

Sambaa K'e First Nation

Consolidated Financial Statements

March 31, 2019

Sambaa K'e First Nation

Consolidated Financial Statements

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Sambaa K'e First Nation

Management's Responsibility for Financial Reporting

March 31, 2019

The accompanying consolidated financial statements are the responsibility of management. The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and necessarily include estimates which are based on management's best judgements.

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

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

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

D. A. M. B.

Chief and Council

Lucy Tuulo

Band Manager

11/27/2019

Date

11/27/2019

Date

Independent Auditors' Report

To the Members of Sambaa K'e First Nation

Qualified Opinion

We have audited the consolidated financial statements of Sambaa K'e First Nation, which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations, accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2019, and the results of its consolidated operations, its changes in its consolidated net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The financial statements of Sambaa K'e Development Corporation (100% owned subsidiary) were not audited for the years ended March 31, 2019 and 2018. Accordingly we were unable to determine whether any adjustments may be necessary to equity earnings from subsidiaries or income for the years ended March 31, 2019 and 2018 and investment in this company and net assets of Sambaa K'e First Nation as at March 31, 2019 and March 31, 2018. Additionally, condensed supplementary financial information for Sambaa K'e Development Corporation has not been disclosed which is a departure from Canadian public sector accounting standards.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

We draw attention to Note 22 to the financial statements, which explains that certain comparative information for the year ended March 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of First Nation taken as a whole. The supplementary information included on the schedules on pages 31 to 52 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Independent Auditors' Report (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management's Discussion & Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management's Discussion & Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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:

Independent Auditors' Report (Continued)

- ◆ Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Yellowknife, Canada
November 25, 2019



Chartered Professional Accountants

Sambaa K'e First Nation

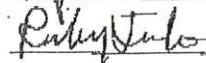
Consolidated Statement of Financial Position

March 31	2019	2018
Financial Assets		
<hr/>		
Cash and cash equivalents (Note 4)	\$ 158,653	\$ 156,980
Term deposits (Note 5)	181,445	180,521
Restricted cash (Note 6)	4,857,043	4,684,634
Accounts receivable (Note 7)	1,861,326	1,635,914
Goods and services tax recoverable	162,397	156,547
Investment in government business enterprises (Note 8)	100	100
	<hr/>	<hr/>
	7,220,964	6,814,696
<hr/>		
Liabilities		
<hr/>		
Accounts payable and accrued liabilities (Note 9)	285,951	619,642
Contributions repayable (Note 10)	4,349	4,349
Deferred revenue (Note 11)	6,263,730	5,521,328
Employee future benefit obligations (Note 14)	11,689	15,979
	<hr/>	<hr/>
	6,565,719	6,161,298
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Net financial assets	655,245	653,398
<hr/>		
Non-financial Assets		
<hr/>		
Tangible capital assets (Note 15)	2,492,399	2,703,553
Prepaid expenses and deposits	49,474	-
Inventory (Note 16)	12,891	42,883
	<hr/>	<hr/>
	2,554,764	2,746,436
<hr/>		
Accumulated Surplus (Note 17)	\$ 3,210,009	\$ 3,399,834
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Contractual rights (Note 20)

Economic dependence (Note 23)

