

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, 2018, and the consolidated statements of operations, accumulated surplus, change in net financial 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 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.

Auditor's 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 First Nation'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 First Nation'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.

Independent Auditors' Report (continued)

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

The financial statements of Sambaa K'e Development Corporation (100% owned subsidiary) were not audited for the year ended March 31, 2018. Accordingly we were unable to determine whether any adjustments may be necessary to equity earnings from subsidiaries and investment in this company, or income and net assets of Sambaa K'e First Nation.

Qualified opinion

Except as noted in the above paragraph, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2018 and the results of its operations then ended in accordance with Canadian Public Sector Accounting Standards.

Emphasis of Matter

We draw attention to Note 17 of the consolidated financial statements, which indicates the budget information prepared and presented is not comprehensive.



Chartered Professional Accountants

**Yellowknife, Canada
December 5, 2018**

Sambaa K'e First Nation

Consolidated Statement of Financial Position

As at March 31	2018	2017
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Financial Assets

Cash and cash equivalents (Note 4)	\$ 156,980	\$ 301,208
Term deposits (Note 5)	180,521	179,256
Restricted cash (Note 6)	4,684,634	1,943,866
Accounts receivable (Note 7)	1,635,914	3,535,651
Goods and services tax recoverable	156,547	99,204
Long-term investments (Note 8)	100	100
	6,814,696	6,059,285

Liabilities

Accounts payable and accrued liabilities (Note 9)	626,339	203,902
Contributions repayable (Note 10)	4,349	28
Deferred revenue (Note 11)	5,754,222	5,489,331
Employee benefits payable (Note 12)	9,282	16,106
	6,394,192	5,709,367

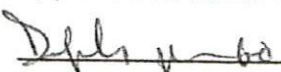
Net financial assets	420,504	349,918
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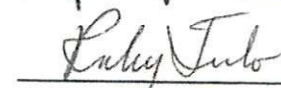
Non-financial Assets

Tangible capital assets (Note 13)	2,703,553	2,486,325
Prepaid expenses and deposits	-	581
Inventory (Note 14)	42,883	50,316
	2,746,436	2,537,222

Accumulated Surplus (Note 15)	\$ 3,166,940	\$ 2,887,140
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Approved on behalf of the Sambaa K'e First Nation

 , Chief

 , Band Manager

The accompanying notes are an integral part of the financial statements

Sambaa K'e First Nation

Consolidated Statement of Operations

For the year ended March 31

	2018 Budget	2018 Actual	2017 Actual
Revenue			
Contributions			
Indigenous and Northern Affairs Canada (Note 16)	\$ -	\$ 260,430	\$ 181,153
Government of the Northwest Territories (Note 16)	1,074,000	2,390,630	2,223,901
Dehcho First Nations	-	159,755	158,906
Interest income	-	3,308	2,943
Other revenue	-	239,484	240,196
Deferred revenue - current	-	(257,044)	(816,192)
Contributions repayable	-	(4,307)	(28)
	1,074,000	2,792,256	1,990,879
Expenses			
Band Government	217,250	1,227,437	590,356
Community Services	183,672	243,849	216,123
Economic Development	-	381,712	246,267
Education	-	142,234	51,728
Employment Programs	-	62,486	17,224
Health	-	24,814	26,035
Public Works	653,210	761,907	821,548
Social Services	19,868	157,288	143,738
	1,074,000	3,001,727	2,113,019
Deficiency of revenue over expenses before other items	-	(209,471)	(122,140)
Other items			
Write down of advances to subsidiary	-	(17,405)	(37,060)
Transfer to tangible capital assets	-	518,633	54,798
Loss on disposal of tangible capital assets	-	(11,957)	-
	-	489,271	17,738
Excess (deficiency) of revenue over expenses	\$ -	\$ 279,800	\$ (104,402)

The accompanying notes are an integral part of the financial statements

Sambaa K'e First Nation

Consolidated Statement of Accumulated Surplus

For the year ended March 31	2018 Budget	2018 Actual	2017 Actual
Accumulated surplus, beginning of year	\$ 2,887,140	\$ 2,887,140	\$ 2,991,542
Excess (deficiency) of revenue over expenses	-	279,800	(104,402)
Accumulated surplus, end of year	\$ 2,887,140	\$ 3,166,940	\$ 2,887,140

