



INDEPENDENT AUDITORS' REPORT

To the members of Sambaa K'e First Nation

Qualified Opinion

We have audited the accompanying consolidated financial statements of Sambaa K'e First Nation, which comprise of the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the consolidated financial position of Sambaa K'e First Nation (the "Council") as at March 31, 2020, and the consolidated results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other 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 opinion.

Sambaa K'e First Nation owns a 100% interest in Samba K'e Development Corporation. We were unable to obtain sufficient appropriate audit evidence about equity adjustments recorded in the current year because the financial statements of this company are not available as they are not yet completed. As such, we were unable to determine if further adjustments were necessary to the investments in government business enterprises, earnings from government business enterprises, deficiency of revenues over expenditures and changes in net debt.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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



The financial statements for the year ended March 31, 2019 were audited by other auditors and reported on November 25, 2019. The auditors issued a qualified audit opinion on the financial statements because the financial statements of the Council's 100% subsidiary, Samba K'e Development Corporation were not prepared and audited. Subsequently the auditors were unable to determine whether any adjustments may be necessary to equity earnings from subsidiaries and the long term investments.

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

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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.



Paul Teoh Professional Corporation
Chartered Professional Accountants

Calgary, Alberta
February 8, 2021

SAMBAA K'E FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2020	2019
Financial Assets		(Restated)
Cash and cash equivalents (note 2)	\$ 568,367	\$ 339,348
Restricted deposits (note 3)	4,691,692	4,857,043
Accounts receivable (note 4)	460,547	427,827
Contributions receivable (note 5)	2,465,502	1,894,962
Total Financial Assets	8,186,108	7,519,180
Liabilities		
Accounts payable and accrued liabilities (note 6)	513,287	319,370
Contributions repayable (note 7)	6,268	4,349
Deferred contributions (note 8)	6,853,395	6,343,730
Total Liabilities	7,372,950	6,667,449
Net Financial Assets	813,158	851,731
Non-Financial Assets		
Long term investments (note 9)	456,608	273,230
Tangible capital assets (note 10)	2,553,283	2,492,398
Inventory	-	12,891
Prepaid expenses and deposits	64,345	49,474
Total Non-Financial Assets	3,074,236	2,827,993
Accumulated Surplus (note 11)	\$ 3,887,394	\$ 3,679,724

Approved on behalf of the Council:

Tanya Jeambo Councillor

Jessica Dunbar Councillor

The accompanying notes and schedules are an integral part of these consolidated financial statements. 7.

SAMBAA K'E FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,

	2020	2020	2019
	Budget (Unaudited) (note 16)	Actual	(Restated) Actual
Revenue			
Contributions - MACA	\$ -	\$ 1,942,844	\$ 1,930,635
Contributions - Indigenous Services Canada	- -	388,544	348,982
Contributions - Dehcho First Nations	- -	136,230	106,347
Contributions - GNWT	- -	544,709	238,283
Contributions - others	- -	220,696	200,345
Other revenue and recoveries	- -	18,490	325,887
Add opening deferred revenue	- -	6,343,730	5,521,328
Less closing deferred revenue	- -	(6,853,395)	(6,343,730)
		2,741,848	2,328,077
Expenditures			
Federal Government:			
Band government services	- -	212,888	150,082
Governance	- -	94,579	98,199
Youth employment programs	- -	46,286	51,500
Government of NWT:			
Economic development	- -	24,650	15,461
Education programs	- -	71,484	61,106
Environmental programs	- -	69,873	85,124
Health and social services	- -	148,788	116,579
Justice programs	- -	41,500	41,500
Municipal services	- -	312,231	220,276
Protective services	- -	18,430	11,105
Recreation services	- -	192,426	166,683
Transportation and public services	- -	381,690	328,184
Water and sewage	- -	477,449	472,308
Youth programs	- -	13,867	30,877
Dehcho First Nations:			
Community wellness	- -	30,000	39,266
Language programs	- -	18,521	18,521
Literacy programs	- -	14,289	15,019
Resource management	- -	36,936	77,356
Others:			
Administration	- -	239,052	307,841
Environmental programs	- -	29,964	26,100
Community programs	- -	67,163	55,499
Other programs	- -	8,412	-
Write-down of Long Term Investments	- -	-	129,317
		2,550,478	2,517,903
Operating Surplus (Deficit)	- -	191,370	(189,826)
Earnings (loss) from subsidiaries	- -	16,300	30,937
Annual Surplus (Deficit)	- -	207,670	(158,889)
Accumulated Surplus, beginning of year	3,679,724	3,679,724	3,838,613
Accumulated Surplus, end of year	\$ 3,679,724	\$ 3,887,394	\$ 3,679,724

The accompanying notes and schedules are an integral part of these consolidated financial statements. 8.