Approved on behalf of the Sambaa K'e First Nation

 , Chief and Council
 , Band Manager

Sambaa K'e First Nation

Consolidated Statement of Operations

For the year ended March 31	2019 Budget (unaudited)	2019 Actual	2018 Actual (note 22)
Revenue			
Government transfers and contributions			
Government of the Northwest Territories	\$ 1,090,000	\$ 2,333,920	\$ 2,390,630
Indigenous and Northern Affairs Canada	94,059	392,672	260,430
Dehcho First Nations	68,730	135,847	159,755
Interest income	-	5,979	3,308
Other revenue	-	202,104	239,483
Net transferred to deferred revenue	-	(742,402)	(257,044)
Contributions refundable	-	-	(4,307)
	1,252,789	2,328,120	2,792,255
Expenses			
Band Government	426,337	859,442	1,227,437
Community Services	168,311	208,665	243,849
Economic Development	-	176,163	381,711
Education	33,521	160,826	142,234
Employment Programs	-	100,609	62,486
Health	-	22,523	24,814
Public Works	629,050	808,779	761,907
Social Services	-	148,079	157,288
	1,257,219	2,485,086	3,001,726
Deficiency of revenue over expenses before other items	(4,430)	(156,966)	(209,471)
Other items			
Write down of advances to subsidiary	-	(129,317)	(17,405)
Gain/loss on disposal of tangible capital assets	-	-	(11,957)
Transfer to tangible capital assets	-	96,458	518,633
	-	(32,859)	489,271
Excess (deficiency) of revenue over expenses	\$ (4,430)	\$ (189,825)	\$ 279,800

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

For the year ended March 31	2019 Budget (unaudited)	2019 Actual	2018 Actual (note 22)
Accumulated surplus, beginning of year			
As previously stated	\$ 2,887,140	\$ 3,399,834	\$ 2,887,140
Correction of accounting error	-	-	232,894
As restated	-	3,399,834	3,120,034
Excess (deficiency) of revenue over expenses	(4,430)	(189,825)	279,800
Accumulated surplus, end of year	\$ 2,882,710	\$ 3,210,009	\$ 3,399,834

Sambaa K'e First Nation

Consolidated Statement of Change in Net Financial Assets

For the year ended March 31	2019 Budget (unaudited)	2019 Actual	2018 Actual
Excess (deficiency) of revenue over expenses	\$ (4,430)	\$ (189,825)	\$ 279,800
Acquisition of tangible capital assets	-	(96,458)	(524,991)
Amortization of tangible capital assets	-	307,612	295,807
Disposal of tangible capital assets	-	-	11,957
	-	211,154	(217,227)
Acquisition of prepaid asset	-	(49,474)	581
Acquisition of inventory	-	29,992	7,433
(Decrease) increase in net financial assets	(4,430)	1,847	70,587
Net financial assets, beginning of year	-	653,398	582,811
Net financial assets, end of year	\$ -	\$ 655,245	\$ 653,398

Sambaa K'e First Nation

Consolidated Statement of Cash Flow

For the year ended March 31, 2019	2019	2018
Cash flows from Operating activities		
Excess (deficiency) of revenue over expenses	\$ (189,825)	\$ 279,800
Items not affecting cash		
Amortization	307,612	295,807
Write down of advances to subsidiary	129,317	17,405
Loss on disposal of capital assets	-	11,957
	247,104	604,969
Change in non-cash operating working capital		
Accounts receivable	(225,412)	1,899,737
Inventory	29,992	7,433
Prepaid expenses and deposits	(49,474)	581
Goods and services tax recoverable	(5,850)	(57,343)
Accounts payable and accrued liabilities	(333,691)	94,244
Contributions repayable	-	4,321
Deferred revenue	742,402	264,891
Employee future benefit obligations	(4,290)	(2,396)
Restricted cash	(172,409)	(2,740,768)
	228,372	75,669
Capital activities		
Purchase of tangible capital assets	(96,458)	(524,991)
Less: Accounts payable for tangible capital assets	-	323,764
	(96,458)	(201,227)
Financing activities		
Re-invested interest in term deposits	(924)	(1,265)
Advance to subsidiary	(129,317)	(17,405)
	(130,241)	(18,670)
Increase (decrease) in cash and cash equivalents	1,673	(144,228)
Cash and cash equivalents, beginning of year	156,980	301,208
Cash and cash equivalents, end of year	\$ 158,653	\$ 156,980

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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) 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 Sambaa K'e 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.

(b) 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. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay. The cost of all goods consumed and services received during the year are expensed.

(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 for 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, 2019

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

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks net of bank overdrafts.

(e) Investments

The First Nation's investment in Sambaa K'e Development Corporation is an investment in government business enterprises (GBE). The First Nation records its investments in GBEs using the modified equity method. Under the modified equity method the investments are initially recorded at cost and increased (decreased) by the proportionate share of earnings (loss) and are decreased by any dividends paid to the First Nation. No adjustments are made for any differences in accounting policies of the GBE that are different from the First Nation.

