

Financial Statements of  
**K'ATLODEECHE FIRST NATION**

March 31, 2017

# K'ATLODEECHE FIRST NATION

## Financial Statements

Year ended March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of K'atlodeeche First Nation for the year ended March 31, 2017 are the responsibility of management. The financial statements have been prepared by management in accordance with Canadian public sector accounting standards established by CPA Canada. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management is also responsible for implementing and maintaining a system of internal control designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements have been reviewed and approved by Chief and Council.

Ashton Chartered Accountants, an independent firm of Chartered Accountants, has been engaged to examine the financial statements in accordance with Canadian generally accepted auditing standards. Ashton Chartered Accountants has full and free access to the Council for information purposes. Their report stating the scope of their examination and opinion on the financial statements, follows.

  
\_\_\_\_\_  
Chief  
Jeanna Graham  
Councillor

Aug. 22/2017  
\_\_\_\_\_  
Date  
Aug 22/2017  
\_\_\_\_\_  
Date



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## INDEPENDENT AUDITORS' REPORT

To the Members of K'atlodeeche First Nation,

We have audited the accompanying financial statements of K'atlodeeche First Nation, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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

K'atlodeeche First Nation owns 100% of Naegha Zhia Inc., 100% of Ehdah Cho Store and has a 50% partnership stake in Evergreen Forestry Limited Partnership. The financial statements of these companies were reviewed, not audited. Consequently, we are unable to determine whether any adjustments might be necessary to the statement of financial position, statements of operations and change in net financial assets had these subsidiaries been subject to audit rather than review procedures.

**Opinion**

Except as noted in the above paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of K'atlodeeche First Nation as at March 31, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



ASHTON  
Chartered Accountants  
Business Advisors

Hay River, NT  
July 31, 2017

# K'ATLODEECHE FIRST NATION

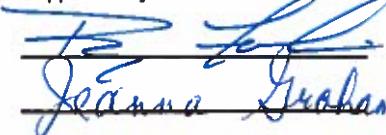
## Statement of Financial Position

March 31, 2017

	2017	2016 (Restated)
<b>Financial Assets</b>		
Cash and cash equivalents (Note 3)	\$ 2,585,013	\$ 4,282,402
Short Term Investments (Note 4)	1,851,466	250,720
Accounts receivable (Note 6)	735,266	900,811
Due (to) from related parties (Note 13)	-	1,199,750
Investment in Government Business Enterprises (Note 7)	3,175,768	1,803,355
	<u>8,347,513</u>	<u>8,437,038</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 679,632	\$ 606,291
Deferred revenue (Note 10)	2,748,261	3,272,643
Due to related parties (Note 13)	228,151	-
Long-term debt (Note 11)	-	883,931
	<u>3,656,044</u>	<u>4,762,865</u>
<b>Net Financial Assets (Debt)</b>	<b>4,691,469</b>	<b>3,674,173</b>
<b>Non-Financial Assets</b>		
Capital assets (Note 9)	\$ 7,996,379	\$ 7,669,402
Prepaid expenses	14,146	43,955
	<u>8,010,525</u>	<u>7,713,357</u>
<b>Accumulated Surplus</b>	<b>\$ 12,701,994</b>	<b>\$ 11,387,530</b>

*Contingent asset and liability - Land claims (Note 12)*

Approved by the Chiefs and council:



