

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Management of Deninu K'ue First Nation**

#### *Qualified Opinion*

We have audited the accompanying financial statements of Deninu K'ue First Nation which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section, the financial statements present fairly, in all material respects, the financial position of Deninu K'ue First Nation as at March 31, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

#### *Basis for Qualified Opinion*

The First Nation has not consolidated the financial statement of subsidiary Deninu K'ue Holdings Limited. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of Deninu K'ue Holdings Limited at March 31, 2023 and the First Nation's share of net income for the year because the financial records were not complete at the time of the audit. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

#### *Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

## Independent Auditor's Report (continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

The logo for Ashton Chartered Professional Accountants, featuring the word "Ashton" in a stylized, handwritten-style font.

ASHTON  
Chartered Professional Accountants  
Business Advisors

Hay River, NT  
March 20, 2025

# DENINU K'UE FIRST NATION

## Statement of Financial Position

March 31, 2023

	2023	2022
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 2,270,198	\$ 1,973,035
Accounts receivable, Note 3	2,502,406	1,463,682
Due from related parties, Note 8	143,997	65,752
	4,916,601	3,502,469
<b>Liabilities</b>		
Accounts payable and accrued liabilities, Note 4	849,078	484,379
Deferred revenue, Note 6	2,518,266	1,476,001
Due to related parties, Note 8	34,199	40,167
	3,401,543	2,000,547
Net Financial Assets (Net Debt)	\$ 1,515,058	\$ 1,501,922
<b>Non-Financial Assets</b>		
Prepaid expenses	\$ 25,097	\$ 22,864
Capital assets, Note 5	302,416	43,483
Investment, Note 7	10	10
	\$ 327,523	\$ 66,357
<b>Accumulated Surplus</b>		
Fund Balances		
General Fund	\$ 1,540,155	\$ 1,524,786
Impact Benefit Agreement Fund	-	-
Capital Asset Fund	302,416	43,483
Investment Fund	10	10
	\$ 1,842,581	\$ 1,568,279

Approved by the Board:

_____	Board Member	Board Member
_____	Board Member	Board Member

# DENINU K'UE FIRST NATION

General Fund

Statement of Revenue and Expenditure

For the year ended March 31, 2023

	2023		2022
	(Schedules)		
Revenue			
Contributions			
Government of Canada - Grants, FTPs and Contributions	\$	1,674,269	\$ 1,679,367
Government of the NWT		1,223,682	1,624,510
Akaitcho Territory Government		80,000	1,131,622
Other revenues and recoveries		3,026,233	1,837,854
Deferred revenue (current programs), opening		1,253,005	708,509
Deferred revenue (current programs), closing		(1,881,801)	(1,305,954)
Contributions repaid		(39,965)	(30,968)
		5,335,423	5,644,940
Expenditure			
Administration fees		280,458	539,518
Wages and benefits		997,535	1,288,733
Contracted services		362,793	837,782
Meeting and workshop expenses		350,536	335,818
Materials and supplies		326,981	648,281
Telephone, fax and internet		61,275	78,427
Training - course costs		178,569	35,088
Training - allowances		-	1,800
Travel		442,125	320,298
Rent and utilities		114,105	106,631
Professional fees		1,074,558	375,143
Equipment rental		66,686	262,021
Office supplies		77,226	207,670
Freight and postage		4,090	15,010
Bank charges and interest		28,766	10,519
Insurance		-	23,576
Advertising and promotion		-	1,756
Miscellaneous		753,446	524,958
Donations		-	12,681
Provision for (recovery of) bad debts		(162,208)	-
Amortization expense		41,480	6,018
Forgiveness of debt		-	-
		4,998,421	5,631,728
Excess (Deficiency) of revenue over expenditure for the year	\$	337,002	\$ 13,212

# DENINU K'UE FIRST NATION

## Impact Benefit Agreement Fund Statement of Revenue and Expenditure

For the year ended March 31, 2023

	2023	2022
Revenue		
Contributions		
Impact Benefit Agreement	\$ 330,338	\$ 314,754
	330,338	314,754
Expenditure		
Heritage fund payout to members	345,280	242,400
Contract revenue payout to member	-	584,155
Administration fee	-	-
Wages and benefits	-	-
Travel	1,101	3,191
Meeting and workshop expenses	1,000	300
Professional fees	12,687	-
Materials and supplies	-	-
Bank charges and interest	-	1,776
Donations	32,971	17,656
	393,039	849,478
Excess (Deficiency) of revenue over expenditure for the year	\$ (62,701)	\$ (534,724)

