

Deh Gah Got'ie First Nation

Consolidated Financial Statements

March 31, 2018

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Independent Auditors' Report

To the Members of Deh Gah Got'ie First Nation

We have audited the accompanying consolidated financial statements of Deh Gah Got'ie First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statements of operations and accumulated surplus, change in net financial assets, and the cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



Basis for Qualified Opinion

The First Nation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the First Nation and we were not able to determine whether any adjustments might be necessary to fundraising and other revenue, deficiency of revenues over expenses and net financial assets.

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2018 and the results of its consolidated operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

We draw your attention to Note 18 of the consolidated financial statements, which indicates that budget information has not been reported as the information is not available.

Yellowknife, Canada
January 24, 2019

Crowe MacKay LLP

Chartered Professional Accountants

Deh Gah Got'ie First Nation

Consolidated Statement of Financial Position

<u>As at March 31</u>	<u>2018</u>	<u>2017</u>
Financial Assets		
Cash and cash equivalents		
Cash and cash equivalents	\$ 105,396	\$ 42,435
Accounts receivable (Note 4)	248,793	270,393
GST receivable	13,174	59,671
Due from related parties	123,613	330,283
Investments in government business enterprises (Note 7)	635,505	765,619
Investment in government business partnerships (Note 8)	113,310	101,534
	<u>1,239,791</u>	<u>1,569,935</u>
Liabilities		
Line of credit (Note 9)		66,140
Accounts payable and accrued liabilities (Note 10)	271,626	211,880
Contributions repayable (Note 11)	79,825	103,474
Deferred revenue (Note 12)	179,944	97,043
	<u>531,395</u>	<u>478,537</u>
Net financial assets	708,396	1,091,398
Non-financial Assets		
Tangible capital assets (Note 13)	309,598	217,786
Prepaid expenses and deposits	7,876	8,609
	<u>317,474</u>	<u>226,395</u>
Accumulated Surplus	\$ 1,025,870	\$ 1,317,793

Contractual obligations (Note 14)

Contractual rights (Note 15)

Approved on behalf of the Deh Gah Got'ie First Nation

Karen Canader, Chief
W. A. J., Acting Executive Director

The accompanying notes are an integral part of the financial statements

Deh Gah Got'ie First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31	2018 Actual	2017 Actual
Revenue		
Government of Canada:		
Indigenous and Northern Affairs Canada (Note 16)	\$ 329,312	\$ 342,316
Health Canada (Note 16)	163,609	146,208
Government of the Northwest Territories (Note 16)	786,043	510,387
Dehcho First Nations (Note 16)	668,292	668,533
Fundraising and other revenue	348,979	328,815
Transfer to deferred revenue	(179,944)	(97,043)
Transfer from deferred revenue	97,043	7,138
Income (loss) from investments in government business enterprises and government business partnerships	(118,338)	1,737
Contributions repayable	(3,750)	(4,106)
	2,091,246	1,903,985
Expenses		
Band Government (Note 23)	929,863	555,946
Community Services (Note 23)	151,843	220,539
Education (Note 23)	944,948	869,204
Health (Note 23)	183,824	175,302
Economic Development (Note 23)	172,691	107,824
	2,383,169	1,928,815
Deficiency of revenue over expenses	(291,923)	(24,830)
Accumulated surplus, beginning of year	1,317,793	1,342,623
Accumulated surplus, end of year	\$ 1,025,870	\$ 1,317,793

The accompanying notes are an integral part of the financial statements

Deh Gah Got'ie First Nation

Consolidated Statement of Change in Net Financial Assets

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
<u>Deficiency of revenue over expenses</u>	\$ (291,923)	\$ (24,830)
Acquisition of tangible capital assets	(116,223)	(6,516)
<u>Amortization of tangible capital assets</u>	<u>24,411</u>	<u>16,083</u>
	(91,812)	9,567
<u>Acquisition of prepaid expenses and deposits</u>	<u>733</u>	<u>3,812</u>
Increase (decrease) in net financial assets	(383,002)	(11,451)
<u>Net financial assets, beginning of year</u>	<u>1,091,398</u>	<u>1,102,849</u>
<u>Net financial assets, end of year</u>	<u>\$ 708,396</u>	<u>\$ 1,091,398</u>