Chief

Joanna Graham Councillor

# K'ATLODEECHE FIRST NATION

## Statement of Operations

For the year ended March 31, 2017

	2017	2016
	(Restated)	
<b>Revenue</b>		
Government of Canada - INAC	\$ 743,492	\$ 642,794
Government of NWT - MACA	1,933,903	2,065,284
Government of NWT - Other	1,272,071	1,448,931
Deh Cho First Nation	401,192	432,993
Deh Cho Health and Social Services	505,633	547,625
Government of Canada - Other	20,870	-
Administration fee	518,284	508,740
Rental and other	756,764	1,017,408
Interest	44,717	23,048
Deferred revenue, opening	3,272,643	2,881,919
Deferred revenue, closing	(2,748,261)	(3,272,643)
Unexpended funding	(125,996)	(79,653)
	6,595,312	6,216,446
<b>Expenditure</b>		
Band Governance	1,634,156	1,424,176
Education	495,738	852,298
Health and social services	1,002,466	884,206
Sports and Recreation	251,604	246,802
Justice	218,987	204,937
Economic Development	411,225	497,759
Community Infrastructure	459,525	611,692
Social Housing	150,303	148,128
Ottawa Trust Fund & TLE loans	198,453	97,964
Indigenous & Northern Affairs Canada	334,985	330,765
Water & Sewer	445,840	406,868
	5,603,282	5,705,595
Surplus (deficit) before other items	992,030	510,851
Forgiveness of debt	(1,297,006)	-
Gain (Loss) on disposal of assets	247,027	-
	(1,049,979)	-
<b>Surplus (deficit)</b>	<b>\$ (57,949)</b>	<b>\$ 510,851</b>
<b>Other income (expenses)</b>		
Earnings from Ehdah Cho Store	(601,190)	302,617
Earnings from Evergreen Forestry Limited Partnership	(278)	1,358
Earnings from Naegha Zlia Inc.	1,973,881	(111,755)
<b>Surplus (deficit)</b>	<b>\$ 1,314,464</b>	<b>\$ 703,071</b>

# K'ATLODEECHE FIRST NATION

## Statement of Change in Net Financial Assets (Debt)

For the year ended March 31, 2017

	2017	2016 (Restated)
<u>Annual Surplus (Deficit)</u>	\$ 1,314,464	\$ 703,071
Purchase of tangible capital assets	(1,315,843)	(609,459)
Amortization of tangible capital assets	351,964	344,329
Proceeds on disposal of tangible capital assets	883,929	-
Gain on disposal of tangible capital assets	(247,027)	-
<u>Change in prepaid expenses</u>	<u>29,809</u>	<u>2,996</u>
	(297,168)	(262,134)
 Increase in net financial assets	 1,017,296	 440,937
 <u>Net financial assets (debt), beginning of year</u>	 3,674,173	 3,233,236
 <u>Net financial assets (debt), end of year</u>	 \$ 4,691,469	 \$ 3,674,173

# K'ATLODEECHE FIRST NATION

## Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016 (Restated)
<b>Operating</b>		
Annual surplus (deficit):	\$ 1,314,464	\$ 703,071
Gain on disposal of tangible capital assets	(247,027)	-
Amortization of capital assets	351,964	344,329
	1,419,401	1,047,400
Change in non-cash items on statement of financial position		
Prepaid expenses	29,809	2,996
Accounts receivable	165,545	(111,587)
Accounts payable and accrued liabilities	73,341	116,190
Deferred revenue	(524,382)	390,724
	1,163,714	1,445,723
<b>Capital</b>		
Purchase of tangible capital assets	(1,315,843)	(609,459)
Proceeds on disposal of tangible capital assets	883,929	-
	(431,914)	(609,459)
<b>Investing</b>		
Change in investments	(1,600,746)	562,826
Investment in Government Business Enterprises	(1,372,413)	(192,220)
	(2,973,159)	370,606
<b>Financing</b>		
Repayment of long-term debt	(883,931)	(6,579)
Due (to) from related parties	1,427,901	(45,818)
	543,970	(52,397)
Increase (Decrease) in cash and cash equivalents	(1,697,389)	1,154,473
<b>Cash and cash equivalents, beginning of year</b>	4,282,402	3,127,929
<b>Cash and cash equivalents, end of year</b>	\$ 2,585,013	\$ 4,282,402

