

Sambaa K'e First Nation

Consolidated Financial Statements

March 31, 2017

Sambaa K'e First Nation

Consolidated Financial Statements

March 31, 2017

Page

Management's Responsibility for Financial Reporting	3
Management Discussion and Analysis	4
Independent Auditors' Report	5 - 6
Financial Statements	
Consolidated Statement of Financial Position	7
Consolidated Statement of Change in Net Financial Assets	8
Consolidated Statement of Operations	9
Consolidated Statement of Accumulated Surplus	10
Consolidated Statement of Cash Flows	11
Notes to Consolidated Financial Statements	12 - 28
Schedules to Consolidated Financial Statements	
Schedule 1 - INAC projects revenues and expenditures	29 - 30
Schedule 2 - Deh Cho First Nation projects revenues and expenditures	31
Schedule 3 - GNWT - MACA projects revenues and expenditures	32 - 35
Schedule 4 - GNWT - ENR projects revenues and expenditures	36
Schedule 5 - GNWT - H&SS, Justice and ECE projects revenues and expenditures	37 - 38
Schedule 6 - GNWT - ITI projects revenues and expenditures	39 - 40
Schedule 7 - Other projects revenues and expenditures	41 - 43
Schedule 8 - Statement of Revenues and Expenditures - MACA Funding	44
Schedule 9 - Reconciliation of Federal Government Funding	45
Schedule 10 - Gas Tax Report	46
Schedule 11 - Community Public Infrastructure Plan Report	47

Sambaa K'e First Nation

Management's Responsibility for Financial Reporting

March 31, 2017

The accompanying consolidated financial statements of Sambaa K'e First Nation and all the information included in this annual report are the responsibility of management.


The 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 Professional Accountants, Canada (CPA) and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The external auditors, Crowe MacKay LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Sambaa K'e First Nation and meet when required.

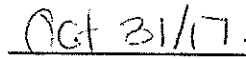
On behalf of Sambaa K'e First Nation:




Chief



Band Manager



Date



Date

Management Discussion and Analysis

A deficit of \$(104,402) was reported in the current year relative to a deficit of \$(221,286) in 2016, a reduction of \$116,884. The main components of the change include a decrease in revenues recognized of \$335,523 and a decrease in expenses of \$491,139. Other revenues and expenditures decreased \$38,732. The revenue decrease includes \$816,192 of revenues deferred to future years, consisting of \$646,926 of CPI funding, \$75,836 of Gas Tax funding and the deferral of \$93,430 of revenues from other sources. There is a decrease in funding of \$95,233 from the Government of the Northwest Territories for various programs. Indigenous and Northern Affairs Canada funding decreased \$53,946 based on reduced funding levels. Other sources include the recognition of a loss from the Band's subsidiary Sambaa K'e Development Corporation of \$37,060.

Expenditures decreased by \$491,139. Significant among expenditures were a decrease in materials and supplies expense of \$198,746 related to road repairs and maintenance of the new airport which continued to experience runway stability issues in the prior year. Accommodations expense decreased \$33,586 which reflects the types of programs and projects incurred in the year. Wages and benefits decreased \$21,748 due mainly to reduced labour requirements for fewer projects incurred in the year. Finally, bad debts expense decreased \$86,983 as the result of a significant effort to clean up non-collectible accounts in the prior year.

The First Nation's financial position has improved relative to the prior year with net financial assets of \$349,918 (2016 - \$165,223). The increase in net financial position is due mainly to the reduction of current liabilities before deferred revenue of \$46,886. Increases in accounts receivable of \$837,039 have been offset by increases in deferred revenues of \$814,157 due mainly to the deferral of amounts receivable for the Community Public Infrastructure and Gas Tax programs. GST receivable has increased \$30,107 and the repayment of leases totaled \$9,982.

Overall the First Nation's total unrestricted cash position has decreased by \$89,039 in the current year (2017 - \$301,208; 2016 - \$390,247). The decrease in cash reflects the purchase of tangible capital assets (\$54,800), repayment of capital lease obligations (\$9,982), net advances to subsidiary Sambaa K'e Development Corporation (\$37,060) and additional investment in term deposits (\$1,139) plus the effect cash from operations of \$13,942. The First Nation's restricted cash position is sufficient to meet its current obligations under Community Public Infrastructure (\$1,055,080) and Gas Tax (\$888,786) as repayment of prior year deficits were made in the current year. The obligation under Community Capacity Building (\$232,894) remains unfunded. Cash flow from operations decreased in the current year to \$13,942 from \$280,394 in 2016. Major components of the decrease include an increase of \$116,884 in revenues over expenses as discussed above, net of cash receipts deferred through increases in accounts receivable, mainly Gas Tax and Community Public Infrastructure funding the repayment of current liabilities and the repayment of restricted cash account deficiencies..


