

K'ATLODEECHE FIRST NATION

Statement of Financial Position

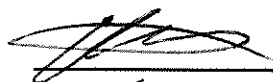
March 31, 2022

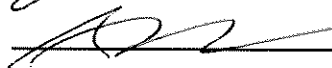
	2022	2021
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 10,005,640	\$ 8,785,185
Short term investments (Note 4)	24,636	24,513
Accounts receivable (Note 6)	1,482,248	1,390,308
Due (to) from related parties (Note 15)	676,275	128,927
Investment in Government Business Enterprises (Note 7)	2,403,429	2,384,130
	14,592,228	12,713,063
Liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 1,872,212	\$ 1,317,271
Deferred revenue (Note 10)	6,002,129	5,734,619
Contributions repayable (Note 11)	2,211,502	1,162,852
Due to related parties (Note 15)	-	-
	10,085,843	8,214,742
Net Financial Assets (Debt)	4,506,385	4,498,321
Non-Financial Assets		
Capital assets (Note 9)	\$ 8,753,095	\$ 7,871,027
Prepaid expenses	53,115	59,760
	8,806,210	7,930,787
Accumulated Surplus	\$ 13,312,595	\$ 12,429,108

Contingent asset and liability - Land claims (Note 13)

Trusts under administration (Note 14)

Approved by the Chief and council:

 Chief

 Councillor

K'ATLODEECHE FIRST NATION

Statement of Operations

For the year ended March 31, 2022

	2022	2021
Revenue		
Government of Canada - CIRNAC/ISC	\$ 3,334,904	\$ 1,602,328
Government of NWT - MACA	2,026,370	2,203,328
Government of NWT - Other	1,972,815	1,006,974
DehCho First Nation	770,593	295,121
NWT Health and Social Services	-	613,098
Government of Canada - Other	447,201	197,241
Administration fee	357,867	192,991
Rental and other	1,176,516	1,047,735
Interest	130,357	91,353
Unexpended funds, opening	6,897,467	5,064,440
Unexpended funds, closing	(8,213,629)	(6,897,467)
Transfers between projects	-	-
Contributions repaid in the year	(25,500)	(129,073)
	8,874,961	5,288,069
Expenditure		
Band Governance	2,950,347	2,259,867
Education	431,359	162,609
Health and Social Services	1,642,487	970,358
Sports and Recreation	251,096	113,158
Justice	293,009	295,863
Economic Development	379,292	4,772
Community Infrastructure	853,207	582,535
Social Housing	97,803	56,472
Lands	133,356	139,742
Negotiations	375,056	428,682
Environment	603,761	498,400
	8,010,773	5,512,458
Surplus (deficit) before other items	864,188	(224,389)
Gain (Loss) on disposal of assets	-	-
	-	-
Surplus (deficit) before the undernoted	\$ 864,188	\$ (224,389)
Other income (expenses)		
Earnings (Loss) from 6232 NWT Ltd. (o/a Ehdah Cho Store)	55,193	61,647
Earnings (Loss) from Evergreen Forestry Limited Partnership	521	71,244
Earnings (Loss) from Naegha Zhia Inc.	(14,638)	(230,654)
Earnings (Loss) from Hay River Dene Reserve Limited Partnership	(21,777)	(11,649)
Surplus (deficit)	\$ 883,487	\$ (333,801)

K'ATLODEECHE FIRST NATION

Statement of Changes in Net Financial Assets (Debt)

For the year ended March 31, 2022

	2022	2021
Annual surplus (deficit)	\$ 883,487	\$ (333,801)
Purchase of tangible capital assets	(1,306,968)	(84,747)
Amortization of tangible capital assets	424,900	405,569
Proceeds on disposal of tangible capital assets	-	-
Gain on disposal of tangible capital assets	-	-
Change in prepaid expenses	6,645	(3,708)
Transferred to trust under administration (Note 14)	-	-
	(875,423)	317,114
Increase in net financial assets	8,064	(16,687)
Net financial assets (debt), beginning of year	4,498,321	4,515,008
Net financial assets (debt), end of year	\$ 4,506,385	\$ 4,498,321

