

Independent Auditors' Report

To the Members of Deh Gah Got'ie First Nation

Qualified Opinion

We have audited the consolidated financial statements of Deh Gah Got'ie First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated consolidated statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with PSAB.

Basis for Qualified Opinion

The First Nation derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amount recorded in the records of the First Nation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising and other revenues, deficiency of revenue over expenses, and cash flow from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018 and accumulated surplus as at April 1 and March 31 for both the 2019 and 2018 fiscal year. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effect of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Emphasis of Matter

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

Independent Auditors' Report (continued)

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PSAB, 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.

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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.

Independent Auditors' Report (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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.

Yellowknife, Canada
December 17, 2019

Chartered Professional Accountants

Deh Gah Got'ie First Nation

Consolidated Statement of Financial Position

As at March 31	2019	2018
Financial Assets		
Cash and cash equivalents		
Cash and cash equivalents	\$ 112,568	\$ 105,396
Accounts receivable (Note 4)	206,947	248,793
GST receivable	18,270	13,174
Due from related parties (Note 5)	124,043	123,613
Investments in government business enterprises (Note 7)	173,761	635,505
Investment in government business partnerships (Note 8)	127,191	113,310
	<hr/> 762,780	<hr/> 1,239,791
Liabilities		
Bank indebtedness (Note 9)	54,983	-
Accounts payable and accrued liabilities (Note 10)	263,363	271,626
Contributions repayable (Note 11)	118,010	79,825
Deferred revenue (Note 12)	250,953	179,944
	<hr/> 687,309	<hr/> 531,395
Net financial assets	75,471	708,396
Non-financial Assets		
Tangible capital assets (Note 13)	335,629	309,598
Prepaid expenses and deposits	10,852	7,876
	<hr/> 346,481	<hr/> 317,474
Accumulated Surplus	\$ 421,952	\$ 1,025,870

Contractual obligations (Note 14)
Contractual rights (Note 15)

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



_____, Chief



_____, 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**

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
Revenue		
Government of Canada:		
Indigenous and Northern Affairs Canada (Note 16)	\$ 354,833	\$ 268,914
Health Canada (Note 16)	349,238	147,847
Government of the Northwest Territories (Note 16)	554,776	796,764
Dehcho First Nations (Note 16)	552,429	650,830
Fundraising and other revenues	231,311	348,979
Transfer to deferred revenue	(48,585)	-
Income (loss) from investments in government business enterprises and government business partnerships	(447,864)	(118,338)
Contributions repayable	(25,607)	(3,750)
	1,520,531	2,091,246
Expenses		
Band Government (Note 23)	695,553	929,863
Community Services (Note 23)	197,419	151,843
Education (Note 23)	927,136	944,948
Health (Note 23)	169,695	183,824
Economic Development (Note 23)	134,648	172,691
	2,124,451	2,383,169
Deficiency of revenue over expenses	(603,918)	(291,923)
Accumulated surplus, beginning of year	1,025,870	1,317,793
Accumulated surplus, end of year	\$ 421,952	\$ 1,025,870

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>2019</u>	<u>2018</u>
Deficiency of revenue over expenses	\$ (603,918)	\$ (291,923)
Acquisition of tangible capital assets	(62,889)	(116,223)
Amortization of tangible capital assets	36,858	24,411
	(26,031)	(91,812)
Use (acquisition) of prepaid expenses and deposits	(2,976)	733
Decrease in net financial assets	(632,925)	(383,002)
Net financial assets, beginning of year	708,396	1,091,398
Net financial assets, end of year	\$ 75,471	\$ 708,396