Band Manager
August 30, 2017

Independent Auditors' Report

To the Members of Sambaa K'e First Nation

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Smbaa K'e First Nation as at March 31, 2017, and the results of its operations, the changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Yellowknife, Canada
August 30, 2017

Crowe MacKay LLP
Chartered Professional Accountants

Sambaa K'e First Nation

Consolidated Statement of Financial Position

March 31

2017

2016

Financial Assets

Cash (Note 4)	\$ 301,208	\$ 390,247
Restricted cash (Note 5)	1,943,866	1,771,156
Term deposits (Note 6)	179,256	178,117
Accounts receivable (Note 7)	3,535,651	2,698,612
Goods and services tax recoverable	99,204	69,097
Long-term investments (Note 8)	100	100
	6,059,285	5,107,329

Liabilities

Accounts payable and accrued liabilities (Note 9)	203,902	231,925
Contributions refundable (Note 10)	28	7,200
Deferred revenue (Note 11)	5,489,331	4,675,174
Employee benefits payable (Note 12)	16,106	17,815
Obligations under capital lease (Note 13)	-	9,982
	5,709,367	4,942,096

Net financial assets	349,918	165,233
-----------------------------	----------------	----------------

Non-financial Assets

Tangible capital assets (Note 14)	2,486,325	2,728,955
Prepaid expenses and deposits	581	45,065
Inventory (Note 15)	50,316	52,289
	2,537,222	2,826,309

Accumulated Surplus (Note 16)	\$ 2,887,140	\$ 2,991,542
--------------------------------------	---------------------	---------------------

Approved on behalf of the Sambaa K'e First Nation

 , Chief

 , Band Manager

Sambaa K'e First Nation**Consolidated Statement of Change in Net Financial Assets**

For the year ended March 31	2017	2016
Deficiency of revenue over expenses	\$ (104,402)	\$ (221,286)
Acquisition of tangible capital assets	(54,800)	(58,591)
Amortization of tangible capital assets	297,430	313,785
	242,630	33,908
Use of prepaid asset	44,484	1,122
Use of inventory	1,973	135,711
Increase in net financial assets	184,685	170,741
Net financial assets (debt), beginning of year	165,233	(5,508)
Net financial assets, end of year	\$ 349,918	\$ 165,233

Sambaa K'e First Nation

Consolidated Statement of Operations

For the year ended March 31

2017

2016

Revenue

Indigenous and Northern Affairs Canada (Note 17)	\$ 181,153	\$ 235,099
Government of the Northwest Territories (Note 17)	2,223,901	2,319,134
Deh Cho First Nations	158,906	101,463
Canadian Northern Economic Development Agency (CanNor)	-	29,811
Interest income	2,943	2,845
Other revenue	240,196	385,754
Deferred revenue - current	(816,192)	(740,504)
Contributions refundable	(28)	(7,200)

1,990,879

2,326,402

Expenses

Band Government	429,023	663,124
Community Services	216,123	201,291
Economic Development	352,926	486,290
Education	51,727	63,824
Employment Programs	17,224	17,208
Health	187,368	237,566
Public Works	821,548	887,905
Social Services	37,080	46,950

2,113,019

2,604,158

Deficiency of revenue over expenses before other items

(122,140)

(277,756)

Other items

Write down of advances to subsidiary	(37,060)	(2,121)
Transfer to tangible capital assets	54,798	58,591

17,738

56,470

Deficiency of revenue over expenses

\$ (104,402) \$ (221,286)

Sambaa K'e First Nation**Consolidated Statement of Accumulated Surplus**

For the year ended March 31	2017	2016
Accumulated surplus, beginning of year	\$ 2,991,542	\$ 3,212,828
Deficiency of revenue over expenses	(104,402)	(221,286)
Accumulated surplus, end of year	\$ 2,887,140	\$ 2,991,542