(f) Employee future benefit obligations

The First Nation has a defined contribution plan providing pension for its employees. The cost of the defined contribution plan is recognized based on the required contributions by the First Nation during each period. The accrued amounts have been classified under employee future benefit obligations.

Provisions have been made for the First Nation's liability for employee future benefits arising from services rendered by employees to the statement of financial position date. Accordingly, the First Nation has provided for obligations related to unused vacation entitlement. The accrued amounts have been classified under employee future benefit obligations.

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. The amounts are not recorded in the consolidated financial statements until the criteria have been met.

(g) Financial instruments

The First Nation records its financial instruments at cost or amortized cost. The First Nation's accounting policy for financial instruments is as follows:

Cash and cash equivalents, restricted cash, accounts receivable, term deposits, accounts payable and accrued liabilities and contributions repayable are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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

(h) 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.

(i) 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.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Sambaa K'e First Nation's incremental cost of borrowing.

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
Automotive and heavy equipment	30%	Declining balance
Furniture and equipment	20%	Declining balance
Computer equipment	45%	Declining balance
Lagoon	25 years	Straight line
Landfill	20 years	Straight line
Land improvements	25-40 years	Straight line
Water reservoir and fill station	25 years	Straight line
Assets under construction	0 years	Straight line

Tangible capital assets under construction but not completed and are valued at cost. Amortization of tangible capital assets under construction commences when the asset is available for use.

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.

Contributed tangible capital assets are recorded into 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 tangible capital assets from related parties are recorded at carrying value.

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, 2019

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

(j) Inventory

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

(k) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services that may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses and deposits.

(l) Net debt or net financial assets

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial asset is determined by liabilities less financial assets. Net debt or net financial assets, is comprised of two components, non-financial assets and accumulated surplus.

(m) Funds and reserves

Certain amounts, as approved by Council, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

Investment in tangible capital assets represents the investment in tangible capital assets, after amortization and deducting the portion financed by long-term debt.

(n) 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.

(o) Measurement uncertainty

In preparing the consolidated financial statements for the First Nation, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the period. Items requiring the use of significant estimates include significant accrued liabilities, the useful lives of tangible capital assets and the related costs charged to the statement of operation. Actual results could differ from these estimates.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

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

(p) 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.

(q) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance. For each reported segment, revenues and expenses represent both amounts that are directly attributed to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

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. Segment financial information is provided in Note 25. The segments include:

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

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

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

Education which provides educational services and programs to the community;

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

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

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

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Notes to Consolidated Financial Statements

March 31, 2019

3. Future accounting changes

Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites.

This section applies to fiscal years beginning on or after April 1, 2021. The impact of the transition to these accounting standards is being reviewed by management.

Revenue, Section PS 3400

This section establishes standards on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations, referred to as "exchange transactions", and transactions that do not have performance obligations, referred to as "non-exchange transactions".

This section applies to fiscal years beginning on or after April 1, 2022. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

4. Cash and cash equivalents

	2019	2018
Cash on deposit with Canadian Imperial Bank of Commerce (CIBC)	\$ 157,160	\$ 155,130
Cash on hand	1,493	1,850
	\$ 158,653	\$ 156,980

5. Term deposits

	2019	2018
Guaranteed investment certificate 132 - CIBC	\$ 109,328	\$ 108,819
Guaranteed investment certificate 159 - CIBC	72,117	71,702
	\$ 181,445	\$ 180,521

Term deposits consist of guaranteed investment certificates (GICs). The one year flexible GIC 132 has an annual interest rate of 0.60% and matures on February 17, 2020. The one year flexible GIC 159 has an annual interest rate of 0.60% and matures on May 24, 2019.