SAMBAA K'E FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2020	2020	2019
	Budget (Unaudited) (note 16)	Actual	(Restated) Actual
Annual Surplus (Deficit)	\$ -	\$ 207,670	\$ (158,889)
Acquisition of tangible capital assets	-	(340,156)	(96,458)
Amortization of tangible capital assets	-	279,271	307,612
Decrease (increase) in long term investments	-	(183,378)	165,650
	-	(36,593)	217,915
Decrease (increase) in prepaid expenses and deposits	-	(14,871)	(49,475)
Decrease (increase) in inventory	-	12,891	29,992
Increase (Decrease) in Net Financial Assets	-	(38,573)	198,432
Net Financial Assets, beginning of year	851,731	851,731	653,299
Net Financial Assets, end of year	\$ 851,731	\$ 813,158	\$ 851,731

The accompanying notes and schedules are an integral part of these consolidated financial statements. 9.

SAMBAA K'E FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

<u>For the year ended March 31,</u>	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 2,362,483	\$ 2,824,592
Cash receipts from contributions and recoveries	287,689	359,345
<u>Cash paid to suppliers and employees</u>	(2,079,270)	(2,567,052)
	<u>570,902</u>	<u>616,885</u>
Cash Flows from Investing Activities		
Decrease (increase) in restricted cash	165,351	(172,409)
<u>Decrease (increase) in long term investments</u>	(167,078)	(165,650)
	<u>(1,727)</u>	<u>(338,059)</u>
Capital Transactions		
<u>Purchase of tangible capital assets</u>	(340,156)	(96,458)
	<u>(340,156)</u>	<u>(96,458)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	229,019	182,368
Cash and Cash Equivalents, beginning of year	339,348	156,980
Cash and Cash Equivalents, end of year	\$ 568,367	\$ 339,348
Represented By:		
<u>Cash</u>	<u>\$ 568,367</u>	<u>\$ 339,348</u>
	<u>\$ 568,367</u>	<u>\$ 339,348</u>

The accompanying notes and schedules are an integral part of these consolidated financial statements. 10

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

The Sambaa K'e First Nation ("Council") is an Indian Band registered under the *Indian Act*. It provides services to the band members of Sambaa K'e First Nation. It is also recognized by Department of Municipal and Community Affairs, the Government of NWT, as the designated authority responsible for the provision of municipal services to the Community of Trout Lake.

The Council recognized as a municipality and is exempt for income tax purposes under Section 149 of the *Income Tax Act*.

1. Significant Accounting Policies

(a) Basis of Preparation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(b) Reporting Entity

The consolidated financial statements includes the accounts of Sambaa K'e First Nation along with its following subsidiary and associated companies using the modified equity method.

	Percentage Owned	Year End
Samba K'e Development Corporation	100%	March 31, 2020
Deh Cho Helicopters Regional Limited Partnership	14.3%	May 31, 2019

(c) Fund Accounting

The Sambaa K'e First Nation follows the deferral method of accounting for capital contributions. Externally restricted contributions are recognized as revenue when the related capital expenditures are incurred. Contributions received in advance of making the related expenditures is recorded as deferred revenue.

The general operating fund reports the core operating accounts of the Council and other programs in accordance with contribution agreements with funding agencies.

The Enterprise fund reports the assets, liabilities, revenue and expenditure relating to investments held by the Council.

(d) Cash and Cash Equivalents

Cash includes cash and demand deposits. Cash equivalents includes highly liquid investments that can be readily converted into cash for a fixed amount and that matures less than three months from the date of acquisition.

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. Significant Accounting Policies (Continued)

(e) Revenue Recognition

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenues as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipts of goods or services and /or legal obligations to pay.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(f) 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 consolidated Change in Net Financial Assets (Debt) for the year.