Sambaa K'e First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2017	2017	2016
Cash flows from		
Operating activities		
Deficiency of revenue over expenses	\$ (104,402)	\$ (221,286)
Items not affecting cash		
Amortization	297,430	313,785
Write down of advances to subsidiary	37,060	2,121
	230,088	94,620
Change in non-cash operating working capital		
Accounts receivable	(837,039)	(535,622)
Inventory	1,973	135,711
Prepaid expenses and deposits	44,482	1,121
Goods and services tax recoverable	(30,107)	(35,404)
Accounts payable and accrued liabilities	(28,021)	(24,167)
Contributions carried forward	(7,172)	(5,247)
Deferred revenue	814,157	740,504
Employee benefits payable	(1,709)	(5,162)
Change in restricted cash	(172,710)	(85,960)
	13,942	280,394
Capital activity		
Purchase of tangible capital asset	(54,800)	(58,591)
Financing activity		
Repayment of capital lease obligation	(9,982)	(10,210)
Investing activities		
Advances to subsidiary	(37,060)	(2,121)
Acquisition of term deposits	(1,139)	(1,098)
	(38,199)	(3,219)
Increase (decrease) in cash	(89,039)	208,374
Cash, beginning of year	390,247	181,873
Cash and cash equivalents, end of year	\$ 301,208	\$ 390,247
Represented by		
Cash	\$ 301,208	\$ 390,247

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

1. Nature of Operations

The Sambaa K'e First Nation ("the First Nation") is established pursuant to the *Indian Act of Canada*. The First Nation Chief and Council administers the affairs of the First Nation. The First Nation is classified as an Indian Band which is a non-taxable entity under section 149 of the *Income Tax Act*. Operating activities of the Council include the administration and delivery of services to the community of Sambaa K'e, NT.

2. Basis of Presentation and Significant Accounting Policies

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

(a) Basis of accounting

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

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

(b) Reporting entity

These financial statements reflect the assets, liabilities, revenues and expenditures, changes in net financial debt and change in financial position of the reporting entity. This entity is comprised of the operations plus all of the organizations that are, therefore, accountable to the Band for administration of their financial affairs and resources. The Band owns 100% of the issued and outstanding shares of Sambaa K'e Development Corporation which it accounts for using the modified equity method of accounting.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

(c) Revenue recognition

Government transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in the future; or
- expect a direct financial return.

Government transfers are recognized as revenues when the transfer is authorized and any eligible 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 restricted funding tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built or eligible expenses incurred.

Contributions

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

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

Other sources of revenues

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.

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 accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Revenue for fees or services is recognized when the fee is earned or the service is provided.

Interest is recognized when it is earned.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

(d) 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 government business enterprises or government business partnerships, which are included in the Consolidated Financial Statements on a modified equity basis. Interorganizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only the Band's investments in the government business enterprises and the government business partnerships and the enterprise'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 the Band.

Organizations accounted for on a modified equity basis include:

- Sambaa K'e Development Corporation (wholly owned subsidiary)

(e) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

(f) Tangible capital assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset.

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

Buildings	20 - 50 years	Straight line
Furniture and equipment	20%	Declining balance
Lagoon	25 years	Straight line
Landfill	20 years	Straight line
Land improvements	25 - 40 years	Straight line
Automotive and heavy equipment	30%	Declining balance
Water reservoir and fill station	25 years	Straight line

One half the regular amortization is recorded in the year of acquisition for assets using the declining balance method. No amortization is recorded in the year of disposal.

(g) Inventory

Inventory is valued at the lower of cost and replacement cost. Cost is determined using the specific item method.

(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 excess of revenues over expenses, provides the change in net financial assets for the year.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

(i) Post-employment benefits, compensated absences and termination benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Certain employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the First Nation and other criteria as outlined in their employment contracts or in accordance with the policies of the First Nation.

(j) Segment disclosures

Segment financial information for certain departments is provided in Note 22. The accounting policies used in these segments is consistent with those followed in preparation of the consolidated financial statements as disclosed in Note 2. Revenues not directly attributable to a specific segment are shown in the General Government Services revenue. The segments include:

- 1) Education which provides educational services and programs to the community;
- 2) Health which provides health services and related programs to the community;
- 3) Social Services which provides support services and programs to the community to assist in promoting community justice and to reduce or prevent issues of public concern such as crime, drug and alcohol abuse.
- 4) Band Government which provides internal support to the Council and other departments that provide direct services to band members;
- 5) Economic Development which provides support and programs to the community to foster job creation and economic growth;
- 6) Public Works which provides basic municipal services to the community and provides additional services that are a benefit to the entire community;
- 7) Community Services which provides programs of interest to various interest groups within the community.
- 8) Employment Programs which provide funding for employee benefits and youth work experience.