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>2019</u>	<u>2018</u>
Cash flows from Operating activities		
Deficiency of revenue over expenses	\$ (603,918)	\$ (291,923)
Items not affecting cash		
Amortization	36,858	24,411
Loss (income) from investments in government business enterprises and government business partnerships	447,864	118,338
Impairment of due from related parties	16,153	249,202
	(103,043)	100,028
Change in non-cash operating working capital		
Accounts receivable	41,846	21,600
Prepaid expenses and deposits	(2,976)	733
Accounts payable and accrued liabilities	(8,264)	59,750
Contributions repayable	38,185	(23,649)
Deferred revenue	71,009	82,901
GST receivable	(5,096)	46,494
	31,661	287,857
Capital activity		
Acquisition of tangible capital assets	(62,889)	(116,223)
Investing activity		
Advances to related party	(16,583)	(42,533)
Increase (decrease) in cash and cash equivalents	(47,811)	129,101
Cash and cash equivalents, beginning of year	105,396	(23,705)
Cash and cash equivalents, end of year	\$ 57,585	\$ 105,396
Represented by		
Cash and cash equivalents	\$ 112,568	\$ 105,396
Line of credit	(54,983)	-
	\$ 57,585	\$ 105,396

The accompanying notes are an integral part of the financial statements

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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. Significant aspects of the accounting policies adopted by the First Nation are as follows:

(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. Expenses 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, 2019

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 recognized as revenue in the year related expenses are incurred. Contributions received in advance of the use of funds are either deferred for future periods or repayable depending upon the terms of the contribution agreement. The deferred amounts will be brought into income when the related services are provided and expenses incurred.

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, 2019

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 Nationability 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, 2019

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, 2019.

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 23. 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.

Some of the more significant estimates used in these financial statements affect deferred revenue, contributions receivable, and contribution repayable. Actual results could differ from those estimates. For many common financial statement items such as accounts payable and allowances for doubtful accounts, measurement uncertainty is inherent but inestimable.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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, bank indebtedness, 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 or distributions 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

March 31, 2019

3. Future accounting changes

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.

4. Accounts receivable

	2019	2018
Due from the Government of Canada	\$ 83,602	\$ 35,648
Due from the Government of the Northwest Territories	10,987	110,362
Due from Dehcho First Nations	37,268	94,359
Other accounts receivable	226,249	51,193
	358,106	291,562
Less: Allowance for doubtful accounts	(151,159)	(42,769)
	<hr/> \$ 206,947	\$ 248,793

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

5. Due from related parties

As at March 31, 2019 the First Nation has amounts due from the following related parties:

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

	2019	2018
Yamoria Grocery Ltd.	\$ 116,678	\$ 116,678
Deh Gah Betterment Corporation	88,208	88,208
5343 NWT Ltd.	293,673	276,490
Digaa Enterprises Ltd.	117,590	118,190
Less: Allowance for doubtful accounts	(492,106)	(475,953)
	<hr/> \$ 124,043	<hr/> \$ 123,613

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.

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, 2019

6. Related Party Transactions

As at March 31, 2019 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

	2019	2018
Revenues		
Evergreen Forestry Limited Partnership - Management fee	\$ 51,281	\$ 53,387
Evergreen Forestry Limited Partnership - Donation	4,000	-
5343 NWT Ltd. - Insurance recovery	12,642	12,642
5343 NWT Ltd. Utilities recovery	1,082	-
Total revenues	\$ 69,005	\$ 66,029
Expenses		
5343 NWT Ltd. - Rent and utilities	\$ 17,150	\$ 10,800
Digaa Enterprises Ltd. - Rent	54,223	44,347
Digaa Enterprises Ltd. - Construction	30,000	6,650
Total expenses	\$ 101,373	\$ 61,797

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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:

	2019	2018
Investment in Digaa Enterprises Ltd.		
7 Class A common shares	\$ 7	\$ 7
Share of equity in retained earnings since date of acquisition	<u>173,754</u>	<u>635,498</u>
	<hr/> \$ 173,761	<hr/> \$ 635,505

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, 2019 is as follows:

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

7. Investments in Government Business Enterprises, continued

Total assets and liabilities segregated by main classification:

	5343 NWT Ltd.	Digaa Enterprises Ltd.	2019 Total	2018 Total
Cash	\$ 15,787	\$ 37,636	\$ 53,423	\$ 22,069
Accounts receivable	23,256	81,512	104,768	70,649
Tangible capital assets	146,357	1,155,638	1,301,995	1,325,687
Other assets	11,062	266,549	277,611	69,684
Total assets	\$ 196,462	\$ 1,541,335	\$ 1,737,797	\$ 1,488,089
Accounts payable	\$ 4,997	\$ 805,279	\$ 810,276	\$ 29,919
Long-term debt	133,234	187,389	320,623	221,348
Other liabilities	291,444	300,438	591,882	548,540
Total liabilities	429,675	1,293,106	1,722,781	799,807
Equity (deficit)	(233,213)	248,229	15,016	688,282
Total equity	(233,213)	248,229	15,016	688,282
Total liabilities and equity	\$ 196,462	\$ 1,541,335	\$ 1,737,797	\$ 1,488,089

Net operating results:

	5343 NWT Ltd.	Digaa Enterprises Ltd.	2019 Total	2018 Total
Revenue	\$ 44,150	\$ 2,293,298	\$ 2,337,448	\$ 1,177,898
Expenses	57,771	3,080,154	3,137,925	1,314,203
Other expenses (revenues)	-	(127,211)	(127,211)	(32,711)
Total expenses	57,771	2,952,943	3,010,714	1,281,492
Net income (loss)	\$ (13,621)	\$ (659,645)	\$ (673,266)	\$ (103,594)

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

7. Investments in Government Business Enterprises, continued

Digaa Enterprises Ltd.'s financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due.

During the year, Digaa Enterprises Ltd. entered into a major construction contract with a single customer. Subsequent to the completion of the contract, the customer filed for and obtained creditor protection under the Companies' Creditors Arrangement Act. Significant doubt exists regarding the amount, if any, which may eventually be collected from this customer. \$858,298, the entire amount receivable at March 31, 2019, has been included in the allowance for doubtful accounts.

As a result, Digaa Enterprises Ltd. incurred a net loss of \$659,645 during the year ended March 31, 2019 and, as of that date, their current liabilities exceeded current assets by \$631,318. Digaa Enterprises Ltd. may not be able to generate sufficient cash flows to meet current liabilities as they become due.

These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Digaa Enterprises Ltd.'s ability to continue as a going concern. Management has not yet determined the potential impact of these events and conditions and consequently has not yet developed a plan to address them.

The above condensed financial statements do not include any adjustments relating to the recoverability of assets and to the reclassification of asset and liability amounts that might be necessary should Digaa Enterprises Ltd. be unable to continue its operations.

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:

	2019	2018
Investment in Evergreen Forestry Ltd. Partnership Partner's capital	\$ 127,191	\$ 113,310

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

8. Investment in Government Business Partnerships, continued

Evergreen Forestry Limited Partnership was formed by 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, 2019 is as follows:

Total assets and liabilities segregated by main classification:

	2019	2018
	Revised	
Assets		
Current		
Cash	\$ 59,059	\$ 96,704
Short-term investments	277,115	200,115
Accounts receivable	300	44
Goods and services tax recoverable	613	5,978
Prepaid expenses	1,114	1,114
	338,201	303,955
Tangible capital assets	945	1,182
Goodwill	1	1
Investment in Denendeh Helicopters Ltd. at cost	1,020	1,020
Due from related parties	6,825	50
Total assets	\$ 346,992	\$ 306,208
Liabilities		
Current		
Accounts payable	\$ 10,462	\$ 15,490
Severance liability	72,361	72,598
	82,823	88,088
Due to related parties	9,789	-
Total liabilities	92,612	88,088
Partners' Capital	254,380	218,120
Total liabilities and partners' capital	\$ 346,992	\$ 306,208

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Notes to Consolidated Financial Statements

March 31, 2019

8. Investment in Government Business Partnerships, continued

Net assets and partnership share:

	2019	2018
		Revised
Opening Partners' Capital	\$ 218,120	\$ 196,629
Net income	138,822	128,266
Withdrawals	(102,562)	(106,775)
Closing Partners' Capital	254,380	218,120
Partnership interest	50%	50%
Investment in Evergreen Forestry Limited Partnership	\$ 127,190	\$ 109,061

The 2019 non-consolidated financial statements of Evergreen Forestry Limited Partnership include a prior period adjustment for audit fees that had not been accrued. The financial statements were restated for the prior years to reflect this liability. The correction of the error resulted in an increase to liabilities of \$8,500 and an offsetting decrease to each of the Partner's Capital accounts, in the amount of \$4,250.