The accompanying notes are an integral part of the financial statements

Sambaa K'e First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2018	2017
Excess (deficiency) of revenue over expenses	\$ 279,800	\$ (104,402)
Acquisition of tangible capital assets	(524,992)	(54,800)
Amortization of tangible capital assets	295,807	297,430
Disposal of tangible capital assets	11,957	-
	(217,228)	242,630
Use of prepaid asset	581	44,484
Use of inventory	7,433	1,973
Increase in net financial assets	70,586	184,685
Net financial assets, beginning of year	349,918	165,233
Net financial assets, end of year	\$ 420,504	\$ 349,918

The accompanying notes are an integral part of the financial statements

Sambaa K'e First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2018	2018	2017
Cash flows from		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 279,800	\$ (104,402)
Items not affecting cash		
Amortization	295,807	297,430
Write down of advances to subsidiary	17,405	37,060
Loss on disposal of capital assets	11,957	-
	604,969	230,088
Change in non-cash operating working capital		
Accounts receivable	1,899,737	(837,039)
Inventory	7,434	1,973
Prepaid expenses and deposits	581	44,484
Goods and services tax recoverable	(57,343)	(30,107)
Accounts payable and accrued liabilities	98,673	(28,023)
Contributions repayable	4,321	(7,172)
Deferred revenue	264,891	814,157
Employee benefits	(6,824)	(1,709)
Restricted cash	(2,740,768)	(172,710)
	75,671	13,942
Capital activity		
Purchase of tangible capital asset	(201,227)	(54,800)
Financing activity		
Repayment of capital lease obligation	-	(9,982)
Investing activities		
Advances to subsidiary	(17,405)	(37,060)
Acquisition of term deposits	(1,267)	(1,139)
	(18,672)	(38,199)
Decrease in cash and cash equivalents	(144,228)	(89,039)
Cash and cash equivalents, beginning of year	301,208	390,247
Cash and cash equivalents, end of year	\$ 156,980	\$ 301,208
Supplementary information		
Purchase of tangible capital assets	\$ (524,991)	\$ (54,800)
Less: Accounts payable for tangible capital assets	323,764	-
Cash used to purchase tangible capital assets	\$ (201,227)	\$ (54,800)

The accompanying notes are an integral part of the financial statements

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

1. Nature of Operations

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

2. Basis of Presentation and Significant Accounting Policies

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

(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.

(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 First Nation for administration of their financial affairs and resources. The First Nation 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.

(c) Revenue recognition

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.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

Capital transfers or transfers of 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 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 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, 2018

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 First Nation.

Organizations accounted for on a modified equity basis include:

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

(e) Contribution of tangible capital assets

Contributed tangible capital assets are recorded as revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

(f) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

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

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.

Tangible capital assets are written down when conditions indicate that they no longer contribute to Sambaa K'e First Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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

(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.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank deposits.

(j) Employee benefit obligations

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.

(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

(l) Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when: contamination exceeding an environmental standard exists; the First Nation is either directly responsible or accepts responsibility; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at yearend.

At each financial reporting date, the First Nation reviews the carrying amounts of the liability, if any. Any revisions required to the amount previously recognized is accounted for in the period revisions are made.

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.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

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

(m) 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 Band Government. The segments include:

Education which provides educational services and programs to the community;

Health which provides health services and related programs to the community;

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.

Band Government which provides internal support to the Council and other departments that provide direct services to First Nation members;

Economic Development which provides support and programs to the community for economic growth;

Employment Programs which provides programs to the community to foster job creation;

Public Works which provides basic municipal services to the community and provides additional services that are a benefit to the entire community;

Community Services which provides programs to various interest groups within the community.

(n) 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. Management makes estimates when determining significant accrued liabilities, the useful lives of tangible capital assets and the related costs charged to the statement of operations. Actual results could differ from those estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis, and, any adjustments that become necessary are reported in earnings in the period in which the estimates are revised.