**K'ATLODEECHE FIRST NATION**  
 Statement of Changes in Fund Balances

March 31, 2017

	General Operating	Water and Sewer	Ottawa Trust Fund	Housing Fund	Social Fund	Daycare Reserve Fund	Capital Asset Fund	2017	2016
<b>Surplus (deficit)</b>	<b>\$ 1,246,958</b>	<b>\$ 6,800</b>	<b>\$ 80,771</b>	<b>\$ (40,368)</b>	<b>\$ 20,303</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,314,464</b>	<b>\$ 703,071</b>
Net interfund transfers									
Amortization	351,964	-	-	-	-	-	(351,964)	-	-
Capital audits	(1,315,843)	-	-	-	-	-	1,315,843	-	-
Disposals of Tangible capital assets	546,926	-	-	-	-	-	(546,926)	-	-
Repayment of long-term debt	(983,931)	-	-	-	-	-	883,931	-	-
Transfer to daycare reserve	(5,491)	-	-	-	5,491	-	-	-	-
Changes in accumulated surplus	(59,417)	6,800	80,771	(40,368)	25,794	1,300,884	1,314,464	703,071	
Accumulated Surplus, beginning - as previously stated	3,271,557	\$ 59,867	\$ 597,577	\$ 126,124	\$ -	\$ 6,695,502	10,750,527	10,021,018	
Prior period adjustment (Note 17)	636,903	-	-	-	-	-	-	636,903	663,441
Accumulated Surplus, beginning - restated	3,908,460	59,867	597,577	126,124	-	6,695,502	11,387,530	10,684,459	
Accumulated Surplus, end of year	\$ 3,849,043	\$ 66,667	\$ 678,348	\$ 85,755	\$ 25,794	\$ 7,996,386	\$ 12,701,994	\$ 11,387,530	

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

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### Note 1. Nature of Operations

The K'atlodeeche First Nation ("KFN") is an Indian Band as defined by the Indian Act. Operating activities of KFN include the administration and delivery of services on the Hay River Reserve.

### Note 2. Basis of Presentation and Significant Accounting Policies

The basis of presentation and significant accounting policies are as follows:

#### (a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

#### (b) Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets, change in fund balances and cash flows of the reporting entity. This entity is comprised of the operations of K'atlodeeche First Nation plus all organizations that are owned or controlled by the First Nation and are therefore, accountable to the Council for the administration of their financial affairs and resources. Included with the First Nation are the following:

Naegha Zlia Inc.  
Ehdah Cho Store  
Evergreen Forestry Limited Partnership

#### (c) Fund Accounting

The First Nation follows the restricted fund method which results in a self-balancing set of accounts for each fund established by legal, contractual or voluntary actions. Various funds have been amalgamated for the purpose of presentation in these financial statements. Details of the operations of each fund are set out in supplementary schedules. The following funds are maintained.

- General operating fund - reports the program delivery and administrative activities.
- Tangible capital assets - reports the capital assets of the First Nation together with their related financing
- Ottawa trust fund - reports the assets and operations of the funds owned by the First Nation and held by third parties
- Social housing fund - reports the Social housing assets together with their related financing. Its purpose is to provide affordable housing to the First Nation's members.
- Investment fund - reports investment income generated by owned organizations
- Water & Sewer fund - reports the revenues and expenses related to water and sewer services.
- Daycare fund - reports the revenues and expenses related to the daycare

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

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

#### (d) Measurement Uncertainty

The preparation of these consolidated 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 disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

#### (e) Deferred Costs

Deferred costs relate to the Treaty Land Claims Entitlement Program. These costs are funded by a loan from the federal government for the purpose of negotiation of the First Nation's Treaty Land Entitlement Specific Claim. The costs are recorded as expenses in the year spent. To account for the existence of the loan on the Statement of Financial Position, the cost of negotiation expenses is recorded as Deferred Costs (asset) with an offsetting credit to Long Term Debt. The deferred costs will be written off as the debt is repaid, which is expected to be when the Claim is settled. To account for the funding for the negotiation costs in the Statement of Revenue and Expenses, the loan is recorded as revenue.