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Notes to Consolidated Financial Statements

March 31, 2019

6. Restricted cash

	2019	2019	2019	2019
	Restricted deposits	Required Deposits	Less: Receivable Deposits	Deposit Excess (deficiency)
Community Public Infrastructure ("CPI")				
- CIBC	\$ 3,481,504	\$ 4,754,671	\$ 1,292,000	\$ 18,833
Gas Tax - CIBC	1,375,539	1,375,584	-	(45)
	\$ 4,857,043	\$ 6,130,255	\$ 1,292,000	\$ 18,788

The required balance disclosures above are net of accounts receivable totaling \$1,292,000 (CPI - \$1,292,000; Gas Tax - \$nil). (2018 - \$1,050,364 (CPI - \$646,000; Gas Tax - \$404,364)).

Gas Tax restricted cash represents the unexpended portion of funds received under the Federal Gas Tax Funding agreement with the Government of the Northwest Territories, Department of Municipal and Community Affairs. The First Nation may only spend these funds for specific projects approved under this funding agreement.

Community Public Infrastructure restricted cash represents the unexpended portion of funds received under the Community Public Infrastructure agreement with the Government of the Northwest Territories, Department of Municipal and Community Affairs. The First Nation may only spend these funds for specific projects approved under this funding agreement.

Sufficient funds must be deposited in separate bank accounts for the Community Public Infrastructure and Gas Tax funds. At March 31, 2019, the First Nation is not in compliance with the Government of the Northwest Territories, Department of Municipal and Community Affairs' policies and guidelines as a result of the deficit in the Gas Tax account.

7. Accounts receivable

	2019	2018
Trade receivables	\$ 290,415	\$ 376,988
Government of Canada	292,337	238,045
Government of the Northwest Territories		
Education, Culture and Employment	31,466	25,666
Environment and Natural Resources	7,901	8,743
Health and Social Services	54,290	16,319
Industry, Tourism and Investment	11,665	22,719
Infrastructure	68,783	28,113
Municipal and Community Affairs	1,385,018	1,078,115
Deh Cho First Nation	9,207	67,887
	2,151,082	1,862,595
Allowance for doubtful accounts	(289,756)	(226,681)
	\$ 1,861,326	\$ 1,635,914

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

March 31, 2019

8. Investment in government business enterprises

The First Nation owns 100% of Sambaa K'e Development Corporation. The First Nation's investments in government business enterprises consist of the following:

	2019	2018
Investment in Sambaa K'e Development Corporation 1 Class A common share	\$ 100	\$ 100

The equity share in retained earnings recognized for the current year is nil (2018 - nil) due to continuing losses in the subsidiary which are not recognized for accounting purposes by the First Nation.

9. Accounts payable and accrued liabilities

	2019	2018
Trade accounts payable	\$ 205,131	\$ 524,086
Accrued liabilities	36,006	51,911
Government remittances payable	39,710	21,816
Wages payable	5,104	21,829
	<hr/> \$ 285,951	<hr/> \$ 619,642

10. Contributions repayable

	2019	2018
Government of Canada	\$ 29	\$ 29
Government of the Northwest Territories	1,084	1,084
Dehcho First Nation	3,236	3,236
	<hr/> \$ 4,349	<hr/> \$ 4,349

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

March 31, 2019

11. Deferred revenue

	March 31, 2018	Funding received, 2019	Revenue recognized, 2019	March 31, 2019
General				
Deferred revenue	\$ 7,846	\$ -	\$ 76,208	\$ 84,054
Government of the Northwest Territories				
Community Public Infrastructure	4,125,534	649,468	(20,331)	4,754,671
Gas Tax	1,293,997	81,587	-	1,375,584
On the Land Collaboration	19,493	-	-	19,493
Residential School Settlement	1,180	-	-	1,180
	5,440,204	731,055	(20,331)	6,150,928
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	63,887	-	(44,530)	19,357
	73,278	-	(44,530)	28,748
	\$ 5,521,328	\$ 731,055	\$ 11,347	\$ 6,263,730

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, 2019

12. Due from Sambaa K'e Development Corporation

The First Nation owns 100% of Sambaa K'e Development Corporation.

A term loan in the amount of \$189,773 (2018 - \$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 (2018 - \$50,000) is unsecured, non-interest bearing and was due March 31, 2018. There were no payments received on this loan in the current year or prior year.