(k) Sewage lagoon and solid waste landfill closure and post closure liabilities

The First Nation operates a sewage lagoon and a solid waste landfill site but their ownership has not been clarified with the Government of Northwest Territories. Site closure and post closure costs are recognized in full when information is available to estimate the liabilities for these facilities. To date the First Nation does not have complete information required to estimate the existing closure costs, if any. As a result, the assets and related closure and post closure liabilities for these facilities are not recorded in the consolidated financial statements

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

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

(l) Liability for contaminated sites

The First Nation is still assessing the impact and adoption of PSAS Section PS3260 - Liability for contaminated sites. The First Nation will adopt the accounting standard once the responsibility and obligation for remediation of contaminated sites has been clarified with the Government of Northwest Territories.

An obligation for remediation is recognized as a liability when all criteria below are satisfied:

- a) an environmental standard exists;
- b) contamination exceeds the environmental standard;
- c) the First Nation:
 - i) is directly responsible; or
 - ii) accepts responsibility;
- d) it is expected that the future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

(m) Measurement uncertainty

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

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

3. Future accounting changes

Related party disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity Transactions, Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

3. Future accounting changes (continued)

Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

The impact of the transition to this accounting standard has not yet been determined.

4. Cash

	2017	2016
Canadian Imperial Bank of Commerce (CIBC)	\$ 299,208	\$ 382,807
Cash on hand	2,000	7,440
	<u>\$ 301,208</u>	<u>\$ 2,339,521</u>

5. Restricted cash

	2017 Restricted Deposits	2017 Required balance	2017 Excess (deficiency)
Community Capacity	\$ -	\$ 232,894	\$ (232,894)
Community Public Infrastructure (CIBC)	1,055,080	1,055,080	-
Gas Tax (CIBC)	888,786	888,786	-
	<u>\$ 1,943,866</u>	<u>\$ 2,176,760</u>	<u>\$ (232,894)</u>

The required balance disclosures above are net of accounts receivable totaling \$3,205,363 (CPI - \$2,876,000; Gas Tax - \$329,363). Separate funds must be deposited to separate bank accounts to correspond with the respective restricted balances. Interest earned on these accounts is credited to the appropriate restricted deposits. At March 31, 2017 the Band has not complied with this requirement.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

6. Term deposits

	2017	2016
Guaranteed investment certificate 132 - CIBC	\$ 108,218	\$ 107,573
Guaranteed investment certificate 159 - CIBC	71,038	70,544
	\$ 179,256	\$ 178,117

Term deposits consist of guaranteed investment certificates (GICs). The one year flexible GIC 132 has an annual interest rate of 0.5% and matures on February 15, 2018. The one year flexible GIC 159 has an annual interest rate of 0.45% and matures on May 24, 2017.

7. Accounts Receivable

	2017 Gross	2017 Allowance	2017 Net	2016
Trade accounts receivable	\$ 342,558	\$ (163,586)	\$ 178,972	\$ 604
Government of Canada	81,038	(24,328)	56,710	83,470
Government of the Northwest Territories (GNWT) - Municipal & Community Affairs	3,214,255	(9,969)	3,204,286	2,493,255
GNWT - Health & Social Services	53,322	-	53,322	85,232
GNWT - Environment & Natural Resources	3,010	-	3,010	3,172
GNWT - Industry, Tourism & Investment	19,410	(3,393)	16,017	9,948
GNWT - Education, Culture & Employment	33,666	(16,066)	17,600	8,700
GNWT - Department of Transportation	809	(1,618)	(809)	-
GNWT - Other	-	-	-	1,129
Deh Cho First Nation	18,856	(15,093)	3,763	8,304
Other	2,780	-	2,780	4,798
	\$ 3,769,704	\$ (234,053)	\$ 3,535,651	\$ 2,698,612

GNWT amounts included in the allowance for doubtful accounts represents amounts that have been outstanding greater than two years and are no longer considered receivable.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

8. Investment in Sambaa K'e Development Corporation

A term loan in the amount of \$189,773 (2016 - \$189,773) is unsecured, repayable in blended monthly payments of \$3,049 bearing interest at 8.0% per annum and due on April 30, 2017. There were no payments received on this loan in the current or prior year. In addition, interest on the loan has ceased to be accrued as collection of either principal or interest is no longer reasonably assured.