K'ATLODEECHE FIRST NATION

Statement of Cash Flows

For the year ended March 31, 2022

	2022	2021
Operating		
Annual surplus (deficit):	\$ 883,487	\$ (333,801)
Items not affecting cash:		
Gain on disposal of tangible capital assets	-	-
Amortization of capital assets	424,900	405,569
	1,308,387	71,768
Change in non-cash items on statement of financial position		
Prepaid expenses	6,645	(3,708)
Accounts receivable	(91,940)	(329,422)
Accounts payable and accrued liabilities	554,941	76,868
Deferred revenue	267,510	563,655
Contributions repayable	1,048,650	1,162,852
	3,094,193	1,542,013
Capital		
Purchase of tangible capital assets	(1,306,968)	(84,747)
Proceeds on disposal of tangible capital assets	-	-
	(1,306,968)	(84,747)
Investing		
Change in investments	(123)	(31)
Transferred to trust under administration (Note 14)	-	-
Investment in Government Business Enterprises	(19,299)	109,411
	(19,422)	109,380
Financing		
Proceeds from TLE Loan	111,080	111,080
Deferred costs	(111,080)	(111,080)
Due (to) from related parties	(547,348)	(159,597)
	(547,348)	(159,597)
Increase (Decrease) in cash and cash equivalents	1,220,455	1,407,049
Cash and cash equivalents, beginning of year	8,785,185	7,378,136
Cash and cash equivalents, end of year	\$ 10,005,640	\$ 8,785,185

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Statement of Changes in Fund Balances

March 31, 2022

		General Operating		Water and Sewer		Ottawa Trust Fund		Social Housing Fund		Daycare Reserve Fund		Agricultural Benefits Fund		Other Reserves		Capital Asset Fund		2022		2021
Surplus (deficit)	\$	908,314	\$	(7,026)	\$	(36,994)	\$	(40,651)	\$	(44,729)	\$	104,573	\$	-	\$	-	\$	883,487	\$	(333,801)
Net interfund transfers																				
Amortization		424,900		-		-		-		-		-		-		(424,900)		-		-
Capital additions		(1,306,968)		-		-		-		-		-		-		1,306,968		-		-
Disposals of tangible capital assets		-		-		-		-		-		-		-		-		-		-
Transfer to reserves		(136,197)		-		-		-		-		-		136,197		-		-		-
Transfer to trust		-		-		-		-		-		-		-		-		-		-
Changes in accumulated surplus		(109,951)		(7,026)		(36,994)		(40,651)		(44,729)		104,573		136,197		882,068		883,487		(333,801)
Dividends issued		-		-		-		-		-		-		-		-		-		-
Accumulated surplus, beginning of year		2,034,966		185,965		747,965		132,980		76,302		378,334		911,595		7,961,001		12,429,108		12,762,909
Accumulated surplus, end of year	\$	1,925,015	\$	178,939	\$	710,971	\$	92,329	\$	31,573	\$	482,907	\$	1,047,792	\$	8,843,069	\$	13,312,595	\$	12,429,108

Reserves	2021	Transfer to (from)	2022
Economic development reserve	\$ 647,562	\$ -	\$ 647,562
Band programs reserve	76,000	-	76,000
School bus reserve	32,420	13,424	45,844
Lands and resources reserve	47,399	38,556	85,955
Legal reserve	78,770	98,112	176,882
Wellness Centre	13,895	(13,895)	-
Sports and rec committee	15,549	-	15,549
	\$ 911,595	\$ 136,197	\$ 1,047,792

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 1. **Nature of Operations**

The K'atlodeeché First Nation ("KFN") is an Indian Band as defined by the Indian Act. Operating activities of the First Nation 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. These financial statements are consolidated based on the modified equity method. This entity is comprised of the operations of K'atlodeeché 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 Zhia Inc.
6232 NWT Ltd. (o/a Ehdah Cho Store)
Evergreen Forestry Limited Partnership
Hay River Dene Reserve 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.
- Capital Assets Fund - 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.
- Water and Sewer Fund - reports the revenues and expenditures related to water and sewer services.
- Daycare Reserve Fund - reports the revenues and expenditures related to the daycare.
- Agricultural Benefits Fund - reports the revenue and expenditures related to Agricultural settlement agreement.