The remaining advances of \$463,683 (2018 - \$334,366) are unsecured, non-interest bearing and have no specified terms of repayment.

During the prior year the First Nation resolved to write-down the value of the loan to a nominal value based on estimated recoverable amounts, and accordingly, a loss on write-down of the loan was recorded.

	2019	2018
Due from Sambaa K'e Development Corporation		
Loans	\$ 239,773	\$ 239,773
Advances, net trade accounts	463,683	334,366
Allowance	(703,456)	(574,139)
	\$ -	\$ -

13. Related party transactions

The First Nation entered into transactions with the following related parties:

Chief and Council, significant influence
Sambaa K'e Development Corporation, 100% control

	2019	2018
Chief and Council - Wages and travel	\$ 311,293	\$ 312,111
Sambaa K'e Development Corporation - Accomodations and rent	18,080	-
Sambaa K'e Development Corporation - Contract services	30,447	113,622
Sambaa K'e Development Corporation - Materials and supplies	67,634	77,947
Sambaa K'e Development Corporation - cost recoveries	(8,714)	(7,015)
	\$ 418,740	\$ 496,665

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

14. Employee future benefit obligations

Employees benefit obligations consists of vacation and lieu time and pension plan obligations.

Vacation and lieu time

The vacation and lieu time liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next year. The vacation and lieu time liability as at March 31, 2019 is \$4,616 (2018 - \$9,282).

Pension plan

Sambaa K'e First Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 5.5% of their salary. Sambaa K'e First Nation contributes 5.5% which contributions are directed to the member's contribution account. Sambaa K'e First Nation contributed during the year \$10,946 (2018 - \$8,466) for retirement benefits. As at March 31, 2019 Sambaa K'e First Nation had unremitted pension contributions of \$7,073 (2018 - \$6,697). The First Nation does not have any other obligations with regards to the pension plan as at March 31, 2019.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

15. Tangible Capital Assets

	Balance, beginning of year	Cost			Accumulated amortization			2019 net book value
		Additions	Disposals	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year	
Buildings	\$ 2,768,879	\$ -	\$ -	\$ 2,768,879	\$ 1,767,277	\$ 63,030	\$ 1,830,307	\$ 938,572
Automotive and heavy equipment	1,805,227	4,500	-	1,809,727	1,338,061	140,150	1,478,211	331,516
Furniture and equipment	38,096	8,286	-	46,382	13,777	5,692	19,469	26,913
Computer equipment	176,623	2,347	-	178,970	134,399	18,979	153,378	25,592
Lagoon	368,670	-	-	368,670	368,670	-	368,670	-
Landfill	206,455	-	-	206,455	206,455	-	206,455	-
Land improvements	30,058	-	125,185	155,243	19,001	3,761	22,762	132,481
Water reservoir and fill station	2,400,000	-	-	2,400,000	1,368,000	76,000	1,444,000	956,000
Assets under construction	125,185	81,325	(125,185)	81,325	-	-	-	81,325
	\$ 7,919,193	\$ 96,458	\$ -	\$ 8,015,651	\$ 5,215,640	\$ 307,612	\$ 5,523,252	\$ 2,492,399

	Balance, beginning of year	Cost			Accumulated amortization			2018 Net book value
		Additions	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Buildings	\$ 2,768,879	\$ -	\$ 2,768,879	\$ 1,703,830	\$ 63,447	\$ 1,767,277	\$ 1,001,602	
Automotive and heavy equipment	1,486,222	319,005	1,805,227	1,284,747	53,314	1,338,061	467,166	
Furniture and equipment	31,821	6,275	38,096	8,480	5,297	13,777	24,319	
Computer equipment	176,623	-	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
	\$ 7,468,728	\$ 450,465	\$ 7,919,193	\$ 4,982,403	\$ 233,237	\$ 5,215,640	\$ 2,703,553	