The accompanying notes are an integral part of the financial statements

Deh Gah Got'ie First Nation

Consolidated Statement of Cash Flows

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
Cash flows from Operating activities		
Deficiency of revenue over expenses	\$ (291,923)	\$ (24,830)
Items not affecting cash		
Amortization	24,411	16,083
Loss (income) from investments in government business enterprises and government business partnerships	118,338	(1,737)
Impairment of due from related parties	249,202	-
	100,028	(10,484)
Change in non-cash operating working capital		
Accounts receivable	21,600	(125,512)
Prepaid expenses and deposits	733	3,809
Accounts payable and accrued liabilities	59,750	35,576
Contributions repayable	(23,649)	(20,645)
Deferred revenue	82,901	89,905
GST receivable	46,494	(9,432)
	287,857	(36,783)
Capital activity		
Acquisition of tangible capital assets	(116,223)	(6,513)
Financing activity		
Loan payable		(1,695)
Investing activity		
Advances (to) from related party	(42,533)	1,606
Increase (decrease) in cash and cash equivalents	129,101	(43,385)
Cash and cash equivalents, beginning of year	(23,705)	19,680
Cash and cash equivalents, end of year	\$ 105,396	\$ (23,705)
Represented by		
Cash and cash equivalents	\$ 105,396	\$ 42,435
Line of credit		(66,140)
	\$ 105,396	\$ (23,705)

The accompanying notes are an integral part of the financial statements

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

1. Nature of operations

Deh Gah Got'ie First Nation (the "First Nation") is established pursuant to the *Indian Act*. Operating activities of the First Nation include the administration and delivery of services to its members in the Hamlet of Fort Providence, Northwest Territories. The First Nation is classified as an Indian Band and as such is a non-taxable entity under Section 149 of the *Income Tax Act*.

2. Basis of Presentation and Significant Accounting Policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenditures are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

(b) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of a government business enterprise and government business partnerships, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Deh Gah Got'ie First Nation's investment in the government business enterprise or partnership and the enterprise's or partnership's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Deh Gah Got'ie First Nation.

Organizations consolidated in Deh Gah Got'ie First Nation financial statements include:

1. Undah Gogha Corporation (100% control)
2. Fort Providence Resource Management Board (100% control)

Government business enterprises accounted for on a modified equity basis include:

3. 5343 NWT Ltd. (100% control)
4. Digaa Enterprises Ltd. (70% subsidiary)

Government business partnerships accounted for on a modified equity basis include:

5. Evergreen Forestry Limited Partnership (50% Partner)

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(c) Revenue recognition

Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Capital transfers or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built.

Contributions

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Other sources of revenues

Fundraising revenues are recognized when received or receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Other revenue includes administration fees, interest revenue and management fees. Administration fee revenue is recognized when the services have been performed and collection is reasonably assured. Certain contributions and government transfers for projects allow for administration fee expenses which are charged to the project when incurred and a corresponding administration fee revenue is recognized. Interest is recognized when it is earned. Management fees are recognized when the service is provided.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, line of credit, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition for the purpose of meeting short-term cash commitments.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(e) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets are amortized over their estimated useful lives as follows:

Land	0% Declining balance
Buildings	4% Declining balance
Boat	15% Declining balance
Furniture and equipment	20% Declining balance
Heavy equipments	20% Declining balance
Automotive	30% Declining balance
Computer equipment	30-55% Declining balance

One half the regular amortization is recorded in the year of acquisition of assets. No amortization is recorded in the year of disposal.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Deh Gah Got'ie First Nation ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(f) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services that may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses and deposits.

(g) Related party transactions

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(h) Net debt or net financial assets

The First Nation's consolidated financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(i) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when: contamination exceeding an environmental standard exists; the First Nation is either directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at March 31, 2018.

At each financial reporting date, the First Nation reviews the carrying amounts of the liability, if any. Any revisions required to the amount previously recognized are accounted for in the period revisions are made.

The First Nation has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

(j) Segment disclosures

Segment financial information for certain departments is provided in Note 22. The accounting policies used in these segments is consistent with those followed in preparation of the consolidated financial statements. The segments include:

Band Government which provides internal support to the Council and other departments that provide direct services to band members;

Community Services which provides programs to various interest groups within the community;

Economic Development which provides support and programs to the community to foster job creation and economic growth;

Education which provides educational services and programs to the community; and

Health which provides health services and related programs to the community.