The remaining advances of \$366,962 (2016 - \$329,901) are unsecured, non-interest bearing and have no specified terms of repayment.

	2017	2016
Share capital	\$ 100	\$ 100
Term loan	189,773	189,773
Advances	366,962	329,901
Valuation allowance	(556,735)	(519,674)
	<u>\$ 100</u>	<u>\$ 100</u>

During the current year the equity share in retained earnings recognized is nil (2016 - nil) due to continuing losses in the subsidiary which are not recognized for accounting purposes by the First Nation.

During the current and prior year the First Nation resolved to write-down the value of the investment to a nominal value based on estimated recoverable amounts, and accordingly, a loss on write-down of the investment totaling \$37,060 (2016 - \$2,121) was recorded.

9. Accounts payable and accrued liabilities

	2017	2016
Trade accounts payable	\$ 130,055	\$ 96,109
Accrued liabilities	50,993	92,050
Payroll liabilities	-	19,661
Government of the Northwest Territories - payroll tax	1,483	2,667
Government of Canada - source deductions	-	17,074
Worker's safety and compensation commission	21,371	4,364
	<u>\$ 203,902</u>	<u>\$ 231,925</u>

10. Contributions refundable

	2017	2016
Government of Canada	\$ 28	\$ -
Government of the Northwest Territories	-	7,200
	<u>\$ 28</u>	<u>\$ 7,200</u>

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

11. Deferred revenue

	March 31, 2016	Funding recognized	Revenue deferred	March 31, 2017
Government of the Northwest Territories				
Community Public Infrastructure	\$ 3,284,155	\$ -	\$ 646,926	\$ 3,931,081
Community Capacity	232,894	-	-	232,894
Community Wellness Program	2,318	-	-	2,318
Gas Tax	1,142,314	-	75,836	1,218,150
Residential School Settlement	3,215	(2,035)	-	1,180
On the Land Collaboration	-	-	19,493	19,493
	4,664,896	(2,035)	742,255	5,405,116
Dehcho First Nation				
Aboriginal Aquatic Resource and Oceans Management	8,403	(873)	-	7,530
Literacy Project	1,803	(14)	-	1,789
Dehcho First Nation Project	72	-	-	72
Resource Royalties	-	-	74,824	74,824
	10,278	(887)	74,824	84,215
	\$ 4,675,174	\$ (2,922)	\$ 817,079	\$ 5,489,331

12. Employee benefits payable

	2017	2016
Vacation and lieu time	\$ 16,106	\$ 17,815

Vacation and lieu time liability is comprised of the vacation and lieu time that employees have earned and will be utilized in the next year.

13. Capital lease obligation

	2017	2016
Capital lease due February 2017, repayable in monthly installments of \$985 including interest at 6.75% per annum, secured by a motor vehicle with a net book value of \$11,957, repaid during the year.	\$ -	\$ 9,982

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

14. Tangible Capital Assets

	Balance, beginning of year	Additions	Disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization	Accumulated amortization on Balance, end of year	2017 net book value
Buildings	\$ 2,768,879	\$ -	\$ -	\$ 2,768,879	\$ 1,627,279	\$ 76,551	\$ -	\$ 1,703,830	\$ 1,065,049
Automotive equipment	1,453,386	32,836	-	1,486,222	1,205,433	79,315	-	1,284,748	201,474
Furniture and equipment	14,115	17,706	-	31,821	4,858	3,622	-	8,480	23,341
Equipment	172,366	4,258	-	176,624	38,782	61,071	-	99,853	76,771
Lagoon	368,670	-	-	368,670	368,670	-	-	368,670	-
Landfill	206,455	-	-	206,455	206,455	-	-	206,455	-
Land improvements	30,058	-	-	30,058	17,497	871	-	18,368	11,690
Water reservoir and fill station	2,400,000	-	-	2,400,000	1,216,000	76,000	-	1,292,000	1,108,000
	\$ 7,413,929	\$ 54,800	\$ -	\$ 7,468,729	\$ 4,684,974	\$ 297,430	\$ -	\$ 4,982,404	\$ 2,486,325