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

March 31, 2019

16. Inventory

	2019	2018
Road surfacing materials	\$ 12,891	\$ 42,883

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

17. Accumulated surplus

	General Operating fund	Equity in tangible capital assets	Total
Accumulated surplus - opening balance	\$ 696,301	\$ 2,703,533	\$ 3,399,834
Tangible capital asset additions	(96,458)	96,458	-
Amortization	307,612	(307,612)	-
Excess revenue (expenses)	(189,825)	-	(189,825)
Accumulated surplus - ending balance	\$ 717,630	\$ 2,492,379	\$ 3,210,009

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

March 31, 2019

18. Government Transfers

	2019		
	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 392,672	\$ -	\$ 392,672
Total	392,672	-	392,672
Government of the Northwest Territories	1,586,926	746,994	2,333,920
	\$ 1,979,598	\$ 746,994	\$ 2,726,592
	2018		
	Operating	Capital	Total
Federal government transfers			
Aboriginal Affairs and Northern Development Canada	\$ 260,430	\$ -	\$ 260,430
Total	260,430	-	260,430
Government of the Northwest Territories	1,603,630	787,000	2,390,630
	\$ 1,864,060	\$ 787,000	\$ 2,651,060

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

19. Expenses by Object

The following is a summary of expenses by object.

For the year ended March 31	2019 Budget	2019 Actual	2018 Actual
Accommodations	\$ 15,000	\$ 95,405	\$ 90,816
Administration	3,056	21,077	13,550
Advertising	1,000	6,601	3,808
Amortization	264,508	307,612	295,807
Bad debts	-	55,228	67,766
Bank charges and interest	5,500	7,290	6,952
Capital Purchases	-	6,000	452,633
Contract services	20,000	255,211	352,277
Equipment rental	2,300	3,425	17,170
Insurance	45,209	62,376	61,381
Licenses and fees	7,160	39,676	12,584
Materials and supplies	35,020	188,162	165,411
Office supplies	6,800	11,745	15,180
Postage and freight	7,971	10,802	18,333
Professional fees	45,000	87,388	73,953
Rent and utilities	133,200	154,897	167,261
Repairs and maintenance	17,296	25,371	85,926
Telephone and fax	32,900	37,913	22,139
Travel	19,700	262,560	161,193
Vehicle	-	-	200
Wages and benefits	594,499	845,521	915,755
Water and sewer sampling	1,100	826	1,633
	\$ 1,257,219	\$ 2,485,086	\$ 3,001,728

20. Contractual rights

The First Nation has signed the following contribution agreements and service contracts which will provide revenues and program funding to the First Nation in future years as follows:

	2020	2021
GNWT - Department of Infrastructure - Airport contract	\$ 90,000	\$ 15,000
Government of Canada - Climate Change Awareness	51,425	-
GNWT - Community Development	9,600	-
GNWT - Small Communities Fund	66,863	-
GNWT - Community Justice	41,500	-
Government of Canada - Band Support Funding	94,059	-
	\$ 353,447	\$ 15,000

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

21. Budget Information

The unaudited budget for the current fiscal year was approved by the First Nation in May 22, 2018. The budget is not comprehensive and includes only budgeted funding from Indigenous and Northern Affairs Canada, Municipal and Community Affairs and Dehcho First Nations based on its core funding agreements.

22. Comparative Amounts

The comparative figures have been adjusted to recognize deferred contributions as contribution revenues in years prior to the 2018 fiscal year which had been earned. The adjustment decreased deferred revenues and increased accumulated surplus by \$232,894.

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

23. Economic Dependence

Sambaa K'e First Nation receives a significant portion 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, 2019

24. 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:

	2019	2018
Cash and cash equivalents	\$158,653	\$156,980
Term deposits	181,445	180,521
Restricted cash	4,857,043	4,684,634
Accounts receivable	1,861,326	1,635,914
	\$7,058,467	\$6,658,049

At March 31, 2019, the accounts receivable aging is as follows:

	Current	31 to 60 days	61 to 90 days	91+ days	Total
\$	847,376	\$ 1,754	\$ 56,660	\$ 1,245,292	\$ 2,151,082

At March 31, 2019, 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 \$286,756 (2018 - \$226,681).

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, 2019, receivables from two funders comprised 89% (2018 - 79%) 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.