#### (f) Tangible Capital Assets

Tangible capital assets are recorded at cost on the statement of financial position. Cost includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. The assets are amortized over their estimated useful lives at the following rates:

Expenditures are recorded as tangible capital assets when they have a cost of \$15,000 or greater and a useful life of three or more years.

Asset	Method	Rate
Land improvements	Straight line	40 years
Infrastructure	Straight line	40 years
Buildings	Straight line	40 years
Machinery and equipment	Straight line	2-10 years
Office furniture and equipment	Straight line	5-10 years
Computer hardware and software	Straight line	5 years

One-half of the annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Donated assets are capitalized and recorded at their estimated fair market value upon acquisition. Works of art for display are not included as capital assets. Certain capital assets for which the historical cost information is not available have been recorded at current fair market value discounted by a relevant inflation factor.

Expenditures that meet the criteria for capitalization as set out in the tangible capital asset accounting policy, but are purchased to run third-party programs are not capitalized if the assets will not be retained by K'atlodeeche First Nation at the completion of the program.

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

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

#### (g) Revenue Recognition

Restricted contributions are recognized as they become available under the terms of the applicable funding agreement. Funds received under the funding agreement which relate to a subsequent fiscal period are reflected as deferred revenue in the year of receipt and classified as such on the Statement of Financial Position.

Unrestricted contributions are recognized as revenue of the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### (h) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in Net Financial Assets (Debt) for the year.

### Note 3. Cash

	2017	2016
Externally restricted		
CPI Account	\$ 3,389	\$ 2,069,876
Gas Tax Account	581,350	567,943
Ottawa Trust Funds (Note 5)	968,089	885,096
Internally restricted		
Kamba Carnival	12,850	22,316
NDE Recreation Committee Account	13,559	2,777
Unrestricted		
Chequing Bank Account	1,005,776	734,394
	<hr/> \$ 2,585,013	<hr/> \$ 4,282,402

### Note 4. Short - Term Investments

	2017	2016
RBC One Year Cashable GIC (0.80% maturity April 21, 2017)	\$ 1,851,466	\$ 250,720

### Note 5. Trust Funds

Indigenous and Northern Affairs Canada holds certain funds in trust for the First Nation. These funds are designated as revenue or capital funds as outlined in Section 64 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. Subject to approval by the Minister of Indigenous and Northern Affairs, the First Nation is permitted to expend its revenue funds for any purpose that will promote the general progress and welfare of the First Nation and its members. The expenditure of capital funds requires the consent of the Minister of Indigenous and Northern Affairs and such expenditures are generally for projects of a capital nature.

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

### Note 6. Accounts Receivable

	2017	2016
<b>Government organizations</b>		
<b>Federal</b>		
Indigenous & Northern Affairs Canada	\$ 137,617	\$ 421,476
Government of Canada	9,500	3,530
<b>Territorial</b>		
Government of Northwest Territories	450,928	315,540
Government of Northwest Territories Housing Corporation	105,061	159,254
<b>Other government</b>		
Deh Cho First Nations	63,737	102,445
Deh Cho Health and Social Services	25,526	7,594
<b>Trade receivables</b>		
Trade	206,877	202,879
GST receivable	152,335	75,229
<b>Allowance for doubtful accounts</b>	<u>1,151,581</u>	<u>1,287,947</u>
	<u>(416,315)</u>	<u>(387,136)</u>
	<b>\$ 735,266</b>	<b>\$ 900,811</b>