(i) Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Amortization expense is recorded over the estimated useful lives of the assets, using the following method and annual rates:

Buildings:

- Office and community	40 years	Declining Balance
- Maintenance building	20 - 40 years	Declining Balance
- Parking garages	15 - 40 years	Declining Balance
- Community hall and school	20 - 40 years	Declining Balance
Land improvements	20 - 40 years	Declining Balance
Landfills	20 years	Declining Balance
Lagoon	25 years	Declining Balance
Vehicles	30%	Declining Balance
Office furniture and equipment	20% - 45%	Declining Balance
Water reservoir and fill station	25 years	Declining Balance

(g) Allocation of Expenditure

Certain common expenditure have been allocated to programs based on estimate of services provided.

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. Significant Accounting Policies (Continued)

(h) Long Term Investments

The Council's long term investments have been accounted for on a modified equity basis. Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Council and inter-organizational transactions and balances are not eliminated. Further, the business enterprise's accounting principles are not adjusted to conform with those of the Council and inter-organizational transactions and balances are not eliminated.

(i) Financial Instruments - Recognition and Measurement

The Council has elected the following classifications with respect to its financial assets and financial liabilities:

- Cash and restricted cash are classified as assets held-for-trading and is subsequently measured at fair value with gains and losses arising from changes in the fair value recognized in net income in the period in which they arise. The estimated fair value of cash is assumed to approximate its carrying amount.
- Accounts receivable are classified as loans and receivables and are subsequently measured at amortized cost using the effective interest method. The amortized cost using the effective interest method approximates their fair values due to the short term nature.
- Accounts payable and accrued liabilities are classified as other financial liabilities and are subsequently measured at amortized cost using the effective interest method. At inception, the estimated fair values of accounts payable and accrued liabilities are assumed to approximate their carrying amounts.

Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(j) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

1. Significant Accounting Policies (Continued)

(k) Use of Estimates

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 year. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

	2020	2019
Bank current account	\$ 384,486	\$ 157,160
Cash on hand	542	743
Term deposits	183,339	181,445
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	\$ 568,367	\$ 339,348

3. Restricted Deposits

	2020	2019
CIBC - Community Public Infrastructure (CPI)	\$ 3,313,840	\$ 3,481,504
CIBC - Gas Tax	1,377,852	1,375,539
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	\$ 4,691,692	\$ 4,857,043

Interests on CIBC Business Interest Account are paid monthly at rates ranging from 0.10% to 0.65% per annum depending on monthly average account balance.

	Community Public Infrastructure	Federal Gas Tax Funding	Total
Deferred contributions	\$ 5,185,555	\$ 1,536,964	\$ 6,722,519
Less contributions receivable	(1,938,000)	(160,000)	(2,098,000)
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Required balance	3,247,555	1,376,964	4,624,519
Restricted cash deposits	3,313,840	1,377,852	4,691,692
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Deposit surplus (deficiency)	\$ 66,285	\$ 888	\$ 67,173

Sufficient funds must be deposited to separate restricted bank accounts to correspond with the respective balances required. Interest earned on these accounts is credited to the appropriate restricted bank accounts. As at March 31, 2020, total net deposit deficiency amounts to \$(67,173).

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

4. Accounts Receivable

	2020	2019
Trade and others	\$ 658,525	\$ 552,186
<u>GST refundable</u>	<u>216,627</u>	<u>162,397</u>
	875,152	714,583
<u>Less allowances for doubtful accounts</u>	<u>(414,605)</u>	<u>(286,756)</u>
	\$ 460,547	\$ 427,827

5. Contributions Receivable

	2020	2019
(Restated)		
Dehcho First Nations	\$ 15,511	\$ 57,904
Indigenous Services Canada	116,321	153,878
<u>Government of NWT</u>	<u>2,273,445</u>	<u>2,187,926</u>
	2,465,502	1,894,962
	\$ 2,465,502	\$ 1,894,962

6. Accounts Payable and Accrued Liabilities

	2020	2019
(Restated)		
Trade and others	\$ 449,480	\$ 288,409
Accrued wages and benefits	31,444	14,392
<u>Remittances payable</u>	<u>32,360</u>	<u>16,568</u>
	\$ 513,284	\$ 319,369

7. Contributions Repayable

	2020	2019
Government of Canada	\$ 29	\$ 29
Government of NWT	1,084	1,084
<u>Dehcho First Nation</u>	<u>5,155</u>	<u>3,236</u>
	\$ 6,268	\$ 4,349