# DENINU K'UE FIRST NATION

## Statement of Changes in Fund Balances

For the year ended March 31, 2023

	2023	2022
<b>General Operating Fund</b>		
Balance, beginning of year	\$ 1,524,787	\$ 2,040,281
Transfer (to) from Capital Asset Fund	(258,933)	6,018
Transfer (to) from Impact Benefit Agreement Fund	(62,701)	(534,724)
Excess (Deficiency) of revenue over expenditures for the year	337,002	13,212
Balance, end of year	\$ 1,540,155	\$ 1,524,787
<b>Impact Benefit Agreement Fund</b>		
Balance, beginning of year	\$ -	\$ -
Excess (Deficiency) of revenue over expenditures for the year	(62,701)	(534,724)
Transfer to general fund	62,701	534,724
Balance, end of year	\$ -	\$ -
<b>Capital Asset Fund</b>		
Balance, beginning of year	\$ 43,483	\$ 49,501
Transfer (to) from General Operating Fund	258,933	(6,018)
Balance, end of year	\$ 302,416	\$ 43,483
<b>Investment Fund</b>		
Balance, beginning of year	\$ 10	\$ 10
Increase (Decrease) during the year	-	-
Balance, end of year	\$ 10	\$ 10

## DENINU K'UE FIRST NATION

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

For the year ended March 31, 2023

	2023	2022
Excess (Deficiency) of revenue over expenditure for the year		
General Fund	\$ 337,002	\$ 13,212
Impact Benefit Agreement Fund	(62,701)	(534,724)
Amortization of tangible capital assets	41,480	6,017
Change in prepaid expenses	(2,232)	(19,180)
Purchase of tangible capital assets	(300,413)	-
Increase (decrease) in net financial assets	13,136	(534,675)
Net financial assets (debt), beginning of year	1,501,922	2,036,597
Net financial assets (debt), end of year	\$ 1,515,058	\$ 1,501,922

# DENINU K'UE FIRST NATION

## Statement of Cash Flow

For the year ended March 31, 2023

	2023	2022
<b>Operating Activities</b>		
Excess (Deficiency) of revenue over expenditure for the year		
General Fund	\$ 337,002	\$ 13,211
Impact Benefit Agreement Fund	(62,701)	(534,724)
Items not affecting cash		
Amortization of tangible assets	41,480	6,017
	315,781	(515,496)
Changes in working capital account balances		
Accounts receivable	(1,038,724)	52,764
Prepaid expenses	(2,232)	(19,180)
Accounts payable and accrued liabilities	364,699	(148,345)
Deferred revenue	1,042,265	723,884
	681,789	93,627
<b>Capital Transactions</b>		
Purchase of tangible capital assets	(300,413)	-
<b>Investing Activities</b>		
Due to related parties	(84,213)	4,487
Increase (decrease) in cash during the year	297,163	98,114
Cash, beginning of year	1,973,035	1,874,921
Cash, end of year	\$ 2,270,198	\$ 1,973,035



# DENINU K'UE FIRST NATION

## Notes to the Financial Statements

March 31, 2023

### Note 1. Significant Accounting Policies

Deninu K'ue First Nation's purpose is to manage the financial, cultural, social and educational affairs on behalf of its members in Fort Resolution, Northwest Territories.

#### Basis of Accounting

The non-consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

#### Cash and Cash Equivalents

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

#### 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 assets are amortized over their estimated useful lives at the following rates:

Asset	Rate	Rate
Building - trailer	20%	20%
Furniture and equipment	20%	20%
Computer equipment	20% - 100%	20% - 100%
Vehicles	30%	30%

#### Revenue Recognition

Deninu K'ue First Nation follows the restricted fund accounting for contribution revenue. Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accrual cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenue 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.

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

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

#### General Fund

Unrestricted contributions are recognized in the General Fund in the current period. Restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue in the same period as the related expenses are recognized.

General fund accounts for the First Nation's programs and administrative activities.

**DENINU K'UE FIRST NATION**

## Statement of Financial Position

March 31, 2023

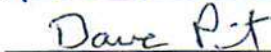
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