	Balance, beginning of year Restated (Note 19)	Additions	Disposals	Balance, end of year	Cost	Balance, beginning of year	Amortization	Accumulated amortization on Balance, end of year	2016 net book value
Buildings	\$ 2,768,879	\$ -	\$ -	\$ 2,768,879	\$ 1,550,726	\$ 76,553	\$ -	\$ 1,627,279	\$ 1,141,600
Automotive equipment	1,611,409	10,449	(208,000)	1,413,858	1,294,282	96,705	(208,000)	1,182,987	230,871
Furniture and equipment	8,305	5,810	-	14,115	3,270	1,588	-	4,858	9,257
Equipment	130,034	42,332	-	172,366	-	38,782	-	38,782	133,584
Lagoon	368,670	-	-	368,670	353,923	14,747	-	368,670	-
Landfill	206,455	-	-	206,455	206,455	-	-	206,455	-
Land improvements	30,058	-	-	30,058	16,626	871	-	17,497	12,561
Water reservoir and fill station	2,400,000	-	-	2,400,000	1,140,000	76,000	-	1,216,000	1,184,000
Assets under capital lease	39,528	-	-	39,528	13,907	8,539	-	22,446	17,082
	\$ 7,563,338	\$ 58,591	\$ (208,000)	\$ 7,413,929	\$ 4,579,189	\$ 313,785	\$ (208,000)	\$ 4,684,974	\$ 2,728,955

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

15. Inventory

	2017	2016
Road surfacing materials	\$ 50,316	\$ 52,289

Inventory consists of crushed gravel and two inch minus gravel to be used in resurfacing community roads.

16. Accumulated surplus

	2017	2016
General operating	\$ 400,815	\$ 262,587
Equity in tangible capital assets	2,486,325	2,728,955
	<u>\$ 2,887,140</u>	<u>\$ 2,991,542</u>

17. Government Transfers

	2017		
	Operating	Capital	Total
Federal Government Transfers			
Indigenous and Northern Affairs Canada	\$ 181,153	\$ -	\$ 181,153
Territorial Transfers			
Government of the Northwest Territories	1,502,901	721,000	2,223,901
	<u>\$ 1,684,054</u>	<u>\$ 721,000</u>	<u>\$ 2,405,054</u>
	2016		
	Operating	Capital	Total
Federal Government Transfers			
Indigenous and Northern Affairs Canada	\$ 235,099	\$ -	\$ 235,099
CanNor funding	-	29,811	29,811
Territorial Transfers			
Government of the Northwest Territories	1,588,346	730,788	2,319,134
	<u>\$ 1,823,445</u>	<u>\$ 760,599</u>	<u>\$ 2,584,044</u>

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

18. Budget Information

The budget for the current fiscal year was approved by the First Nation in July, 2016. The budget is not comprehensive and includes only budgeted funding from Indigenous and Northern Affairs Canada and Municipal and Community Affairs based on its core funding agreements. As the budget is not comprehensive no budget amounts have been disclosed in the financial statements.

Canadian public sector accounting standards ("PSAB") require disclosure of budget information for comparison to the Band's actual revenues and expenses. The consolidated budgeted revenues and expenses, and surplus (deficit) reported in these financial statements is not consistent with the format of the financial results disclosed in the statement of operations and statement of change in net financial assets. While having no effect on reported revenues, expenses, and surplus (deficit), omission of complete information is considered a departure from PSAB.

19. Comparative Amounts

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

20. Economic Dependence

The First Nation receives a significant amount of funding from the Government of Canada 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.

Sambaa K'e First Nation**Notes to Consolidated Financial Statements**

March 31, 2017

21. Expenditures

	2017	2016
Expenses		
Accommodations	\$ 95,574	\$ 129,160
Administration	17,108	22,705
Advertising	4,949	-
Amortization	297,430	313,784
Bad debts	957	87,940
Bank charges and interest	3,646	7,459
Capital purchases	54,798	58,592
Contract services	124,598	130,504
Electricity	47,713	51,589
Equipment rental	13,229	12,405
Fuel	91,891	98,886
Insurance	61,180	64,897
Licenses and fees	12,490	33,716
Materials and supplies	133,347	332,093
Office supplies	8,467	23,408
Postage and freight	2,586	2,563
Professional fees	50,362	70,275
Rent	20,647	59,217
Rent and utilities	2,046	8,459
Repairs and maintenance	67,915	53,655
Telephone and fax	23,139	32,241
Translator expense	-	600
Travel	133,098	141,833
Wages and benefits	845,142	866,890
Water and sewer sampling	707	1,287
	\$ 2,113,019	\$ 2,604,158

