



INDEPENDENT AUDITOR'S REPORT

To the members of Ka'a'gee Tu First Nation

Qualified Opinion

I have audited the accompanying consolidated financial statements of Ka'a'gee Tu First Nation, which comprise the statement of financial position as at March 31, 2019 and the consolidated statements of operations and accumulated surplus, changes in net financial 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 my 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 Ka'a'gee Tu First Nation (the "Council") as at March 31, 2019, and the consolidated results of its operations, changes net financial assets and cash flows of the Council for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Ka'a'gee Tu First Nation owns a 100% interest in Noda Enterprises Ltd. I was 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 either inactive or the financial statements are not yet completed. As such, I was 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

PAUL TEOH

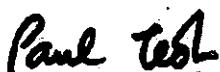
Chartered Accountants

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, I exercise professional judgment and maintain professional skepticism throughout the audit.

I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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. I am responsible for the direction, supervision and performance of the audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



Chartered Accountant

Calgary, Alberta
October 11, 2019

KA'A'GEE TU FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2019	2018
Financial Assets		
Cash (note 2)	\$ 769,217	\$ 680,420
Restricted deposits (note 3)	5,350,319	4,572,776
Accounts receivable (note 4)	57,118	45,221
Contributions receivable (note 5)	611,149	182,419
Total Financial Assets	6,787,803	5,480,836
Liabilities		
Accounts payable and accrued liabilities (note 6)	92,635	75,170
Deferred contributions (note 7)	5,923,539	4,733,819
Total Liabilities	6,016,174	4,808,989
Net Financial Assets	771,629	671,847
Non-Financial Assets		
Long term investment (note 8)	336,801	336,801
Tangible capital assets (note 9)	3,551,273	3,783,447
Total Non-Financial Assets	3,888,074	4,120,248
Accumulated Surplus (note 11)	\$ 4,659,703	\$ 4,792,095

Approved on behalf of the Council:

Philip S. S. Councillor

Jeremy S. S. Councillor

The accompanying notes and schedules are an integral part of these consolidated financial statements. 5.

KA'A'GEE TU FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
Revenue			
Contributions			
Municipal and Community Affairs NWT	\$ 764,000	\$ 1,483,000	\$ 1,585,000
Indigenous Services Canada	49,950	581,303	81,007
Dehcho First Nations	-	162,556	49,194
Government of NWT	-	421,826	367,904
Others	-	168,984	23,663
Other revenue and recoveries	-	145,796	124,560
Add opening deferred revenue	-	4,733,820	4,331,861
Less closing deferred revenue	-	(5,923,539)	(4,733,820)
	813,950	1,773,746	1,829,369
Expenditure			
Municipal Services:			
Municipal administration	480,000	727,413	689,150
Recreation	-	19,000	20,608
Utilities and operating	53,000	57,480	58,186
Water and sewage	231,000	247,567	259,792
Other Municipal Programs	-	11,544	54,222
Indigenous Services Canada Band Member Services:			
Band support administration	49,950	73,260	52,386
Consultation and policy development	-	53,570	73,796
Summer and youth programs	-	31,683	16,335
Dehcho First Nation Funded Programs:			
Community events	-	-	5,800
Language and culture	-	17,524	18,763
Resource management	-	148,707	26,282
GNWT Funded Programs:			
Education, cultural and employment	-	64,679	20,424
Health and social services	-	101,349	157,224
Hunters and trappers assistance	-	33,750	33,750
Community justice	-	41,500	40,450
Resource programs	-	60,900	171,636
Other GNWT programs	-	105,447	1,000
Others:			
Administration	-	96,440	81,464
Community events	-	10,596	9,680
Other projects	-	-	20,000
Environmental	-	3,729	15,635
Total Expenditure	813,950	1,906,138	1,826,583
Operating Surplus (Deficit)	-	(132,392)	2,786
Equity Earnings (Loss) from Investments	-	-	22,350
Annual Surplus (Deficit)	-	(132,392)	25,136
Accumulated Surplus, beginning of year	4,792,095	4,792,095	4,766,959
Accumulated Surplus, end of year	\$ 4,792,095	\$ 4,659,703	\$ 4,792,095

The accompanying notes and schedules are an integral part of these consolidated financial statements. 6.

