



## **INDEPENDENT AUDITORS' REPORT**

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

### **Qualified Opinion**

We have audited the accompanying consolidated financial statements of Ka'a'gee Tu First Nation, which comprise the consolidated statement of financial position as at March 31, 2020 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 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 Ka'a'gee Tu First Nation (the "Council") as at March 31, 2020, 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**

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.

Ka'a'gee Tu First Nation owns a 100% interest in Noda Enterprises Ltd. 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 either inactive or the financial statements 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 comprises of the Management's Discussion and Analysis, other than the financial statements and our auditors' 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 conclude 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.

**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. I am 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*

Paul Teoh Professional Corporation  
Chartered Professional Accountants

Calgary, Alberta  
September 8, 2020

# KA'A'GEE TU FIRST NATION

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

March 31,	2020	2019
<b>Financial Assets</b>		
Cash and cash equivalents (note 2)	\$ 1,451,880	\$ 769,217
Restricted deposits (note 3)	6,025,318	5,350,319
Accounts receivable (note 4)	45,082	57,118
Contributions receivable (note 5)	144,784	611,149
<b>Total Financial Assets</b>	<b>7,667,064</b>	<b>6,787,803</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 6)	74,579	92,636
Deferred contributions (note 7)	6,686,870	5,923,539
<b>Total Liabilities</b>	<b>6,761,449</b>	<b>6,016,175</b>
<b>Net Financial Assets</b>	<b>905,615</b>	<b>771,628</b>
<b>Non-Financial Assets</b>		
Long term investment (note 8)	336,801	336,801
Tangible capital assets (note 9)	3,396,424	3,551,273
<b>Total Non-Financial Assets</b>	<b>3,733,225</b>	<b>3,888,074</b>
<b>Accumulated Surplus (note 11)</b>	<b>\$ 4,638,840</b>	<b>\$ 4,659,702</b>

Approved on behalf of the Council:

\_\_\_\_\_ Councillor

\_\_\_\_\_ Councillor

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

# KA'A'GEE TU FIRST NATION

## CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31,	2020	2020	2019
	Budget (Unaudited)	Actual	Actual
<b>Revenue</b>			
Contributions			
Municipal and Community Affairs NWT	\$ 827,000	\$ 1,586,000	\$ 1,483,000
Indigenous Services Canada	69,668	538,124	704,024
Dehcho First Nations	-	45,143	162,555
Government of NWT	-	323,602	421,827
Others	-	56,499	46,263
Other revenue and recoveries	-	190,019	145,796
Add opening deferred revenue	-	5,923,539	4,733,820
Less closing deferred revenue	-	( 6,686,877)	( 5,923,539)
	896,668	1,976,049	1,773,746
<b>Expenditure</b>			
<b>Municipal Services:</b>			
Municipal administration	520,980	686,370	727,413
Recreation	-	19,000	19,000
Utilities and operating	53,000	54,742	57,480
Water and sewage	253,000	281,712	247,567
Other municipal programs	-	32,055	11,544
<b>Indigenous Services Canada Band Member Services:</b>			
Band support administration	69,668	49,668	69,668
Climate change adaptation	-	274,672	58,758
Governance capacity development	-	33,917	13,812
Summer and youth programs	-	21,856	31,683
<b>Dehcho First Nation Funded Programs:</b>			
Educational programs	-	34,635	-
Language and culture	-	17,112	17,524
Resource management	-	48,175	148,707
<b>GNWT Funded Programs:</b>			
Community broadcasting	-	6,950	12,821
Community employment	-	40,000	41,000
Health and wellness	-	121,678	101,349
Housing initiatives	-	17,232	-
Hunters and trappers assistance	-	33,750	33,750
Community justice	-	41,500	41,500
Childhood and youth programs	-	11,919	10,858
Resource programs	-	35,963	60,900
Wildlife management	-	9,338	-
Other GNWT programs	-	1,000	105,447
<b>Others:</b>			
Administration	-	84,624	74,702
Community events	-	9,351	10,596
Community improvements	-	9,692	6,330
Field trips and land activities	-	20,000	3,729
<b>Total Expenditure</b>	896,648	1,996,911	1,906,138
<b>Annual Surplus (Deficit)</b>	20	( 20,862)	( 132,392)
<b>Accumulated Surplus, beginning of year</b>	4,659,702	4,659,702	4,792,094
<b>Accumulated Surplus, end of year</b>	\$ 4,659,722	\$ 4,638,840	\$ 4,659,702