(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.

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

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

(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'atodeeche First Nation at the completion of the program.

(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.

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

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

(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.

(i) Comparative Amounts

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

(j) Trusts Under Administration

Trusts under administration consists of property that has been conveyed or assigned to the First Nation to be administered as directed by a trust agreement. These trusts are excluded from the First Nation's financial statements. A description of the trusts along with a summary of the trust balances is disclosed in Note 14.

Note 3. Cash and Cash Equivalents

	2022	2021
Externally restricted		
CPI Account	\$ 3,934,310	\$ 3,599,927
Gas Tax Account	651,046	1,169,348
Ottawa Trust Funds (Note 5)	-	1,041,828
Internally restricted		
KFN Lottery account	96,677	91,040
Economic Development reserve	384,042	383,153
Daycare reserve	1,347	1,364
Land and Resources reserve	48,778	48,681
Agricultural Benefits fund	2,109,671	884,428
Legal reserve	79,363	79,204
Community Development account	245,322	135,012
Unrestricted		
Chequing Bank Account	2,455,084	1,351,200
	\$ 10,005,640	\$ 8,785,185

Note 4. Short Term Investments

	2022	2021
Cashable GICs (0.5% maturity July 4, 2022)	\$ 24,636	\$ 24,513

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 5. Trust Funds

CIRNAC/ISC 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 Crown-Indigenous Relations, 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 Crown-Indigenous Relations and such expenditures are generally for projects of a capital nature.

Note 6. Accounts Receivable

	Gross	Allowance	2022	2021
Government organizations				
Federal				
CIRNAC/ISC	232,676	97,021	\$ 135,655	\$ 162,106
Government of Canada	162,733	8,100	154,633	205,973
Territorial				
GNWT	946,174	4,735	941,439	770,327
GNWT Housing Corporation	146,058	91,689	54,369	51,969
Other government				
Deh Cho First Nations	183,454	-	183,454	29,163
Deh Cho HSS	-	-	-	-
Other receivables				
Water & sewer receivable	235,100	231,820	3,280	61,327
Trade	157,728	148,310	9,418	109,443
	\$ 2,063,923	\$ 581,675	\$ 1,482,248	\$ 1,390,308

Note 7. Investments in Government Business Enterprises

	2022	2021
<i>Investment in 6232 NWT Ltd. (o/a Ehdah Cho Store)</i>		
Accumulated surplus - beginning of year	\$ 2,054,710	\$ 1,993,063
Current year net earnings	55,193	61,647
	\$ 2,109,903	\$ 2,054,710
<i>Investment in Evergreen Forestry Limited Partnership</i>		
Partner's Capital (50%) - beginning of year	\$ 146,772	\$ 75,528
Current year net earnings (50%)	521	81,244
Withdrawals	-	(10,000)
	\$ 147,293	\$ 146,772
<i>Investment in Naegha Zhia Inc.</i>		
Share capital	\$ 10	\$ 10
Contributed surplus	894,177	894,177
Accumulated surplus (deficit) - opening	(699,891)	(469,237)
Current year surplus (deficit)	(14,638)	(230,654)
	\$ 179,658	\$ 194,296
<i>Investment in Hay River Dene Reserve Limited Partnership</i>		
Partnership Investment	\$ -	\$ 1
Partnership capital - opening	(11,648)	-
Current year net earnings (99.99%)	(21,777)	(11,649)
Withdrawals	-	-
	\$ (33,425)	\$ (11,648)
	\$ 2,403,429	\$ 2,384,130

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 7. Investments in Government Business Enterprises (continued)

Investment in 6232 NWT Ltd. (o/a Ehdah Cho Store)

A financial summary of this entity as at March 31, 2022 and for the year then ended is as follows:

	2022	2021
Balance Sheet		
Total Assets	\$ 2,601,441	\$ 2,257,035
Total Liabilities	491,538	202,325
Total Shareholder's Equity	2,109,903	2,054,710
	\$ 2,601,441	\$ 2,257,035
Statement of Earnings		
Total Revenues	\$ 3,715,640	\$ 4,603,975
Total Expenses	3,660,447	4,541,636
Loss on disposal of property and equipment	-	(692)
Net earnings for the year	\$ 55,193	\$ 61,647
Statement of Cash Flows		
Cash flows from Operating Activities	\$ (55,297)	\$ (148,694)
Cash Flows from Investing Activities	-	-
Cash Flows from Financing activities	395,526	53,170
Increase (decrease) in cash	\$ 340,229	\$ (95,524)

Investment in Evergreen Forestry Limited Partnership

A financial summary of this entity as at March 31, 2022 and for the year then ended is as follows:

	2022	2021
Balance Sheet		
Total Assets	\$ 473,809	\$ 413,710
Total Liabilities	179,221	120,164
Total Partners' Capital	294,588	293,546
	\$ 473,809	\$ 413,710
Statement of Earnings		
Total Revenues	\$ 1,342,840	\$ 1,399,257
Total Expenses	1,341,798	1,236,770
Net earnings for the year	\$ 1,042	\$ 162,487
Statement of Cash Flows		
Cash flows from Operating Activities	\$ 36,083	\$ 149,545
Cash Flows from Investing Activities	(939)	5,394
Cash Flows from Financing activities	15,980	(19,227)
Increase (decrease) in cash	\$ 51,124	\$ 135,712

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 7. Investments in Government Business Enterprises (continued)

Investment in Naegha Zhia Inc.

A financial summary of this entity as at March 31, 2022 and for the year then ended is as follows:

	2022	2021
Balance Sheet		
Total Assets	\$ 830,809	\$ 489,058
Total Liabilities	651,140	294,752
Total Shareholder's Equity	179,669	194,306
	\$ 830,809	\$ 489,058
Statement of Earnings		
Total Revenues	\$ 1,918,679	\$ 264,732
Total Expenses	1,933,317	398,074
Loss on disposal of property and equipment	-	(97,312)
Net earnings for the year	\$ (14,638)	\$ (230,654)
Statement of Cash Flows		
Cash flows from Operating Activities	\$ 95,844	\$ (149,830)
Cash Flows from Investing Activities	-	(1)
Cash Flows from Financing activities	145,871	92,268
Increase (decrease) in cash	\$ 241,715	\$ (57,563)

Investment in Hay River Dene Reserve Limited Partnership

A financial summary of this entity as at March 31, 2022 and for the year then ended is as follows:

	2022	2021
Balance Sheet		
Total Assets	\$ 366,573	\$ 388,352
Total Liabilities	-	-
Total Partners' Capital	366,573	388,352
	\$ 366,573	\$ 388,352
Statement of Earnings		
Total Revenues	\$ -	\$ -
Total Expenses	21,779	11,650
Net earnings for the year	\$ (21,779)	\$ (11,650)
Statement of Cash Flows		
Cash flows from Operating Activities	\$ -	\$ (2)
Cash Flows from Investing Activities	-	(400,000)
Cash Flows from Financing activities	-	400,002
Increase (decrease) in cash	\$ -	\$ -

Note 8. Accounts Payable and Accrued Liabilities

	2022	2021
Accounts payable and accrued liabilities	\$ 582,321	\$ 695,076
Wages and benefits payable	85,208	67,171
Agricultural Benefits due to members	1,120,733	537,099
Government remittances payable	83,950	17,925
	\$ 1,872,212	\$ 1,317,271