KA'A'GEE TU FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2019	2019	2018
	Budget (Unaudited)	Actual	Actual
Annual Surplus (Deficit)	\$ -	\$(132,392)	\$ 25,136
Acquisition of tangible capital assets	-	(69,604)	(235,491)
Proceeds on sale of tangible capital assets	-	19,000	19,500
Amortization of tangible capital assets	-	301,778	289,596
Loss (gains) on sale of tangible capital assets	-	(19,000)	(19,500)
Decrease (increase) in long term investments	-	-	(22,350)
		99,782	56,891
Increase (Decrease) in Net Financial Assets	-	99,782	56,891
Net Financial Assets, beginning of year	671,847	671,847	614,956
Net Financial Assets, end of year	\$ 671,847	\$ 771,629	\$ 671,847

KA'A'GEE TU FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2019	2018
Cash Flows from Operating Activities		
Cash receipts from government transfers	\$ 2,219,955	\$ 1,941,731
Cash receipts from contributions and recoveries	283,884	167,762
<u>Cash paid to suppliers and employees</u>	(1,586,895)	(1,512,873)
	<hr/> 916,944	<hr/> 596,620
Capital Transactions		
Purchase of tangible capital assets	(69,604)	(235,491)
<u>Proceeds from disposal of tangible capital assets</u>	19,000	19,500
	<hr/> (50,604)	<hr/> (215,991)
Net Increase (Decrease) in Cash and Cash Equivalents	866,340	380,629
Cash and Cash Equivalents, beginning of year	5,253,196	4,872,567
Cash and Cash Equivalents, end of year	\$ 6,119,536	\$ 5,253,196
Represented By:		
Cash	\$ 769,217	\$ 680,420
<u>Restricted cash</u>	5,350,319	4,572,776
	<hr/> \$ 6,119,536	<hr/> \$ 5,253,196

KA'A'GEE TU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

The Ka'a'gee Tu First Nation ("Council") is an Indian Band registered under the *Indian Act*. It provides services to the band members of Ka'a'gee Tu 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 Kakisa, NT.

The Council is 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 Entities

The consolidated financial statements includes the accounts of Ka'a'gee Tu First Nation and Ka'a'gee Tu Community Improvement Society along with its following subsidiary and associated company using the modified equity method.

	Percentage Owned	Year End
Noda Enterprises Ltd.	100%	March 31, 2019

Under the modified equity basis, the business enterprise's accounting principles are not adjusted to conform to those of the Council. 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.

(c) Fund Accounting

The Ka'a'gee Tu 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.

KA'A'GEE TU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

1. Significant Accounting Policies (Continued)

(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.

(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, with half the amortization for the year of acquisition, using the following method and annual rates:

Buildings	25-50 years	Straight-line
Land improvements	15-20 years	Straight-line
Mobile equipment	3-20 years	Straight-line
Heavy equipment	5-20 years	Straight-line
Infrastructure:		
- Water system	35-65 years	Straight-line
- Waste water system	35-65 years	Straight-line
- Other engineered structures	15-40 years	Straight-line
Office furniture and equipment	3-20 years	Straight-line

KA'A'GEE TU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

1. Significant Accounting Policies (Continued)

(g) Allocation of Expenditure

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

(h) 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.

(i) 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.

(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.