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

# KA'A'GEE TU FIRST NATION

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31,	2020	2020	2019
	Budget (Unaudited)	Actual	Actual
<b>Annual Surplus (Deficit)</b>	\$ 20	\$( 20,862)	\$( 132,392)
Acquisition of tangible capital assets	-	( 113,928)	( 69,604)
Proceeds on sale of tangible capital assets	-	-	19,000
Amortization of tangible capital assets	-	268,777	301,778
Loss (gains) on sale of tangible capital assets	-	-	( 19,000)
	20	133,987	99,782
<b>Increase (Decrease) in Net Financial Assets</b>	20	133,987	99,782
<b>Net Financial Assets, beginning of year</b>	771,628	771,628	671,846
<b>Net Financial Assets, end of year</b>	\$ 771,648	\$ 905,615	\$ 771,628

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



# KA'A'GEE TU FIRST NATION

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31,	2020	2019
<b>Cash Flows from Operating Activities</b>		
Cash receipts from government transfers	\$ 2,959,234	\$ 2,219,955
Cash receipts from contributions and recoveries	258,547	283,884
Cash paid to suppliers and employees	( 1,746,191)	( 1,586,895)
	1,471,590	916,944
<b>Capital Transactions</b>		
Purchase of tangible capital assets	( 113,928)	( 69,604)
Proceeds from disposal of tangible capital assets	-	19,000
	( 113,928)	( 50,604)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,357,662	866,340
<b>Cash and Cash Equivalents, beginning of year</b>	6,119,536	5,253,196
<b>Cash and Cash Equivalents, end of year</b>	\$ 7,477,198	\$ 6,119,536
<b>Represented By:</b>		
Cash and cash equivalents	\$ 1,451,880	\$ 769,217
Restricted cash	6,025,318	5,350,319
	\$ 7,477,198	\$ 6,119,536

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

# KA'A'GEE TU FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2020

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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 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, 2020

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, 2020

### 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 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

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March 31, 2020

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### 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, 2020

### 2. Cash and Cash Equivalents

	2020	2019
Bank main operating	\$ 1,450,455	\$ 757,646
Joint venture funds	1,425	11,571
	<u>\$ 1,451,880</u>	<u>\$ 769,217</u>

### 3. Restricted Deposits

	2020	2019
RBC Business Savings Account - Community Public Infrastructure	\$ 4,511,226	\$ 3,980,308
RBC Business Savings Account - Federal Gas Tax	1,514,092	1,370,011
	<u>\$ 6,025,318</u>	<u>\$ 5,350,319</u>

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	\$ 4,537,747	\$ 1,496,519	\$ 6,034,266
Required balance	4,537,747	1,496,519	6,034,266
Restricted cash deposits	4,511,226	1,514,092	6,025,318
Deposit (deficiency)	<u>\$ ( 26,521)</u>	<u>\$ 17,573</u>	<u>\$ ( 8,948)</u>

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 amounts to \$(8,948).

### 4. Accounts Receivable

	2020	2019
Trade and other receivables	\$ 15,582	\$ 29,110
GST refundable	29,500	28,008
	<u>\$ 45,082</u>	<u>\$ 57,118</u>



# KA'A'GEE TU FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 5. Contributions Receivable

		2020	2019
Dehcho First Nations:			
Royalties	2018/19	\$ -	\$ 27,530
Language	2018/19	-	4,278
Kakisa Field Assistant	2019/20	3,206	-
Language	2019/20	8,556	-
Resources AAROM	2019/20	2,863	-
Indigenous Services Canada:			
Youth Workers	2013/14	\$ 1,713	\$ 1,713
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	2,800
Professional and Institutional			
Development	2018/19	4,500	4,500
Band Manager's Meeting	2018/19	-	1,604
Consultation and Policy Development			
Additional	2018/19	-	883
Community Involvement Governance			
Capacity Development	2018/19	10,100	101,000
Band Support Funding	2019/20	16,979	-
Amd#1 - Youth Employment/ Skills Link	2019/20	41,400	-
Amd#2 - Leadership Training	2019/20	4,500	-
Amd#3 - Governance Plan	2019/20	10,100	-
Amd#4 - Band Manager's Meeting	2019/20	1,765	-
Government of NWT:			
Waste Reduction	2016/17	\$ 30	\$ 30
Resource Co-Management Workshop	2016/17	1,932	1,932
Waste Reduction Recycling Initiative	2017/18	1,200	1,200
CIMP Monitoring Tathlina Watershed	2017/18	2,000	2,000
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	12,000
IRMA Resource Base Funding	2019/20	3,000	-
Resource Pressure Funding	2019/20	500	-
Health Fair	2019/20	10,000	-
HSS Community Worker (Deh Cho			
Health and Social Services)	2019/20	3,927	-
		156,497	622,862
Less allowances for contributions receivable		( 11,713)	( 11,713)
		\$ 144,784	\$ 611,149