Net operating results:

	2019	2018
		Revised
Revenue	\$ 1,445,666	\$ 1,541,564
Expenses	1,307,656	1,408,648
Other income (expenses)	812	(4,650)
Net income	\$ 138,822	\$ 128,266

9. Bank indebtedness

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, 2019 the amount used was \$54,983 (2018 - \$nil)

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, 2019 was \$nil (2018 - \$nil). 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, 2019

10. Accounts payable and accrued liabilities

	2019	2018
Trade payables	\$ 203,859	\$ 214,642
Credit card payable	7,061	4,617
Workers safety compensation	4,552	-
Government remittances payable	25,975	36,955
Vacation payable	21,916	15,412
	<hr/> \$ 263,363	<hr/> \$ 271,626

11. Contributions repayable

	2019	2018
Federal government - Indigenous and Northern Affairs Canada	\$ 4,108	\$ 4,108
Federal government - Health Canada	18,176	-
Government of the Northwest Territories	29,345	9,337
Dehcho First Nation	62,072	62,071
Canadian Northern Economic Development Agency (CanNor)	4,309	4,309
	<hr/> \$ 118,010	<hr/> \$ 79,825

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

March 31, 2019

12. Deferred revenue

	March 31, 2018	Funding received, 2019	Revenue recognized, 2019	March 31, 2019
Government of the Northwest Territories				
Early childhood	\$ 9,715	\$ 25,012	\$ -	\$ 34,727
Dehcho First Nations				
Interim resource development agreement	22,591	-	(22,591)	-
Government of Canada				
Community development and capacity building	80,196	-	(80,196)	-
Youth Work Experience	51,680	7,634	(51,680)	7,634
Aboriginal head start	15,762	11,642	(15,762)	11,642
Community Capacity Building	-	111,000	-	111,000
Professional & Institutional Development	-	45,000	-	45,000
Wills & Estate planning	-	40,950	-	40,950
	147,638	216,226	(147,638)	216,226
	\$ 179,944	\$ 241,238	\$ (170,229)	\$ 250,953

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 expenses are incurred or conditions of funding are satisfied.

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

13. Tangible Capital Assets

	Cost			Accumulated amortization			2019 Net book value	
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortizatio n	Balance, end of year		
Land	\$ 135,381	\$ -	\$ 135,381	\$ -	\$ -	\$ -	\$ 135,381	
Buildings	104,451	-	104,451	59,857	1,784	61,641	42,810	
Automotive	262,890	54,824	317,714	203,241	14,425	217,666	100,048	
Computer equipment	80,117	1,570	81,687	71,430	4,749	76,179	5,508	
Furniture and equipment	51,051	6,495	57,546	21,560	4,399	25,959	31,587	
Heavy equipment	52,780	-	52,780	45,540	9,599	55,139	(2,359)	
Boat	42,192	-	42,192	17,636	1,902	19,538	22,654	
	\$ 728,862	\$ 62,889	\$ 791,751	\$ 419,264	\$ 36,858	\$ 456,122	\$ 335,629	

	Cost			Accumulated amortization			2018 Net book value	
	Balance, beginning of year	Additions	Balance, end of year	Balance, beginning of year	Amortizatio n	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	

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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, 2020. Future estimated minimum payments are as follows:

	2020	2021	2022	2023	2024 and thereafter
Hamlet of Fort Providence - Office Rent	\$ 3,630	\$ -	\$ -	\$ -	\$ -

15. Contractual Rights

The First Nation has signed and is entitled to the following contribution agreements to receive funding for the 2019/20 fiscal year:

	2020
Dehcho First Nations - AFS Monitoring	\$ 41,554
Dehcho First Nations - Indigenous Skills and Employment Training Program	\$ 275,000
Dehcho First Nations - Small Community Employment Support	\$ 61,338
Dehcho First Nations - Deh Gah Got'ie First Nation Language Program	\$ 50,206
Dehcho First Nations - Aboriginal Language Nest Program	\$ 75,000
Dehcho First Nations - Literacy Project	\$ 15,000
Dehcho First Nations - Moosehide Tanning and Traditional Harvesting Camp	\$ 30,000
Dehcho First Nations - Wage Subsidy Program	\$ 25,843
GNWT - Education, Culture and Employment - Adult Literacy & Computer Training	\$ 11,446
GNWT - Education, Culture and Employment - Early Childhood Program	\$ 5,274
GNWT - Education, Culture and Employment - Early Childhood Intervention Program	\$ 27,000
GNWT - Education, Culture and Employment - Employment Assistance Services	\$ 15,000
GNWT - Education, Culture and Employment - Driver Training Class 4, 5, and 7	\$ 18,694
GNWT - Environment and Natural Resources - CHAP/LWC Program	\$ 49,835
GNWT - Environment and Natural Resources - Resource Management Assistance	\$ 105,000
GNWT - Environment and Natural Resources - Wide Community Based Monitoring	\$ 6,176
GNWT - Health and Social Services Wellness Program	\$ 190,963
GNWT - Environment and Natural Resources - CHAP/LWC Program	\$ 58,100

Deh Gah Got'ie First Nation

Notes to Consolidated Financial Statements

March 31, 2019

16. Government Transfers

	2019			
	Operating	Capital	Transferred from (to) deferred revenue	Total
Government of Canada				
Indigenous and Northern Affairs Canada	\$ 378,957	\$ -	\$ (24,124)	\$ 354,833
Health Canada	232,790	112,328	4,120	349,238
Total	611,747	112,328	(20,004)	704,071
Government of the Northwest Territories				
	579,789	-	(25,013)	554,776
Dehcho First Nations	529,838	-	22,591	552,429
	\$ 1,721,374	\$ 112,328	\$ (22,426)	\$ 1,811,276
	2018			
	Operating	Capital	Transferred from (to) deferred revenue	Total
Government of Canada				
Indigenous and Northern Affairs Canada	\$ 329,312	\$ -	\$ (60,398)	\$ 268,914
Health Canada	158,552	5,057	(15,762)	147,847
Total	487,864	5,057	(76,160)	416,761
Government of the Northwest Territories				
	786,043	-	10,721	796,764
Dehcho First Nations	668,292	-	(17,462)	650,830
	\$ 1,942,199	\$ 5,057	\$ (82,901)	\$ 1,864,355

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, 2019

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 expenses to actual revenue and expenditures and is a departure from PSAS.

19. Measurement uncertainty

These consolidated financial statements include a parcel of land owned and carried at a cost of \$135,381. 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, 2019

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 \$443,558 (2018 - \$477,802). Credit risk is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection.

At March 31, 2019, the following accounts receivable were past due, but not impaired:

30 days	\$ 8,674
60 days	215
<u>90 days</u>	<u>115,892</u>
Total	\$124,781

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, 2019, receivables from three government agencies comprised 59% of the total outstanding accounts receivables (2018 - 97%). 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 \$476,500 (2018 - \$351,451).

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, 2019

22. Expenses by Object

The following is a summary of expenses by object.

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
Amortization	\$ 36,858	\$ 24,411
Bad debts	140,672	259,104
Contract services	92,607	151,026
Cultural events	130,714	208,846
Donations	2,000	2,000
Equipment rental	16,678	21,232
Gas and oil	12,310	17,238
Honoraria	27,200	47,116
Income taxes	(2,826)	7,559
Insurance	11,918	12,363
Interest and bank charges	7,719	8,114
Licenses	8,819	20,170
Materials and supplies	172,172	180,128
Meeting expenses	26,488	57,471
Office supplies	26,446	24,383
Professional fees	57,697	29,959
Program expenditures	62,092	294,456
Property and land taxes	1,378	149
Rent and utilities	77,863	83,412
Repairs and maintenance	50,187	5,377
Salaries and benefits	787,153	803,284
Telephone and communication	27,118	26,988
Training	274,405	38,738
Travel	76,783	59,645
	<hr/>	<hr/>
	\$ 2,124,451	\$ 2,383,169