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 9. Capital Assets

	Original Cost Opening Balance	Additions	Disposals	Original Cost Closing Balance	Accumulated Amortization Beginning of Year	Net Carrying Amount Beginning of of Year	Deletions	Amortization	Accumulated Amortization End of Year	Net Carrying Amount 2022
Land improvements	\$ 1,267,557	\$ -	\$ -	\$ 1,267,557	\$ 261,340	\$ 1,006,217	\$ -	\$ 25,703	\$ 287,043	\$ 980,514
Computer equipment	243,700	-	-	243,700	208,164	35,536	-	15,759	223,923	19,777
Machinery and equipment	1,620,227	256,280	-	1,876,507	1,117,290	502,937	-	111,849	1,229,139	647,368
Office furniture and equipment	117,177	14,195	-	131,372	105,444	11,733	-	5,834	111,278	20,094
Buildings	8,899,456	1,036,493	-	9,935,949	3,882,942	5,016,514	-	226,427	4,109,369	5,826,580
Infrastructure	1,573,115	-	-	1,573,115	275,025	1,298,090	-	39,328	314,353	1,258,762
	\$ 13,721,232	\$ 1,306,968	\$ -	\$ 15,028,200	\$ 5,850,205	\$ 7,871,027	\$ -	\$ 424,900	\$ 6,275,105	\$ 8,753,095

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 10. Deferred Revenue

	2022	2021
Capital Funding		
Community Public Infrastructure	\$ 3,731,401	\$ 3,534,259
Gas Tax	820,879	1,055,731
Community Capacity Building	67,573	67,573
Operations Funding		
CIRNAC/ISC	1,022,753	786,542
Federal - other departments	49,120	76,561
GNWT - MACA	34,516	38,060
GNWT - Health and Social Services	79,469	30,362
GNWT - Lands	-	8,766
GNWT - Education, Culture and Employment	-	5,972
GNWT - Environment and Natural Resources	-	1,866
GNWT - Resource Revenue Sharing	-	-
GNWT - Justice	-	-
NWT Housing Corporation	-	-
FNLMR	100,000	100,000
NIB Trust Fund	16,756	16,756
Tides stewardship	-	7,639
NWT Literacy	3,000	3,000
United Way	223	1,532
DehCho First Nation	76,439	-
	\$ 6,002,129	\$ 5,734,619

Note 11. Contributions Repayable

	2022	2021
Government of Canada	\$ 1,683,417	\$ 676,231
Government of the Northwest Territories	90,268	198,268
Other	437,817	288,353
	\$ 2,211,502	\$ 1,162,852

Note 12. Restricted Deposits

	Required Balance	Cash Balance	Receivable	Excess (Shortfall)
Community Public Infrastructure	\$ 3,731,401	\$ 3,934,310	\$ -	\$ 202,909
Gas Tax	820,879	651,046	165,000	(4,833)
	\$ 4,552,280	\$ 4,585,356	\$ 165,000	\$ 198,076

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

March 31, 2022

Note 13. Contingent Asset and Liability

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:

	2022	2021
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.	\$ 2,375,939	\$ 2,257,745
Less:		
Deferred costs	\$ 2,375,939	\$ 2,257,745
Net financial asset (liability)	\$ -	\$ -

Note 14. Trusts Under Administration

Agricultural Benefits Settlement Agreement

K'atloodeeche First Nation has negotiated the Agriculture Benefits Settlement Agreement. The Agreement is deemed to be fully executed once executed by:

- (a) council on behalf of the First Nation following ratification of this settlement agreement
- (b) the Minister on behalf of Canada, once the conditions in Article 7 of the settlement agreement are met.

The agreement was executed on July 8, 2020 and at that time, the settlement amount was transferred to the K'atloodeeche First Nation Agricultural Benefits Trust.

Once executed, K'atloodeeche First Nation entered into a formal trust agreement with Peace Hills Trust Company, the Trustee for the K'atloodeeche First Nation Treaty #8 Agricultural Benefits Specific Claim Settlement Agreement. The settlement amount of \$28,343,937 was transferred to the Trustee for the long-term benefit of the First Nation, who acting through its Chief and Council, is the settlor and beneficiary of the trust. Earnings generated on the settlement amount prior to the execution of the Agriculture Benefits Settlement Agreement were realized as income in the period it was earned. An amount of \$524,382 was transferred out of the Agriculture Benefit and General Operating Funds to the trustee relating to this income.