# KA'A'GEE TU FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

### 6. Accounts Payable and Accrued Liabilities

		2020	2019
Trade and other	\$	54,000	\$ 85,505
Remittances payable		20,574	7,130
	\$	74,574	\$ 92,635

### 7. Deferred Contributions

		2020	2019
Dehcho First Nations:			
AIP Negotiations	2018/19	\$ -	\$ 20,251
Dehcho Divisional Education Council:			
Support Employee	2019/20	11,365	-
Indigenous Services Canada:			
Youth Employment/Skills Link (Amd#1)	2019/20	19,544	-
Leadership Training (Amd#2)	2019/20	45,819	23,724
Governance Plan (Amd#3)	2019/20	182,580	90,780
NAF - Climate Change Adaptation	2019/20	275,366	288,998
FNIHB - Monitoring Climate Change	2019/20	108,303	87,313
Government of NWT:			
MACA - Community Public Infrastructure	2019/20	4,537,747	4,021,998
MACA - Gas Tax Fund	2019/20	1,496,519	1,363,296
H&SS - Community Wellness	2019/20	9,627	-
H&SS - Community Wellness	2018/19	-	7,179
Tides Canada - Canoe Trip		-	20,000
		\$ 6,686,870	\$ 5,923,539

### 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, 2020

### 9. Tangible Capital Assets

			2020	2019
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	\$ 4,206,196	\$ 1,464,367	\$ 2,741,829	\$ 2,882,036
Heavy equipment	964,891	707,229	257,662	202,170
Infrastructure	192,172	74,319	117,853	124,259
Land improvements	67,082	44,542	22,540	25,894
Landfills and lagoon	561,805	540,078	21,727	35,772
Mobile equipment	602,015	515,687	86,328	110,564
Office furniture and equipment	331,386	182,901	148,485	170,578
	\$ 6,925,547	\$ 3,529,123	\$ 3,396,424	\$ 3,551,273

### 10. Equity in Tangible Capital Assets

	2020	2019
Tangible capital assets	\$ 6,925,547	\$ 6,811,618
Accumulated amortization	( 3,529,123)	( 3,260,345)
	\$ 3,396,424	\$ 3,551,273

### 11. Accumulated Surplus

	2020	2019
Unrestricted		
General Operating Fund	\$ 905,615	\$ 771,628
Enterprise Fund	336,801	336,801
Equity in Tangible Capital Assets	3,396,424	3,551,273
	\$ 4,638,840	\$ 4,659,702



# KA'A'GEE TU FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2020

12. Government Transfers	2020	2019
Government of NWT - Municipal and Community Affairs	\$ 1,586,000	\$ 1,483,000
NWT	323,602	421,827
Government of NWT	538,124	704,024
Indigenous Services Canada	45,143	162,555
Dehcho First Nations		
	\$ 2,492,869	\$ 2,771,406
13. Expenditure by Object	2020	2019
Advertising and promotion	\$ 433	\$ -
Administration	54,929	84,904
Amortization	268,777	301,778
Bad debts	-	11,893
Bank charges and interest	921	733
Community events	165,127	76,443
Contracted services	119,721	104,166
Donations	19,928	8,065
Equipment rental	7,650	6,800
Honoraria	40,300	25,800
Insurance	58,069	53,178
Loss (gain) on disposal of assets	-	( 19,000)
Materials and supplies	226,972	117,249
Meeting and workshop	29,154	1,017
Miscellaneous	74,301	49,101
Mobile equipment costs	48,825	40,836
Office	21,968	23,861
Power	71,434	77,563
Professional fees	27,150	126,155
Rent and utilities	6,725	500
Repairs and maintenance	25,617	26,881
Telephone and Internet	31,808	17,480
Training and scholarships	1,466	1,106
Travel and accommodation	98,923	194,268
Wages and benefits	596,713	575,361
Total Expenditure	\$ 1,996,911	\$ 1,906,138

# KA'A'GEE TU FIRST NATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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March 31, 2020

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### 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

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.

### 17. 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.