(k) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

2. Basis of Presentation and Significant Accounting Policies (continued)

(l) Financial Instruments

The First Nation records its financial instruments at cost or amortized cost. The First Nation's accounting policy for financial instruments is as follows:

Cash and cash equivalents, accounts receivable, amounts due from related parties, line of credit, accounts payable and accrued liabilities and contributions repayable are recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(m) Investments in Government Business Enterprises and Partnerships

The First Nation records its investments in government business enterprises (GBE) and government business partnerships (GBP) using the modified equity method. Under this method, the investments are initially recorded at cost and increased (decreased) by the proportionate share of earnings (loss) and are decreased by any dividends paid to the First Nation. No adjustments are made for any differences between the accounting policies of the GBE and GBPs and those of the First Nation.

At the end of each reporting period, the First Nation assesses whether there are any indications that an investment may be impaired, and if such is the case, the impairment loss is expensed.

(n) Employee benefit obligations

Under the conditions of employment, employees earn vacation pay. Vacation pay is earned at a rate of 4% for employees with tenure less than or equal to 5 years and 6% for employees with tenure over 5 years.

(o) Contributed materials and services

The First Nation relies on volunteer time and contributed goods and services to achieve its purposes. Because of the difficulty of determining their fair values, volunteer time and contributed goods and services are not recognized in these consolidated financial statements unless the materials and services are purchased and used in the normal course of operations and a fair value can be reasonably estimated.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

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3. Future accounting changes

Restructuring Transactions, Section PS 3430

This Section establishes standards on how to record assets, liabilities, revenues, and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. This section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted.

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Entities should adopt Section PS 3450 in the same fiscal year that Section PS 2601 Foreign Currency Translation, is adopted. This section applies to fiscal years beginning on or after April 1, 2021.

Foreign Currency Translation, Section PS 2601

This section is replacing existing Section PS 2600, Foreign Currency Translation. Entities should adopt Section PS 2601 in the same fiscal year section PS 3450, Financial Instruments, is adopted. This section applies to fiscal years beginning on or after April 1, 2021. Earlier adoption is permitted.

Portfolio Investments, Section PS 3041

This section will establish how to account for and report portfolio investments in the financial statements of public sector entities. Entities should adopt Section PS 3041 in the same fiscal year as sections PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments and PS1201 Financial Statement Presentation, is adopted. This section applies to fiscal years beginning on or after April 1, 2021.

Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2021.

Revenue, Section PS 3400

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions". This section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted.

The impact of the transition to these accounting standards is being reviewed by management.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

4. Accounts receivable

	2018	2017
Due from the Government of Canada	\$ 35,648	\$ 60,963
Due from the Government of the Northwest Territories	110,362	45,892
Due from Dehcho First Nations	94,359	131,160
Other accounts receivable	51,193	68,859
	291,562	306,874
Less: Allowance for doubtful accounts	(42,769)	(36,481)
	\$ 248,793	\$ 270,393

5. Due from related parties

As at March 31, 2018 the First Nation has amounts due from the following related parties:

5343 NWT Ltd., 100% control
Digaa Enterprise's Ltd., 70% owned subsidiary
Yamoria Grocery Ltd., significant influence
Deh Gah Betterment Corporation, significant influence

	2018	2017
Yamoria Grocery Ltd.	\$ 116,678	\$ 116,678
Deh Gah Betterment Corporation	88,208	88,208
5343 NWT Ltd.	276,490	237,653
Digaa Enterprises Ltd.	118,190	114,495
Less: Allowance for doubtful accounts	(475,953)	(226,751)
	\$ 123,613	\$ 330,283

Yamoria Grocery Ltd. has ceased operations. As there is significant doubt regarding collectability, the balance due from Yamoria Grocery Ltd. has been impaired to zero.

Deh Gah Betterment Corporation has ceased operations. As there is significant doubt regarding collectability, the balance due from Deh Gah Betterment Corporation has been impaired to zero.

5343 NWT Ltd. was involuntarily dissolved by the GNWT corporate registries division on October 27, 2015 at which time it ceased to exist as a legal entity; however, the company continues to operate and has plans to apply for a Certificate of Revival and assume any existing liabilities. As there is significant doubt regarding collectability, the balance due from 5343 NWT Ltd. in Deh Gah Got'ie First Nation has been impaired to zero. The amount due from 5343 NWT Ltd. in Undah Gogha Corporation has not been impaired as it is not significant.