KA'A'GEE TU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

2. Cash

	2019	2018
Bank main operating	\$ 757,646	\$ 662,279
Joint venture funds	11,571	18,141
	<hr/>	<hr/>
	\$ 769,217	\$ 680,420

3. Restricted Deposits

	2019	2018
RBC Business Savings Account - Community Public Infrastructure	\$ 3,980,308	\$ 3,291,792
RBC Business Savings Account - Federal Gas Tax	1,370,011	1,280,984
	<hr/>	<hr/>
	\$ 5,350,319	\$ 4,572,776

Interests on RBC Business Savings Account are paid monthly at rates ranging from 0.44% to 0.45% per annum depending on monthly average account balance.

	Community Public Infrastructure	Federal Gas Tax Funding	Total
Deferred contributions	\$ 4,021,998	\$ 1,363,296	\$ 5,385,294
Required balance	4,021,998	1,363,296	5,385,294
Restricted cash deposits	3,980,308	1,370,011	5,350,319
Deposit (deficiency)	\$(41,690)	\$ 6,715	\$(34,975)

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, 2019, total net deposit deficiency amounts to \$34,975.

4. Accounts Receivable

	2019	2018
Trade and other receivables	\$ 29,110	\$ 10,054
GST refundable	28,008	35,167
	<hr/>	<hr/>
	\$ 57,118	\$ 45,221

KA'A'GEE TU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

5. Contributions Receivable

			2019	2018
Dehcho First Nations:				
Band Manager's Meeting	2017/18	\$	-	\$ 6,135
Language	2017/18		-	6,778
Royalties	2018/19		27,530	-
Language	2018/19		4,278	-
Indigenous Services Canada:				
Youth Workers	2013/14	\$	1,713	\$ 1,713
Professional & Institutional Development	2016/17		-	11,005
Community Development Capacity				
Building	2016/17		10,000	10,000
Band Manager's Meeting	2017/18		1,793	1,793
Youth Workers	2017/18		1,633	1,633
Projects & Capacity	2018/19		332,348	-
Youth Employment Strategy	2018/19		2,800	-
Professional & Institutional Development	2018/19		4,500	-
Band Manager's Meeting	2018/19		1,604	-
Consultation and Policy Development				
Additional	2018/19		883	-
Community Development & Capacity				
Building	2018/19		101,000	-
Government of NWT:				
Waste Reduction	2016/17	\$	30	\$ 30
Resource Co-Management Workshop	2016/17		1,932	1,932
Candidate Protected Area	2017/18		-	1,700
Waste Reduction Recycling Initiative	2017/18		1,200	1,200
CIMP Monitoring Tathlina Watershed	2017/18		2,000	2,000
CIMP	2017/18		-	5,500
IRMA Resource Base Funding	2017/18		-	3,000
IRMA Resource Pressure Funding	2017/18		-	2,000
ENR - LIT Working Groups	2017/18		-	1,000
ENR - LIT Working Groups	2018/19		5,000	-
IRMA Resource Base Funding	2018/19		3,000	-
Community Broadcasting Support	2018/19		10,000	-
Community Dock and Boat Launch	2018/19		97,618	-
Recycling #2	2018/19		12,000	-
Municipal and Community Affairs NWT -				
Small Communities	2017/18		-	125,000
Less allowances for contributions receivable			622,862	182,419
			(11,713)	-
		\$	611,149	\$ 182,419

KA'A'GEE TU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

6. Accounts Payable and Accrued Liabilities

	2019	2018
Trade and other Remittances payable	\$ 85,505 7,129	\$ 70,126 5,044
	<hr/> \$ 92,634	<hr/> \$ 75,170

7. Deferred Contributions

	2019	2018
Government of NWT - Community Public Infrastructure	\$ 4,021,998	\$ 3,431,121
Government of NWT - Federal Gas Tax Funding	1,363,296	1,279,184
Government of NWT - Community Broadcasting	7,179	-
Indigenous Services Canada - Community Involvement	90,780	-
Indigenous Services Canada - Government Capacity Development	23,724	-
Indigenous Services Canada - Northern Agriculture	288,998	-
Health Canada - Climate Change	87,313	-
Dehcho First Nations/IRDA Economic Development	-	23,514
TIDES - Canoe Trip	20,000	-
Dehcho First Nations - AIP Negotiations	20,251	-
	<hr/> \$ 5,923,539	<hr/> \$ 4,733,819

8. Long Term Investment

The Council owns 100% of Noda Enterprises Ltd. (the "Corporation"), a private company incorporated under the *Business Corporation Act* of Northwest Territories. The Corporation's principal activities are to operate the gas pump, motel, and other rental properties. The financial statements of Noda Enterprises Ltd. are not available.