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

22. Segmented information

	Band Government			Community Services			Economic Development		
	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual	2017 Budget	2017 Actual	2016 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 1,042,300	\$ 1,106,336	-	\$ 179,824	\$ 199,893	\$ -	\$ 217,239	\$ 101,283
Indigenous and Northern Affairs Canada	-	163,953	217,899	-	-	-	-	-	-
Deh Cho First Nations	-	30,000	32,035	-	-	-	-	-	-
Other revenue / deferred	-	(747,481)	(731,777)	-	2,562	(12,177)	-	156,078	365,795
Total revenue	-	488,772	624,493	-	182,386	187,716	-	373,317	467,078
Expenses									
Wages and benefits	-	236,242	247,391	-	101,355	89,068	-	89,315	118,710
Amortization	-	95,635	73,493	-	26,411	24,640	-	4,925	-
Other expenses	-	97,146	342,240	-	88,357	87,583	-	258,686	367,580
Total expenses	-	429,023	663,124	-	216,123	201,291	-	352,926	486,290
Other	-	59,749	(38,631)	-	(33,737)	(13,575)	-	20,391	(19,212)
	-	(34,932)	3,688	-	3,600	2,449	-	32,836	43,833
Annual surplus (deficit)	\$ -	\$ 24,817	\$ (34,943)	-	\$ (30,137)	\$ (11,126)	-	\$ 53,227	\$ 24,621

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

22. Segmented information, continued

	2017 Budget	Education 2017 Actual	2016 Actual	2017 Budget	Health 2017 Actual	2016 Actual	2017 Budget	Social Services 2017 Actual	2016 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 21,600	\$ 9,600	\$ -	\$ -	\$ -	\$ -	\$ 143,738	\$ 246,782
Deh Cho First Nations	-	104,906	45,428	-	24,000	24,000	-	-	-
Other revenue / deferred	-	(74,810)	8,000	-	163,925	219,297	-	(106,658)	(206,332)
Total revenue	-	51,696	63,028	-	187,925	243,297	-	37,080	40,450
Expenses									
Wages and benefits	-	27,970	15,286	-	8,450	9,071	-	52,246	102,876
Amortization	-	-	-	-	7,500	7,500	-	-	-
Other expenses	-	23,757	48,538	-	171,418	220,995	-	(15,166)	(55,926)
Total expenses	-	51,727	63,824	-	187,368	237,566	-	37,080	46,950
Other	-	(31)	(796)	-	557	5,731	-	-	(6,500)
Annual surplus (deficit)	\$ -	\$ 2,097	\$ (796)	\$ -	\$ 557	\$ 5,731	\$ -	\$ -	\$ -

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2017

22. Segmented information, continued

	2017		2016		2017		2016		2017		2016	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues												
Government of the Northwest Territories	\$ -	\$ 619,200	\$ 655,240	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,223,901	\$ 2,319,134
Indigenous and Northern Affairs Canada	-	-	-	-	17,200	17,200	-	-	-	-	181,153	235,099
Deh Cho First Nations	-	-	-	-	-	-	-	-	-	-	158,906	101,463
Other revenue / deferred	-	33,303	27,900	-	-	-	-	-	-	-	(573,081)	(329,294)
Total revenue	-	652,503	683,140	-	17,200	17,200	-	-	-	-	1,990,879	2,326,402
Expenses												
Wages and benefits	-	312,341	267,322	-	17,224	17,167	-	-	-	-	845,143	866,891
Amortization	-	162,959	208,151	-	-	-	-	-	-	-	297,430	313,785
Other expenses	-	346,248	412,432	-	-	41	-	-	-	-	970,446	1,423,483
Total expenses	-	821,548	887,905	-	17,224	17,208	-	-	-	-	2,113,019	2,604,158
Other	-	(169,045)	(204,765)	-	(24)	(8)	-	-	-	-	(122,140)	(277,756)
Annual surplus (deficit)	\$ -	\$ (154,939)	(204,765)	-	\$ -	(24)	(8)	-	-	-	(104,402)	(221,286)