Amounts due from (to) related parties are unsecured, non-interest bearing and have no set terms of repayment.

Deh Gah Got'ie First Nation**Notes to Consolidated Financial Statements**

March 31, 2018

6. Related Party Transactions

As at March 31, 2018 the First Nation entered into transactions with the following related parties:

5343 NWT Ltd., 100% control

Digaa Enterprises Ltd., 70% owned subsidiary

Evergreen Forestry Limited Partnership, 50% general partnership interest

	2018	2017
Revenues		
Evergreen Forestry Limited Partnership - Management fee	\$ 53,387	\$ 48,387
Evergreen Forestry Limited Partnership - Donation	-	7,250
5343 NWT Ltd. - Insurance recovery	12,642	12,642
Total revenues	66,029	330,283
Expenses		
5343 NWT Ltd. - Rent and utilities	\$ 10,800	\$ 16,600
Digaa Enterprises Ltd. - Rent	44,347	44,347
Digaa Enterprises Ltd. - Construction	6,650	5,000
Digaa Enterprises Ltd. - Wages	-	6,710
Total expenses	\$ 61,797	\$ 330,283

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

7. Investments in Government Business Enterprises

The First Nation owns 100% of 5343 NWT Ltd. and 70% of Digaa Enterprises Ltd.

The First Nation's investments in government business enterprises consist of the following:

	2018	2017
Investment in Digaa Enterprises Ltd.		
7 Class A common shares	\$ 7	\$ 7
Share of equity in retained earnings since date of acquisition	<u>635,498</u>	<u>765,612</u>
	<u>\$ 635,505</u>	<u>\$ 765,619</u>

Digaa Enterprises Ltd. was incorporated under the laws of the Northwest Territories and its major activities are construction services and commercial and residential property rental in Fort Providence, NT.

The investment in 5343 NWT Ltd. is reported as \$NIL due to accumulated losses in that business enterprise.

The condensed supplementary financial information of 5343 NWT Ltd. and Digaa Enterprises Ltd. as at March 31, 2018 is as follows:

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

7. Investments in Government Business Enterprises, continued

Total assets and liabilities segregated by main classification:

	5343 NWT Ltd.	Digaa Enterprises Ltd.	2018 Total	2017 Total
Cash	\$ 7,154	\$ 14,915	\$ 22,069	\$ 16,010
Accounts receivable	25,476	45,173	70,649	180,938
Tangible capital assets	152,455	1,173,232	1,325,687	1,503,983
Other assets	11,062	58,622	69,684	38,805
Total assets	\$ 196,147	\$ 1,291,942	\$ 1,488,089	\$ 1,739,736
Accounts payable	\$ 2,842	\$ 27,077	\$ 29,919	\$ 41,274
Long-term debt	136,407	84,941	221,348	263,353
Other liabilities	276,490	272,050	548,540	542,215
Total liabilities	415,739	384,068	799,807	846,842
Equity (deficit)	(219,592)	1,008,892	789,300	892,894
Correction of accounting error	-	(101,018)	(101,018)	-
Total equity	(219,592)	907,874	688,282	892,894
Total liabilities and equity	\$ 196,147	\$ 1,291,942	\$ 1,488,089	\$ 1,739,736

Net operating results:

	5343 NWT Ltd.	Digaa Enterprises Ltd.	2018 Total	2017 Total
Revenue	\$ 35,300	\$ 1,142,598	\$ 1,177,898	\$ 1,267,000
Expenses	54,035	1,260,168	1,314,203	1,292,708
Other expenses (revenues)	-	(32,711)	(32,711)	36,988
Total expenses	54,035	1,227,457	1,281,492	1,329,696
Net income (loss)	\$ (18,735)	\$ (84,859)	\$ (103,594)	\$ (62,696)

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7. Investments in Government Business Enterprises, continued

Digaa Enterprises Ltd. has an adjustment to net assets and net income from a correction of accounting error. In the prior years, a building was incorrectly labeled and classified as land; therefore, no amortization was taken as land does not depreciate. Digaa Enterprises Ltd. calculated and recorded the amortization prior to April 1, 2016 as well as for the year ended March 31, 2017. As a result the financial statements were adjusted to increase expenses by \$15,166, decrease equity by \$116,134 and decrease tangible capital assets by \$101,018.

