates to funding, revenue and expenses relating to the First Nation's negotiations with the governments of Canada, British Columbia, Yukon, and Northwest Territories related to self-government and/or reconciliation agreements.
- m. Specific Claims
Specific Claims are separate and distinct from comprehensive land claims or modern treaties. Specific Claims are to resolve outstanding claims. The process is voluntary for First Nations and provides a way to resolve disputes outside of the court system.