KA'A'GEE TU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

9. Tangible Capital Assets

		2019	2018
	Cost	Accumulated Amortization	Net Book Value
Buildings	\$ 4,206,196	\$ 1,324,160	\$ 3,022,242
Heavy equipment	850,962	648,792	258,901
Infrastructure	192,172	67,913	130,665
Land improvements	67,082	41,188	29,249
Landfills and lagoon	561,805	526,033	49,817
Mobile equipment	602,015	491,451	119,873
Office furniture and equipment	331,386	160,808	172,700
	\$ 6,811,618	\$ 3,260,345	\$ 3,551,273
			\$ 3,783,447

10. Equity in Tangible Capital Assets

		2019	2018
Tangible capital assets		\$ 6,811,618	\$ 6,761,014
Accumulated amortization		(3,260,345)	(2,977,567)
		\$ 3,551,273	\$ 3,783,447

11. Accumulated Surplus

		2019	2018
Unrestricted			
General Operating Fund	\$ 771,629	\$ 671,847	
Enterprise Fund	336,801	336,801	
Equity in Tangible Capital Assets	3,551,273	3,783,447	
		\$ 4,659,703	\$ 4,792,095

KA'A'GEE TU FIRST NATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

12. Government Transfers

	2019	2018
Government of NWT - Municipal and Community Affairs		
NWT	\$ 1,483,000	\$ 1,585,000
Government of NWT	421,826	367,904
Indigenous Services Canada	581,303	81,007
Dehcho First Nations	162,556	49,194
	<hr/>	<hr/>
	\$ 2,648,685	\$ 2,083,105

13. Expenditure by Object

	2019	2019	2018
	Budget	Actual	Actual
Administration	\$ -	\$ 84,904	\$ 44,981
Amortization	- -	301,778	289,596
Bad debts	- -	11,893	-
Bank charges and interest	1,175	733	685
Community events	35,000	76,443	62,469
Contracted services	70,000	104,166	136,284
Donations	- -	8,065	3,621
Equipment rental	- -	6,800	1,200
Honoraria	- -	25,800	30,275
Insurance	52,851	53,178	51,014
Loss (gain) on disposal of assets	- -	(19,000)	(19,500)
Materials and supplies	- -	117,249	133,799
Meeting and workshop	- -	1,017	22,991
Miscellaneous	51,350	49,101	115,250
Mobile equipment costs	35,047	40,836	35,299
Office	12,500	23,861	16,107
Power	73,000	77,563	76,758
Professional fees	21,000	126,155	82,619
Rent and utilities	- -	500	1,250
Repairs and maintenance	2,500	26,881	2,181
Telephone and Internet	20,000	17,480	12,966
Training and scholarships	- -	1,106	7,372
Travel and accommodation	10,000	194,268	121,674
Wages and benefits	429,527	575,361	597,692
Total Expenditure	\$ 813,950	\$ 1,906,138	\$ 1,826,583

KA'A'GEE TU FIRST NATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2019

14. Economic Dependence

The Council receives a major portion of its revenue from the Indigenous Services Canada and the Government of the Northwest Territories, including, but not limited to the Department of Municipal and Community Affairs. The nature and extent of this revenue is of such significance that the Council is economically dependent on these sources of revenue.

15. Comparative Figures

In addition, certain figures presented for comparative purposes have been reclassified to conform with current year's presentation.

16. 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.