Digaa Enterprises Ltd. has entered into a contractual obligation. The Company has placed an order for a sewage truck, with expected delivery in September/October 2018. Sewage trucks are a significant investment and would be expected to cost between \$170,000 to \$175,000. The Company expects to receive some government assistance, which will offset some of this expected expenditure.

8. Investment in Government Business Partnerships

The First Nation owns 50% general partnership interest of Evergreen Forestry Limited Partnership.

The First Nation's investments in government business partnerships consist of the following:

	2018	2017
Investment in Evergreen Forestry Ltd. Partnership		
Partner's capital	\$ 113,310	\$ 101,534

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

8. Investment in Government Business Partnerships, continued

Evergreen Forestry Limited Partnership was formed by virtue of a limited partnership agreement to provide forest fire fighting and other forestry services near Hay River, Northwest Territories. The partnership receives 100% of its revenue pursuant to a fire suppression contract with the Government of the Northwest Territories.

The condensed supplementary financial information of Evergreen Forestry Limited Partnership as at March 31, 2018 is as follows:

Total assets and liabilities segregated by main classification:

	2018	2017
Assets		
Current		
Cash	\$ 96,704	\$ 2,795
Short-term investments	200,115	266,165
Accounts receivable	44	-
Goods and services tax recoverable	5,978	3,063
Prepaid expenses	1,114	1,790
	303,955	273,813
Tangible capital assets	1,182	2,322
Goodwill	1	1
Investment in Denendeh Helicopters Ltd. at cost	1,020	1,020
Due from related parties	50	50
Total assets	\$ 306,208	\$ 277,206
Liabilities		
Current		
Accounts payable	\$ 6,990	\$ 2,915
Severance Liability	72,598	67,120
	79,588	70,035
Due to related parties	-	2,042
Total liabilities	79,588	72,077
Partners' Capital	226,620	205,129
Total liabilities and partners' capital	\$ 306,208	\$ 277,206

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

8. Investment in Government Business Partnerships, continued

Net assets and partnership share:

	2018	2017
Opening Partners' Capital	\$ 205,129	\$ 205,784
Net income	128,266	96,120
Withdrawals	(106,775)	(96,775)
Closing Partners' Capital	226,620	205,129
Partnership interest	50%	50%
Investment in Evergreen Forestry Limited Partnership	\$ 113,310	\$ 102,565

The 2017 non-consolidated financial statements of the First Nation included a qualification for the investment in Evergreen Forestry Limited Partnership as their financial statements were not available at the time of the First Nation's audit. As a result, the 2017 investment in Evergreen Forestry Limited Partnership does not agree to the amount calculated above. The balance was corrected in the 2018 non-consolidated financial statements as the difference was insignificant.

Net operating results:

	2018	2017
Revenue	\$ 1,541,564	\$ 1,439,404
Expenses	1,408,648	1,335,336
Other income (expenses)	(4,650)	(7,948)
Net income	\$ 128,266	\$ 96,120

9. Line of credit

The First Nation has an operating line of credit facility to a maximum of \$75,000 bearing interest at the bank's prime lending rate plus 5% per annum. As at March 31, 2018 the amount used was \$nil (2017 - \$61,140)

Included in the line of credit is the Fort Providence Resource Management Board which has a Royal Bank revolving line of credit that accrues interest at the Royal Bank prime rate plus 7.50% per annum and has a credit limit of \$20,000. The amount owing at March 31, 2018 was \$nil (2017 - \$5,000). The facility states that the line of credit revolves in \$5,000 increments and the client decides when to repay amounts owing, unless the Royal Bank recalls the line of credit at its discretion.