(o) Related party transactions

Related party transactions occur in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

3. Future accounting changes

a) Restructuring Transactions, Section PS 3430

This Section is effective for fiscal periods beginning on or after April 1, 2018. This section establishes standards on how to account for and report restructuring transactions by both transferor and recipient of assets and/or liabilities, together with related program or operating responsibilities. Restructuring activities include, but are not limited to: a) amalgamations of entities or operations within the government reporting unit b) amalgamation of local governments, c) annexation or boundary alteration between neighbouring local governments, d) transfers of operations or programs from one entity to another, and e) shared service arrangements entered into by local governments in a region.

b) Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This section would require public sector entities to review existing contract, legislation, regulations, and other sources to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to these proposed accounting standards, if any, has not yet been determined.

4. Cash and cash equivalents

	2018	2017
Canadian Imperial Bank of Commerce (CIBC)	\$ 155,130	\$ 299,208
Cash on hand	1,850	2,000
	\$ 156,980	\$ 301,208

5. Term deposits

	2018	2017
Guaranteed investment certificate 132 - CIBC	\$ 108,819	\$ 108,218
Guaranteed investment certificate 159 - CIBC	71,702	71,038
	\$ 180,521	\$ 179,256

Term deposits consist of guaranteed investment certificates (GICs). The one year flexible GIC 132 has an annual interest rate of 0.45% and matures on February 15, 2019. The one year flexible GIC 159 has an annual interest rate of 0.45% and matures on May 24, 2018.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

6. Restricted cash

	2018 Restricted deposits	2018 Required Deposits	2018 Deposit Excess (deficiency)
Community Public Infrastructure ("CPI") (CIBC)	\$ 3,795,001	\$ 3,479,534	\$ 315,467
Gas Tax (CIBC)	889,633	889,633	-
	\$ 4,684,634	\$ 4,369,167	\$ 315,467

The required balance disclosures above are net of accounts receivable totaling \$1,050,364 (CPI - \$646,000; Gas Tax - \$404,364).

Gas tax funding reserve represents the unexpended portion of funds received under a funding agreement for the purpose of building and revitalizing public infrastructure. The First Nation may only spend these funds for specific projects approved under this funding agreement.

Community public infrastructure reserve represents the unexpended portion of funds received under a funding agreement for the purpose of supporting community and government programs and services. The First Nation may only spend these funds for specific projects approved under this funding agreement.

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, 2018 the First Nation has complied with these requirements.

7. Accounts Receivable

	2018 Gross	2018 Allowance	2018 Net	2017 Net
Trade accounts receivable	\$ 371,208	\$ (173,428)	\$ 197,780	\$ 178,972
Government of Canada	238,045	(1,621)	236,424	56,710
Government of the Northwest Territories				
Municipal & Community Affairs	1,078,115	(19,050)	1,059,065	3,204,286
Health & Social Services	16,319	-	16,319	53,322
Environment & Natural Resources	8,743	990	9,733	3,010
Industry, Tourism & Investment	22,719	(4,393)	18,326	16,017
Education, Culture & Employment	25,666	(16,066)	9,600	17,600
Department of Infrastructure	28,113	(13,113)	15,000	(809)
Deh Cho First Nation	67,887	-	67,887	3,763
Other	5,780	-	5,780	2,780
	\$ 1,862,595	\$ (226,681)	\$ 1,635,914	\$ 3,535,651

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, 2018

8. Investment in Sambaa K'e Development Corporation

A term loan in the amount of \$189,773 (2017 - \$189,773) is unsecured, repayable in blended monthly payments of \$3,049 bearing interest at 8.0% per annum and was 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.

A loan in the amount of \$50,000 (2017 - nil) is unsecured, non-interest bearing and was due March 31, 2018. There were no payments received on this loan in the current year.

The remaining advances of \$334,366 (2017 - \$366,902) are unsecured, non-interest bearing and have no specified terms of repayment.