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

8. Deferred Contributions

	2019 Opening	Additions	Utilized	2020 Closing
(Restated)				
MACA-Community Public Infrastructure	\$ 4,754,671	\$ 649,409	\$ 218,525	\$ 5,185,555
MACA-On the land Collaboration	19,493	-	19,493	-
MACA-Gas Tax Fund (GTF)	1,455,584	81,380	-	1,536,964
MACA-Residential School Settlement	1,180	-	1,180	-
DFN-Aboriginal Aquatic Res and Oceans Mgt	7,530	-	7,530	-
DFN-Literacy Project	1,789	-	1,789	-
DFN-IRDA Resource Royalties	19,357	-	-	19,357
Dehcho First Nations	72	-	72	-
General Fund	84,054	109,494	193,548	-
ISC-Building Strong Governance				
Amd#5	-	101,000	73,513	27,487
ISC-P&ID Amd#6	-	40,500	21,065	19,435
GNWT-CHAP	-	52,311	40,873	11,438
H&SS-Anti-Poverty Action Plan	-	20,000	10,000	10,000
SEED-Community Events (Spring Carnival)	-	20,000	14,920	5,080
ISC-NNP-Harvesters Support	-	60,000	21,921	38,079
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	\$ 6,343,730	\$ 1,134,094	\$ 624,429	\$ 6,853,395

9. Long Term Investments

Samba K'e Development Corporation

The Council owns 100% of Samba K'e Development Corporation (the "Corporation"), a private company incorporated under the *Business Corporation Act of Northwest Territories*. The Corporation's principal activities are property rental and construction.

The financial statements of Samba K'e Development Corporation are not available.

	2020	2019
(Restated)		
Investments:		
Investment at cost	\$ 100	\$ 100
Payable to Corporation	(29,509)	(196,587)
Investment in Corporation	\$ (29,409)	\$ (196,487)

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

9. Long Term Investments (Continued)

Deh Cho Helicopters Regional Limited Partnership

The Council owns 5,000 of 35,000 (14.27%) limited partnership units in Deh Cho Helicopters Regional Limited Partnership (DCHRLP). DCHRLP was formed on June 1, 2004 under the Partnership Act of the Northwest Territories.

The Partnership's principal activities are to own and lease a Eurocopter AS350 B2 Helicopter and other helicopter charters through Great Slave Helicopters Ltd. in the Deh Cho areas in Northwest Territories.

The following summarizes the financial position and results of operations of the Corporation as at and for the year ended May 31, 2019

	2019	2018
Financial Position		
Current assets	\$ 2,549,910	\$ 2,258,416
Non-current assets	595,458	761,493
Total assets	3,145,368	3,019,909
Current liabilities	29,322	18,157
Non-current liabilities	5,006	4,810
Total partners' equity	\$ 3,111,040	\$ 2,996,942
Financial Performance		
Revenues	\$ 445,609	\$ 477,629
Expenses	331,511	261,073
Net earnings (loss)	114,098	216,556
Net earnings attributable to the Council	\$ 16,299	\$ 30,937
Investments:		
Investment at cost	\$ 5,000	\$ 5,000
Accumulated equity earnings	481,017	464,717
Investment in Partnership	\$ 486,017	\$ 469,717
Total Investments	\$ 456,608	\$ 273,230

SAMBAA K'E FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

10. Tangible Capital Assets

		2020	2019
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 3,186,844	\$ 1,892,749	\$ 1,294,095
Land improvements	155,243	26,523	128,720
Landfills	206,455	206,455	-
Lagoon	368,670	368,670	-
Vehicle	1,809,727	1,577,665	232,062
Office furniture and equipment	228,866	190,460	38,406
Water reservoir and fill station	2,400,000	1,540,000	860,000
	\$ 8,355,805	\$ 5,802,522	\$ 2,553,283
			\$ 2,492,398

11. Accumulated Surplus

		2020	2019
Unrestricted			
General Operating Fund	\$ 877,503	\$ 914,096	
Enterprise Fund	456,608	273,230	
Equity in Tangible Capital Assets	2,553,283	2,492,398	
	\$ 3,887,394	\$ 3,679,724	

12. Government Transfers

		2020	2019
Government of NWT - MACA	\$ 1,942,844	\$ 1,930,635	
Government of NWT	544,709	238,283	
Indigenous Services Canada	388,544	348,982	
Dehcho First Nations	136,230	106,347	
Government of NWT - Others	220,696	200,345	
	\$ 3,233,023	\$ 2,824,592	