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

24. Risk Management (continued)

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, contributions repayable, wages payable and employee future benefits payable of \$313,678 (2018 - \$639,970).

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, 2019

25. Segmented information

	Band Government			Community Services			Economic Development		
	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 1,007,269	\$ 997,611	-	\$ 180,254	\$ 188,282	-	\$ 165,600	\$ 347,144
Indigenous and Northern Affairs Canada	-	341,172	209,330	-	-	-	-	-	-
Dehcho First Nations	-	32,826	31,873	-	-	-	-	-	-
Other revenue	-	(625,449)	(143,395)	-	-	7,191	-	31,600	44,939
Total revenue	-	755,818	1,095,419	-	180,254	195,473	-	197,200	392,083
Expenses									
Wages and benefits	-	258,032	272,914	-	76,032	96,741	-	103,100	150,160
Amortization	-	43,803	68,997	-	46,821	27,845	-	5,861	8,373
Other expenses	-	557,607	885,526	-	85,812	119,263	-	67,202	223,178
Total expenses	-	859,442	1,227,437	-	208,665	243,849	-	176,163	381,711
Other income	-	(103,624)	(132,018)	-	(28,411)	(48,376)	-	21,037	10,372
Annual surplus (deficit)	\$ -	\$ (149,269)	\$ 303,210	-	\$ (28,411)	\$ (48,376)	-	\$ 25,537	\$ 76,372

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

25. Segmented information, continued

	2019 Budget	Education 2019 Actual	2018 Actual	2019 Budget	Health 2019 Actual	2018 Actual	2019 Budget	Social Services 2019 Actual	2018 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 31,600	\$ 27,600	-	\$ -	\$ -	-	\$ 148,079	\$ 152,243
Dehcho First Nations	-	73,521	103,882	-	29,500	24,000	-	-	-
Other revenue	-	59,530	10,751	-	-	-	-	-	2,318
Total revenue	-	164,651	142,233	-	29,500	24,000	-	148,079	154,561
Expenses									
Wages and benefits	-	46,902	57,671	-	8,860	8,936	-	37,134	44,959
Amortization	-	-	-	-	7,500	7,500	-	-	-
Other expenses	-	113,924	84,563	-	6,163	8,378	-	110,945	112,329
Total expenses	-	160,826	142,234	-	22,523	24,814	-	148,079	157,288
Other income	-	3,825	(1)	-	6,977	(814)	-	-	(2,727)
Annual surplus (deficit)	\$ -	\$ 3,825	\$ (1)	-	\$ 6,977	\$ (814)	-	\$ -	\$ (2,727)

Sambaa K'e First Nation

Notes to Consolidated Financial Statements

March 31, 2019

25. Segmented information, continued

	2019 Budget	Public Works		Employment Programs			Consolidated totals		
		2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual	2019 Budget	2019 Actual	2018 Actual
Revenues									
Government of the Northwest Territories	\$ -	\$ 752,118	\$ 677,750	\$ -	\$ 49,000	\$ -	\$ 2,333,920	\$ 2,390,630	
Indigenous and Northern Affairs Canada	-	-	-	-	51,500	51,100	-	392,672	260,430
Dehcho First Nations	-	-	-	-	-	-	-	135,847	159,755
Other revenue	-	-	50,796	-	-	8,840	-	(534,319)	(18,560)
Total revenue	-	752,118	728,546	-	100,500	59,940	-	2,328,120	2,792,255
Expenses									
Wages and benefits	-	245,967	221,885	-	69,494	62,486	-	845,521	915,752
Amortization	-	203,627	183,092	-	-	-	-	307,612	295,807
Other expenses	-	359,185	356,930	-	31,115	-	-	1,331,953	1,790,167
Total expenses	-	808,779	761,907	-	100,609	62,486	-	2,485,086	3,001,726
Other income	-	(56,661)	(33,361)	-	(109)	(2,546)	-	(156,966)	(209,471)
Annual surplus (deficit)	\$ -	\$ (48,375)	\$ (45,318)	\$ -	\$ (109)	\$ (2,546)	\$ -	\$ (189,825)	\$ 279,800