	2018	2017
Share capital	\$ 100	\$ 100
Term loan	189,773	189,773
Loan	50,000	-
Advances	334,366	366,962
Valuation allowance	(574,139)	(556,735)
	<u>\$ 100</u>	<u>\$ 100</u>

During the current year the equity share in retained earnings recognized is nil (2017 - 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 \$17,405 (2017 - \$37,060) was recorded.

9. Accounts payable and accrued liabilities

	2018	2017
Trade accounts payable	\$ 550,530	\$ 130,055
Accrued liabilities	51,911	50,993
Government of the Northwest Territories - payroll tax	1,555	1,483
Worker's safety and compensation commission	22,343	21,371
	<u>\$ 626,339</u>	<u>\$ 203,902</u>

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

10. Contributions repayable

	2018	2017
Government of Canada	\$ 29	\$ 28
Government of the Northwest Territories	1,084	-
Dehcho First Nation	3,236	-
	\$ 4,349	\$ 28

11. Deferred revenue

	March 31, 2017	Funding recognized	Revenue deferred	March 31, 2018
Government of the Northwest Territories				
Community Public Infrastructure	\$ 3,931,081	\$ (452,633)	\$ 647,086	\$ 4,125,534
Community Capacity	232,894	-	-	232,894
Community Wellness Program	2,318	(2,318)	-	-
Gas Tax	1,218,150	-	75,847	1,293,997
Residential School Settlement	1,180	-	-	1,180
On the Land Collaboration	19,493	-	-	19,493
	5,405,116	(454,951)	722,933	5,673,098
General Fund				
Deferred revenue	-	-	7,846	7,846
Dehcho First Nation				
Aboriginal Aquatic Resource and Oceans Management	7,530	-	-	7,530
Literacy Project	1,789	-	-	1,789
Dehcho First Nation Project	72	-	-	72
Resource Royalties	74,824	(10,937)	-	63,887
	84,215	(10,937)	-	73,278
	\$ 5,489,331	\$ (465,888)	\$ 730,779	\$ 5,754,222

Deferred revenue consists of amounts received for projects; with project completion dates extending beyond the fiscal year end per the funding agreements, or with conditions attached to the use of the funds, as specified in the funding agreement, have not yet been met. Deferred revenues also consist of operating advances received from funding agencies for the upcoming fiscal year. These amounts will be recognized in revenue as expenditures are incurred or conditions of funding are satisfied.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

12. Employee benefits payable

	2018	2017
Vacation and lieu time	\$ 9,282	\$ 16,106

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.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

13. Tangible Capital Assets

	Cost			Accumulated amortization					2018 net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
Buildings	\$ 2,768,879	\$ -	\$ -	\$ 2,768,879	\$ 1,703,830	\$ 63,446	\$ -	\$ 1,767,276	\$ 1,001,603
Automotive equipment	1,486,222	393,533	(74,528)	1,805,227	1,284,748	115,885	(62,571)	1,338,062	467,165
Furniture and equipment	31,821	6,275	-	38,096	8,480	5,297	-	13,777	24,319
Equipment	176,624	-	-	176,623	99,853	34,546	-	134,399	42,224
Lagoon	368,670	-	-	368,670	368,670	-	-	368,670	-
Landfill	206,455	-	-	206,455	206,455	-	-	206,455	-
Land improvements	30,058	-	-	30,058	18,368	633	-	19,001	11,057
Water reservoir and fill station	2,400,000	-	-	2,400,000	1,292,000	76,000	-	1,368,000	1,032,000
Assets under construction	-	125,185	-	125,185	-	-	-	-	125,185
	\$ 7,468,729	\$ 524,992	\$ (74,528)	\$ 7,919,193	\$ 4,982,404	\$ 295,807	\$ (62,571)	\$ 5,215,640	\$ 2,703,553

	Cost			Accumulated amortization					2017 Net book value
	Balance, beginning of year	Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Accumulated amortization on disposals	Balance, end of year	
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

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

March 31, 2018

14. Inventory

	2018	2017
Road surfacing materials	\$ 42,883	\$ 50,316

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

15. Accumulated surplus

	2018	2017
General operating	\$ 463,387	\$ 400,815
Equity in tangible capital assets	2,703,553	2,486,325
	\$ 3,166,940	\$ 2,887,140