Deh Gah Got'ie First Nation**Notes to Consolidated Financial Statements**

March 31, 2018

10. Accounts payable and accrued liabilities

	2018	2017
Trade payables	\$ 214,642	\$ 149,924
Credit card payable	4,617	9,528
Government remittances payable	36,955	40,887
Vacation payable	15,412	11,541
	<hr/> \$ 271,626	<hr/> \$ 211,880

11. Contributions repayable

	2018	2017
Federal government - Indigenous and Northern Affairs Canada	\$ 4,108	\$ 4,108
Government of the Northwest Territories	9,337	32,986
Dehcho First Nation	62,071	62,071
Canadian Northern Economic Development Agency (CanNor)	4,309	4,309
	<hr/> \$ 79,825	<hr/> \$ 103,474

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

12. Deferred revenue

	March 31, 2017	Funding received, 2018	Revenue recognized or transferred to funding repayable, 2018	March 31, 2018
Government of the Northwest Territories				
Community wellness plan	\$ 12,590	\$ 166,194	\$ (178,784)	\$ -
<u>Early childhood</u>	7,846	6,803	(4,934)	9,715
	20,436	172,997	(183,718)	9,715
Dehcho First Nations				
Interim resource development agreement	5,129	113,850	(96,388)	22,591
Government of Canada				
Community development and capacity building	71,478	100,800	(92,082)	80,196
Community capacity	-	56,700	(5,020)	51,680
<u>Aboriginal head start</u>	-	158,552	(142,790)	15,762
	71,478	316,052	(239,892)	147,638
	\$ 97,043	\$ 602,899	\$ (519,998)	\$ 179,944

Deferred revenue consists of amounts received for which project completion dates extending beyond the fiscal year end, or conditions attached to the use of the funds have not yet been met, or an operating advance received from a funding agency for the upcoming fiscal year. These amounts will be recognized in revenue as expenditures are incurred or conditions of funding are satisfied.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

13. Tangible Capital Assets

	Cost			Accumulated amortization			2018.net book value
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 135,381	\$ -	\$ 135,381	\$ -	\$ -	\$ -	\$ 135,381
Buildings	104,451	-	104,451	57,999	1,858	59,857	44,594
Automotive	204,962	57,928	262,890	198,427	4,814	203,241	59,649
Computer equipment	75,318	4,799	80,117	65,126	6,304	71,430	8,687
Furniture and equipment	23,229	27,822	51,051	19,007	2,553	21,560	29,491
Heavy equipment	52,780	-	52,780	38,727	6,813	45,540	7,240
Boat	16,518	25,674	42,192	15,567	2,069	17,636	24,556
	\$ 612,639	\$ 116,223	\$ 728,862	\$ 394,853	\$ 24,411	\$ 419,264	\$ 309,598

	Cost			Accumulated amortization			2017 Net book value
	Balance, beginning-of year	Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Land	\$ 135,381	\$ -	\$ 135,381	\$ -	\$ -	\$ -	\$ 135,381
Buildings	104,451	-	104,451	56,063	1,936	57,999	46,452
Automotive	204,962	-	204,962	195,598	2,829	198,427	6,535
Computer equipment	68,805	6,513	75,318	58,575	6,551	65,126	10,192
Furniture and equipment	23,229	-	23,229	17,921	1,086	19,007	4,222
Heavy equipment	52,780	-	52,780	35,214	3,513	38,727	14,053
Boat	16,518	-	16,518	15,399	168	15,567	951
	\$ 606,126	\$ 6,513	\$ 612,639	\$ 378,770	\$ 16,083	\$ 394,853	\$ 217,786

Déh Gah Got'ie First Nation**Notes to Consolidated Financial Statements**

March 31, 2018

14. Contractual Obligations

The First Nation has entered into a lease agreement for office space with the Hamlet of Fort Providence that expires on March 31, 2019. Future estimated minimum payments are as follows:

	2019	2020	2021	2022	2023 and thereafter
Hamlet of Fort Providence - Office Rent	\$ 3,780	\$ -	\$ -	\$ -	\$ -

15. Contractual Rights

The First Nation has signed and is entitled to the following contribution agreements to receive funding for the 2018/19 fiscal year:

	2019
2018/19 Operational assistance & program delivery funding - Dehcho First Nations	\$ 250,000

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

16. Government Transfers

	2018			
	Operating	Capital	Transferred from (to) deferred revenue	Total
Government of Canada				
Indigenous and Northern Affairs Canada	\$ 389,710	\$ -	\$ (60,398)	\$ 329,312
Health Canada	179,371	-	(15,762)	163,609
Total	569,081	-	(76,160)	492,921
Government of the Northwest Territories				
	775,322	-	10,721	786,043
Dehcho First Nations	685,754	-	(17,462)	668,292
	\$ 2,030,157	\$ -	\$ (82,901)	\$ 1,947,256