	2022	2021
Opening balance	\$ 12,708,744	\$ 12,481,367
Initial Settlement	-	-
Payout of Negotiation Loan Funding	-	-
Net compensation received	12,708,744	12,481,367
Dividends and interest earned	396,535	352,555
Gain (Loss) on investments	769,922	316,820
Investment fees and bank charges	(127,626)	(104,826)
Audit fees	(17,790)	(7,560)
Honorarium and travel	(3,300)	(2,600)
Administration fees paid to the First Nation	-	-
20% of the years income earned	(110,070)	(61,254)
Per capita distribution to members	(479,567)	(265,758)
	\$ 13,136,848	\$ 12,708,744

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

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Note 15. Due (To) From Related Parties

	2022	2021
Due (to) from Naegha Zhia Inc.	\$ 279,306	\$ 129,805
Due (to) from 6232 NWT Ltd. (o/a Ehdah Cho Store)	385,400	(11,472)
Due (to) from Evergreen Forestry Ltd. Partnership	11,569	10,594
	\$ 676,275	\$ 128,927

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 6232 NWT Ltd. (o/a 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 Hay River Dene Reserve Limited Partnership are non-interest bearing and have no set repayment terms. K'atloodeche First Nation is the 100% limited partner of the partnership and Naegha Zhia Inc is the 100% general partner.

Advances from Evergreen Forestry Ltd. Partnership are non-interest bearing and have no set repayment terms. K'atloodeche First Nation holds 50% of the partnership.

Advances to Denendeh Helicopters Inc. are non-interest bearing and have no set repayment terms. The company is related due to the investment in the company through Evergreen Forestry Ltd. Partnership.

Advances to the Dene Cultural Institute are non-interest bearing and have no set repayment terms. The company is related as membership of the non-for-profit include all Dene people.

Note 16. Economic Dependence

The First Nation receives a significant portion of its revenue pursuant to a funding agreement with Crown-Indigenous Relations and Northern Affairs Canada / Indigenous Service Canada (CIRNAC/ISC) 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.

Note 17. Contingent Liabilities

Under the terms of the contribution agreement between the First Nation, CIRNAC/ISC, 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 18. Budget

K'atloodeche First Nation prepares budget information for each project as required under the individual contribution agreements. The consolidated budgeted revenues and expenditures 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.

Note 19. Pension Benefits

The First Nation participates in the Northern Employee Benefits Services (NEBS) pension plan on behalf of some members of its staff. This program is a defined benefits plan which specifies that amount of the retirement benefit to be received by employees based on their length of service and rate of pay. Members are required to make contributions of 8% pensionable earnings which are matched by the First Nation.

The amount contributed to the NEBS pension plan in the year was \$90,336 (2021 - \$102,991). These amounts were expensed as incurred. There are no assets or liabilities reflected in the statement of financial position pertaining to these pension plans.

K'ATLODEECHE FIRST NATION

Notes to the Financial Statements

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Note 20. 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 21. Subsequent Events

The following events occurred subsequent to the fiscal year end:

Flood damage to the community

On May 12, 2022, the Town of Hay River experienced a catastrophic flood in which damaged a number of the community residential buildings. The damages and costs associated have not yet been determined. Any Government support received will be recorded as revenue in future years.

Fire damage to the community

In the 2023 calendar year, the Town of Hay River was subject to two separate evacuation orders as a result of forest fires. The first on May 14, 2023 and subsequently lifted on June 6, 2023 and the second on August 13, 2023 and lifted on September 16, 2023. The May fire resulted in significant devastation to the First Nation as it destroyed a number of community buildings and residential houses. Those buildings destroyed included the Band Office resulting in a loss of significant support of financial data. The evacuation order also disrupted the First Nation's general operations, including the operations of the First Nations subsidiaries. The full financial impacts associated with the lost building and costs to support the band member has not yet been determined at the time of the audit. Any Government support received will be recorded as revenue in future years.