16. Government Transfers

	2018		
	Operating	Capital	Total
Federal government transfers			
Indigenous and Northern Affairs Canada	\$ 260,430	\$ -	\$ 260,430
Territorial transfers			
Government of the Northwest Territories	1,603,630	787,000	2,390,630
Total	\$ 1,864,060	\$ 787,000	\$ 2,651,060

	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
Total	\$ 1,684,054	\$ 721,000	\$ 2,405,054

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

17. Budget Information

The budget for the current fiscal year was approved by the First Nation in May 2017. 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.

Canadian Public Sector Accounting Standards ("PSAS") require disclosure of budget information for comparison to the First Nation'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 PSAS.

18. Expenses by Object

For the year ended March 31	2018	2017
Expenses		
Accommodations	\$ 90,816	\$ 95,574
Administration	13,550	17,108
Advertising	3,808	4,949
Amortization	295,807	297,430
Bad debts	67,766	957
Bank charges and interest	6,952	3,646
Capital purchases	452,633	54,798
Contract services	352,277	124,598
Electricity	48,322	47,713
Equipment rental	17,170	13,229
Fuel	81,562	91,891
Insurance	61,381	61,180
Licenses and fees	12,584	12,490
Materials and supplies	165,411	133,347
Office supplies	15,182	8,467
Postage and freight	18,333	2,586
Professional fees	73,953	50,362
Rent	36,304	20,647
Rent and utilities	1,073	2,046
Repairs and maintenance	85,926	67,915
Telephone and fax	22,139	23,139
Travel	161,193	133,098
Vehicle reserve	200	-
Wages and benefits	915,752	845,142
Water and sewer sampling	1,633	707
	\$ 3,001,727	\$ 2,113,019

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

19. Economic Dependence

Sambaa K'e 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.

20. Comparative Amounts

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

21. Risk Management

The First Nation is exposed to credit, interest rate, and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the First Nation's financial instruments is provided by type of risk below.

i) Credit risk

Credit risk is the risk of financial loss to the First Nation if a debtor fails to make payments of interest and principal when due. The First Nation is exposed to this risk relating to its cash and cash equivalents, restricted cash, term deposits and accounts receivable. The First Nation maintains its cash, restricted cash and term deposits with a federally regulated financial institution in Canada in excess of the insurable limit.

Credit risk related to accounts receivable is mitigated by controls over arrears accounts for ultimate collection and policies in place for debt collection.

The First Nation's maximum exposure to credit risk is as follows:

	2018	2017
Cash and cash equivalents	156,980	301,208
Term deposits	180,521	179,256
Restricted cash	4,684,634	1,943,866
Accounts receivable	1,635,914	3,535,651
	\$6,658,049	\$5,959,981

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

21. Risk Management (continued)

At March 31, 2018, the accounts receivable aging is as follows:

Current	31 to 60 days	61 to 90 days	91+ days	Total
1,542,107	58,831	79,908	181,749	1,862,595

At March 31, 2018, the First Nation's management has determined that a portion of accounts receivable, trade are impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is \$226,681 (2017 - \$234,053).

The First Nation does have concentration of credit risk in its accounts receivable. Concentration of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the First Nation in the event of a default. At March 31, 2018, receivables from two funders comprised 79% (2017- 95%) of the total outstanding accounts receivable. Management believes the risk is low given the funders are government departments and the First Nation further reduces this risk by monitoring overdue balances.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

ii) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market prices. The First Nation has exposure to interest rate risk on its cash and restricted cash balances and its term deposits. The impact of changes in interest rates to the First Nation is negligible.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

iii) Liquidity risk

Liquidity risk is the risk that the First Nation will not be able to meet all cash outflow obligations as they come due. The First Nation has liquidity risk in accounts payable and accrued liabilities, and wages and benefits payable of \$626,339 (2017- \$203,902).