### Note 7. Investments in Government Business Enterprises

	2017	2016
<i>Investment in Ehdah Cho Store</i>		
Accumulated surplus - beginning of year	\$ 3,015,813	\$ 2,713,196
Current year net earnings	(601,190)	302,617
	<b>\$ 2,414,623</b>	<b>\$ 3,015,813</b>
<i>Investment in Evergreen Forestry Limited Partnership</i>		
Partner's Capital (50%) - beginning of year	\$ 102,892	\$ 101,534
Current year net earnings (50%)	48,060	48,358
Withdrawals	(48,338)	(47,000)
	<b>\$ 102,614</b>	<b>\$ 102,892</b>
<i>Investment in Naegha Zhia Inc.</i>		
Share capital	\$ 10	\$ 10
Contributed surplus	894,177	894,177
Accumulated surplus (Deficit) - opening	(2,209,537)	(2,097,782)
Current year surplus (deficit)	1,973,881	(111,755)
	<b>\$ 658,531</b>	<b>\$ (1,315,350)</b>
	<b>\$ 3,175,768</b>	<b>\$ 1,803,355</b>

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

### Note 7. Investments in Government Business Enterprises (continued)

#### Investment in Eh dah Cho Store

A financial summary of this entity as at March 31, 2017 and for the year then ended is as follows:

	2017	2016
<b>Balance Sheet</b>		
Total Assets	\$ 2,642,617	\$ 3,071,938
Total Liabilities	121,789	56,125
<b>Total Shareholder's Equity</b>	<b>2,520,828</b>	<b>3,015,813</b>
	<b>\$ 2,642,617</b>	<b>\$ 3,071,938</b>
<b>Statement of Earnings</b>		
Total Revenues	\$ 5,861,775	\$ 5,865,133
<b>Total Expenses</b>	<b>6,462,965</b>	<b>5,562,516</b>
<b>Net earnings for the year</b>	<b>\$ (601,190)</b>	<b>\$ 302,617</b>
<b>Statement of Cash Flows</b>		
Cash flows from Operating Activities	\$ (440,496)	\$ (57,097)
Cash Flows from Investing Activities	(309,493)	(419,000)
Cash Flows from Financing activities	665,767	(21,012)
<b>Increase (decrease) in cash</b>	<b>\$ (84,222)</b>	<b>\$ (497,109)</b>

#### Investment in Evergreen Forestry Limited Partnership

A financial summary of this entity as at March 31, 2017 and for the year then ended is as follows:

	2017	2016
<b>Balance Sheet</b>		
Total Assets	\$ 277,206	\$ 264,023
Total Liabilities	72,077	58,239
<b>Total Partners' Capital</b>	<b>205,129</b>	<b>205,784</b>
	<b>\$ 277,206</b>	<b>\$ 264,023</b>
<b>Statement of Earnings</b>		
Total Revenues	\$ 1,427,404	\$ 1,393,761
<b>Total Expenses</b>	<b>1,331,284</b>	<b>1,297,044</b>
<b>Net earnings for the year</b>	<b>\$ 96,120</b>	<b>\$ 96,717</b>
<b>Statement of Cash Flows</b>		
Cash flows from Operating Activities	\$ 127,254	\$ 78,227
Cash Flows from Investing Activities	-	(231,375)
Cash Flows from Financing activities	(95,156)	(94,000)
<b>Increase (decrease) in cash</b>	<b>\$ 32,098</b>	<b>\$ (247,148)</b>

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

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### Note 7. Investments in Government Business Enterprises (continued)

#### Investment in Naegha Zhia Inc.

A financial summary of this entity as at March 31, 2017 and for the year then ended is as follows:

	2017	2016
<b>Balance Sheet</b>		
Total Assets	\$ 926,529	\$ 778,371
Total Liabilities	267,989	2,093,712
<b>Total Shareholder's Equity</b>	<b>658,540</b>	<b>(1,315,341)</b>
	\$ 926,529	\$ 778,371
<b>Statement of Earnings</b>		
Total Revenues	\$ 3,781,282	\$ 1,520,498
<b>Total Expenses</b>	<b>1,807,401</b>	<b>1,632,253</b>
<b>Net earnings for the year</b>	<b>\$ 1,973,881</b>	<b>\$ (111,755)</b>
<b>Statement of Cash Flows</b>		
Cash flows from Operating Activities	\$ 2,037,114	\$ 117,761
Cash Flows from Investing Activities	(23,810)	(47,694)
<b>Cash Flows from Financing activities</b>	<b>(2,047,387)</b>	<b>5,757</b>
<b>Increase (decrease) in cash</b>	<b>\$ (34,083)</b>	<b>\$ 75,824</b>

### Note 8. Accounts Payable and Accrued Liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 621,879	\$ 562,804
Wages and benefits payable	21,055	18,606
Government remittances payable	36,698	24,881
	\$ 679,632	\$ 606,291

**K'ATLOODEEACHE FIRST NATION**

Note 9.