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

13. Expenditure by Object

	2020	2020	2019
	Budget (note 16)	Actual	Actual
Advertising and promotion	\$ -	\$ 9,849	\$ 6,601
Administration	- -	26,251	21,077
Amortization	- -	279,271	307,612
Bad debts (recovered)	- -	(86,050)	55,228
Bank charges and interest	- -	9,359	7,654
Community events	- -	725	1,718
Contracted services	- -	184,814	164,754
Contributions repaid (net)	- -	1,919	- -
Freight and postage	- -	19,966	10,802
Insurance	- -	57,395	62,376
Licenses and Fees	- -	17,857	39,675
Materials and supplies	- -	249,783	180,575
Office	- -	33,710	20,635
Professional fees	- -	70,542	87,388
Rent and utilities	- -	36,791	26,307
Repairs and maintenance	- -	89,789	25,371
Telephone and Internet	- -	33,704	37,351
Travel and accommodation	- -	269,310	357,965
Utilities	- -	189,517	129,978
Wages and benefits	- -	1,055,976	845,519
Total Expenditure	\$ -	\$ 2,550,478	\$ 2,388,586

14. Economic Dependence

The Council receives a major portion of its revenue from the Indigenous Services Canada of the Government of Canada, the Department of Transportation of the Government of the Northwest Territories and the Department of Municipal and Community Affairs of the Government of the Northwest Territories. The nature and extent of this revenue is of such significance that the Council is economically dependent on this source of revenue.

SAMBAA K'E FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

15. Comparative Figures

The comparative figures were restated due to the followings:

- (i) The Council is a Limited Partner in the Deh Cho Helicopters Regional Limited Partnership which it owns a 14.27% interest. The investment and its related earnings were omitted from the Council financial statements in previous years.
- (ii) The amount payable to Samba K'e Development Corporation was included in accounts payable in error.
- (iii) The additional annual contributions under MACA-Gas Tax Funding of \$80,000 for the year ended March 31, 2019 was omitted.

As a result, the comparative figures have been restated as follows:

	Originally Stated	Adjustments	Re-stated
Statement of Financial Position:			
Contributions receivable (note 5)	\$ 1,814,962	\$ 80,000	\$ 1,894,962
Accounts payable (note 6)	515,955	196,585	319,370
Deferred contributions (note 8)	1,375,584	80,000	1,455,584
Long term investments (note 9)	100	273,130	273,230
Accumulated surplus	\$ 3,210,009	\$ 469,715	\$ 3,679,724
Statement of Operations:			
Contributions - MACA	\$ 1,850,635	\$ 80,000	\$ 1,930,635
Less closing deferred revenue	5,441,328	80,000	5,521,328
Earnings (loss) from subsidiaries	-	30,937	30,937
Accumulated surplus, beginning of year	\$ 3,399,835	\$ 438,778	\$ 3,838,613

Certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

16. Budget

The consolidated financial statements is required to include budget in accordance to Canadian public sector accounting standards. The Council did not have in place the budget.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

17. Financial Instruments and Risk Management

The Council's financial instruments are exposed to certain risks, which include credit risk, market risk, interest rate risk and liquidity risk.

Credit Risk - Credit risk refers to the potential that the funding agencies or counter party to a financial instrument will fail to discharge its contractual obligations. The Council is exposed mainly to credit risk from funding agencies' refusal to contribute the full funding due to the Council's non-compliance to the contribution agreements. The Council manages credit risk by ensuring that it complies with the terms and conditions of the contribution agreements.

Liquidity Risk - Liquidity risk is the risk that the Council will not be able to meet its financial obligations as they fall due. The Council manages liquidity risk through the management of its capital structure.

Unless otherwise noted, it is management's opinion that the Council is not exposed to other significant interest, currency and market risks arising from these financial instruments.

18. Subsequent Events

On March 11, 2020, the World Health Organization declared a global pandemic. In order to combat the spread of COVID-19, governments worldwide have enacted emergency measures including travel bans, legally enforced or self-imposed quarantine periods, social distancing, and business and organization closures. These measures have caused material disruptions to businesses, governments and other organizations resulting in an economic slowdown and increased volatility in national and global equity and commodity markets.

Central banks and governments, including Canadian federal, provincial and territorial governments, have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the society and its operations in future periods.

Other than the above item, no other subsequent events of note were identified during the audit.