The First Nation mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

22. Segmented information

	Band Government			Community Services			Economic Development		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 997,611	\$ 1,042,300	\$ -	\$ 188,282	\$ 179,824	\$ -	\$ 347,144	\$ 217,239
Indigenous and Northern Affairs Canada	-	209,330	163,953	-	-	-	-	-	-
Dehcho First Nations	-	31,873	30,000	-	-	-	-	-	-
Other revenue / deferred revenue	-	(143,395)	(583,556)	-	7,191	2,562	-	44,940	49,420
Total revenue	-	1,095,419	652,697	-	195,473	182,386	-	392,084	266,659
Expenses									
Wages and benefits	-	272,914	236,242	-	96,741	101,355	-	150,160	89,315
Amortization	-	68,997	95,635	-	27,845	26,411	-	8,373	4,925
Other expenses	-	885,526	258,479	-	119,263	88,357	-	223,179	152,027
Total expenses	-	1,227,437	590,356	-	243,849	216,123	-	381,712	246,267
Other income	-	(132,018)	62,341	-	(48,376)	(33,737)	-	10,372	20,392
	-	435,228	(34,932)	-	-	3,600	-	66,000	32,836
Annual surplus (deficit)	\$ -	\$ 303,210	\$ 27,409	\$ -	\$ (48,376)	\$ (30,137)	\$ -	\$ 76,372	\$ 53,228

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

22. Segmented information, continued

	2018 Budget	Education 2018 Actual	2017 Actual	2018 Budget	Health 2018 Actual	2017 Actual	2018 Budget	Social Services 2018 Actual	2017 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 27,600	\$ 21,600	\$ -	\$ -	\$ -	\$ -	\$ 152,243	\$ 143,738
Dehcho First Nations	-	103,882	104,906	-	24,000	24,000	-	-	-
Other revenue / deferred revenue	-	10,751	(74,810)	-	-	-	-	2,318	-
Total revenue	-	142,233	51,696	-	24,000	24,000	-	154,561	143,738
Expenses									
Wages and benefits	-	57,671	27,970	-	8,936	8,450	-	44,959	52,246
Amortization	-	-	-	-	7,500	7,500	-	-	-
Other expenses	-	84,563	23,758	-	8,378	10,085	-	112,329	91,492
Total expenses	-	142,234	51,728	-	24,814	26,035	-	157,288	143,738
Other income	-	(1)	(32)	-	(814)	(2,035)	-	(2,727)	-
Annual surplus (deficit)	\$ -	\$ (1)	\$ 2,096	\$ -	\$ (814)	\$ (2,035)	\$ -	\$ (2,727)	\$ -

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2018

22. Segmented information, continued

	Public Works			Employment Programs			Consolidated totals		
	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual	2018 Budget	2018 Actual	2017 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 677,750	\$ 619,200	\$ -	\$ -	\$ -	\$ -	\$ 2,390,630	\$ 2,223,901
Indigenous and Northern Affairs Canada	-	-	-	-	51,100	17,200	-	260,430	181,153
Dehcho First Nations	-	-	-	-	-	-	-	159,755	158,906
Other revenue / deferred revenue	-	50,796	33,303	-	8,840	-	-	(18,559)	(573,081)
Total revenue	-	728,546	652,503	-	59,940	17,200	-	2,792,256	1,990,879
Expenses									
Wages and benefits	-	221,885	312,341	-	62,486	17,224	-	915,752	845,143
Amortization	-	183,092	162,959	-	-	-	-	295,807	297,430
Other expenses	-	356,930	346,248	-	-	-	-	1,790,168	970,446
Total expenses	-	761,907	821,548	-	62,486	17,224	-	3,001,727	2,113,019
	-	(33,361)	(169,045)	-	(2,546)	(24)	-	(209,471)	(122,140)
Other income	-	(11,957)	14,106	-	-	-	-	489,271	17,738
Annual surplus (deficit)	\$ -	\$ (45,318)	\$ (154,939)	\$ -	\$ (2,546)	\$ (24)	\$ -	\$ 279,800	\$ (104,402)

23. Schedules to the Financial Statements

The supplementary information included in Schedules 1 to 11 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such supplementary information has been subject to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.