Schedule of Tangible Capital Assets

As at March 31, 2017

	Original Cost Opening Balance	Additions	Disposals	Original Cost Closing Balance	Accumulated Amortization Beginning of Year	Net Carrying Amount Beginning of year	Deletions	Amortization	Accumulated Amortization End of Year	Net Carrying Amount 2016
Land Improvements	\$ 1,059,284	\$ -	\$ -	\$ 1,059,284	\$ 132,825	\$ 926,459	\$ -	\$ 25,703	\$ 158,528	\$ 900,756
Computer equipment	164,903	-	-	164,903	136,312	28,591	-	11,410	147,722	17,181
Machinery and equipment	1,009,008	289,526	-	1,298,533	600,573	408,435	-	95,684	696,257	602,276
Office furniture and equipment	117,177	-	-	117,177	70,168	47,019	-	11,718	81,886	35,291
Buildings	7,953,453	831,867	938,440	7,846,880	3,173,363	4,780,090	301,538	177,476	3,049,301	4,797,579
Infrastructure	1,572,520	194,451	-	1,766,971	93,702	1,478,818	-	29,973	123,675	1,643,296
	<b>\$ 11,876,345</b>	<b>\$ 1,315,843</b>	<b>\$ 938,440</b>	<b>\$ 12,253,748</b>	<b>\$ 4,206,943</b>	<b>\$ 7,669,402</b>	<b>\$ 301,538</b>	<b>\$ 351,964</b>	<b>\$ 4,257,369</b>	<b>\$ 7,996,379</b>

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

### Note 10. Deferred Revenue

	2017	2016
<b>Capital Funding</b>		
Community Public Infrastructure	\$ 1,609,696	\$ 2,151,159
Gas Tax	803,657	753,502
Community Capacity Building	67,573	67,573
<b>Operations Funding</b>		
Community wellness initiative (2013-2018)	71,895	61,635
TLE Shortfall loan	9,238	58,711
Land use and occupancy	18,275	19,389
Devolution	74,915	8,027
Ohn'Daa'Ke'Elders Committee	1,289	2,384
Community strategic plan	68,700	-
TLE Loan Agriculture benefits	13,205	-
Band Managers Community Network	9,818	-
Judith Fabian Group Home	-	37,240
Intergovernmental forums	-	22,236
Aurora college	-	33,102
Devolution	-	32,830
PAS - Tides Canada	-	24,855
	<b>\$ 2,748,261</b>	<b>\$ 3,272,643</b>

### Note 11. Long-Term Debt

	2017	2016
Peace Hills Trust Mortgage, bearing interest at 5.85%, repayable in blended monthly instalments of \$4,875, matures December 2015, secured by a mortgage on 10 housing units, a loan agreement, and a guarantee from the Northwest Territories Housing Corporation. The loan was repaid in the year.	\$ -	\$ 883,931

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

### Note 12. Contingent asset and liability - land claims

The First Nation is required to incur costs with respect to the research, development, and negotiation of its specific claims relating to the Treaty Land Entitlement Claim and the Agriculture Benefits Claim. The Government of Canada has provided a loan to the First Nation to help to cover these costs. The Government of Canada and the First Nation agree that the loan shall be deducted from the actual claim settlement. The loans are secured as a first charge against each compensation payment.