	2017			
	Operating	Capital	Transferred from (to) deferred revenue	Total
Government of Canada				
Indigenous and Northern Affairs Canada	\$ 413,794	\$ -	\$ (71,478)	\$ 342,316
Health Canada	146,208	-	-	146,208
Total	560,002	-	(71,478)	488,524
Government of the Northwest Territories				
	526,927	-	(16,540)	510,387
Dehcho First Nations	673,662	-	(5,129)	668,533
	\$ 1,760,591	\$ -	\$ (104,558)	\$ 1,667,444

17. Economic Dependence

The First Nation receives a significant amount of funding from the Government of Canada, Dehcho First Nations and the Government of the Northwest Territories in the form of operating and capital grants. Management is of the opinion that discontinuance of funding would significantly affect operations.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

18. Budget Information

Canadian public sector accounting standards ("PSAS") require the disclosure of budget information for comparison to the First Nation's actual revenues and expenses.

The consolidated budgeted revenues and expenses, and surplus (deficit) has not been reported in these consolidated financial statements as this information is not available for the entire reporting entity. While having no effect on reported revenues, expenses, and surplus (deficit), omission of this information does not allow comparison of planned revenues and expenditures to actual revenue and expenditures and is a departure from PSAS.

19. Measurement uncertainty

These consolidated financial statements include accounting value for a parcel of land owned in the amount of \$135,381, at cost. The ultimate realization of this amount is dependent upon the result of a property valuation by an appraiser and, accordingly, there is some uncertainty as to the valuation of the land.

20. Comparative figures

Certain of the comparative figures have been reclassified to conform with the presentation adopted in the current year.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

21. Risk Management

The First Nation is exposed to credit, liquidity, and interest rate risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the First Nation's financial instruments by type of risk is provided below:

a) Credit risk

Credit risk is the risk of financial loss to the First Nation if a debtor fails to make payments of interest and principal when due. The First Nation is exposed to this risk relating to its cash and cash equivalents, accounts receivable and due from related parties of \$477,802 (2017 - \$643,111). Credit risk is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection.

At March 31, 2018, the following accounts receivable were past due, but not impaired:

30 days	\$ 8,000
60 days	3,942
<u>90 days</u>	<u>53,183</u>
Total	\$ 65,125

The First Nation has concentration of credit risk in its accounts receivable. Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total balance and thus there is a higher risk to the First Nation in the event of a default. At March 31, 2018, receivables from three government agencies comprised 97% of the total outstanding accounts receivables (2017 - 88%). The First Nation reduces this risk by monitoring overdue balances.

The First Nation has concentration of credit risk in cash. The First Nation's cash is maintained with a large federally regulated financial institution in Canada in excess of the insurable limit.

There have been no significant changes from previous year in the exposure to risk or policies, procedures and method used to measure the risk.

b) Liquidity risk

Liquidity risk is the risk that the First Nation cannot repay its obligations when they become due to its creditors. The First Nation has liquidity risk in its line of credit, accounts payable and accrued liabilities; and contributions repayable of \$351,451 (2017 - \$381,494).

The First Nation mitigates its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due.

Cash and cash equivalents, accounts receivable, due from related parties, line of credit, accounts payable and accrued liabilities, and contributions repayable are expected to mature in up to 6 months.

There have been no significant changes from previous year in the exposure to risk or policies, procedures and method used to measure the risk.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2018

22. Expenses by Object

The following is a summary of expenses by object.

For the year ended March 31	2018 Actual	2017 Actual
Amortization	\$ 24,411	\$ 16,083
Bad debts	259,104	29,292
Contract services	151,026	160,801
Cultural events	208,846	115,674
Donations	2,000	500
Equipment rental	21,232	12,724
Gas and oil	17,238	20,673
Honoraria	47,116	30,725
Income taxes	7,559	-
Insurance	12,363	13,928
Interest and bank charges	8,114	8,134
Licenses	20,170	10,893
Materials and supplies	180,128	48,929
Meeting expenses	57,471	22,117
Office supplies	24,383	10,763
Professional fees	29,959	72,484
Program expenditures	294,456	365,992
Property and land taxes	149	943
Rent and utilities	83,412	81,799
Repairs and maintenance	5,377	6,948
Salaries and benefits	803,284	792,778
Telephone and communication	26,988	25,100
Training	38,738	-
Travel	59,645	81,535
	<hr/> \$ 2,383,169	<hr/> \$ 1,928,815