A summary of the loans and the deferred costs is provided below:

	2017	2016
Treaty Land Entitlement Claim - Government of Canada loan, interest free, repayable on the date on which the Claim is settled. Secured by a promissory note.	1,829,439	1,780,326
Agriculture Benefits Claim - Government of Canada loan, interest free, repayable on the date on which the Claim is settled. Secured by a promissory note.	97,200	97,200
	\$ 1,926,639	\$ 1,877,526
Less: Deferred costs	\$ 1,926,639	\$ 1,877,526
Net financial asset (liability)	\$ -	\$ -

#### Change in accounting policy

During 2017, K'at'lodeeche First Nation changed its accounting policy for the treatment of the Government of Canada Loans and the related deferred costs. In previous years, the loans and the deferred costs were presented separately on the Statement of Financial Position. The loans and deferred costs are now presented on a net basis. Management judges that the new policy is preferable because the loans and the deferred costs are intended to be settled together. The change in accounting policy has been applied retrospectively.

### Note 13. Due (to) from related parties

	2017	2016
Due from Naegha Zhia Inc.	\$ (175,879)	\$ 1,261,122
Due to Ehdah Cho Store	(54,314)	(63,636)
Due from Evergreen Forestry Ltd Partnership	2,042	2,264
	\$ (228,151)	\$ 1,199,750

Advances from Naegha Zhia Inc. are non-interest bearing and have no set repayment terms. The company is related by a common council.

Advances from Ehdah Cho Store are non-interest bearing and have no set repayment terms. The company is related as it is the sole owner of the store.

Advances from Evergreen Forestry Ltd. Partnership are non-interest bearing and have no set repayment terms. The company is related by a common council.

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

March 31, 2017

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### Note 14. Economic Dependence

The First Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous and Northern Affairs Canada (INAC) and Government of Northwest Territories (GNWT). The nature and extent of this revenue is of such significance that the First Nation is economically dependent on this source of revenue. this source of revenue.

### Note 15. Contingent Liabilities

Under the terms of the contribution agreement between the First Nation, INAC, GNWT, and certain other agencies, the First Nation may be liable to repay any contributed funds not expended in accordance with the agreement. On the other hand, any deficit, supported by claims eligible for reimbursement under the terms and conditions of the funding agreements, may be reimbursed by the contributor subject to the program's terms and conditions. The First Nation has recorded all known unexpended contribution funds as deferred revenue.

### Note 16. Comparative Amounts

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

### Note 17. Prior period adjustment

During the year it was discovered that costs relating to the construction of the social housing units were recorded as current period expenses. The public sector accounting standards require buildings that are constructed with the intention of being used on a continuing basis to be recorded as tangible capital assets. The financial statements have been restated at March 31, 2016 to record the costs as capital assets. The adjustment resulted in an increase to capital assets of \$636,904, an increase to Invested in capital assets of \$610,367 and a decrease to net income of \$26,537.

# K'ATLODEECHE FIRST NATION

## Notes to the Financial Statements

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### Note 18. Financial Instruments

The First Nation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration.

#### Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The First Nation is exposed to credit risk from customers. In order to reduce its credit risk, the First Nation reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The First Nation has a significant number of customers which minimizes concentration of credit risk.

#### Fair Value

The First Nation's carrying value of cash and cash equivalents, accounts receivable, commercial line of credits and accounts payable and accrued liabilities approximates its fair value due to the immediate or short term maturity of these instruments.

The carrying value of the long-term debt is less than the fair value because the amounts are non-interest bearing. However, because the long-term debt has no fixed repayment terms, the fair value and the exposure to related risk cannot be determined with any degree of certainty, and the amounts are therefore reported at their carrying value.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the First Nation manages exposure through its normal operating and financing activities.

### Note 19. Budget

K'atlodeeche First Nation prepares budget information for each project as required under the individual contribution agreements. The consolidated budgeted revenues and expenses and surplus (deficit) have not been reported in these financial statements as they are not consistent with the format of the financial results as disclosed on the statement of operations and statement of change in net assets.