

**ACHO DENE KOE FIRST NATION
(FIRST NATION NEGOTIATION SUPPORT AGREEMENT)**

**Financial Statements and Compliance with the First Nation Negotiation Support
Agreement**

March 31, 2020

ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Contents
March 31, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	
FINANCIAL STATEMENTS	
Statement I	Statement of Receipts, Expenditures and Surplus 1
Statement II	Statement of Financial Position 2
	Notes to the Financial Statements 3
	Statement of Management's Compliance with First Nation Negotiation Support Funding Agreement 4
	Independent Practitioner's Reasonable Assurance Report on Compliance. 5 - 7
	Appendix - Extracts from the Agreement 8
	Schedule of Budget to Actual Expenditure Variance 9



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INDEPENDENT AUDITOR'S REPORT

To the British Columbia Treaty Commission

Opinion

We have audited the First Nation Negotiation Support Agreement financial statements of Acho Dene Koe First Nation (First Nation Negotiation Support Agreement), which comprise the statement of financial position as at March 31, 2020, and the statements of receipts, expenditures and surplus for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (herein referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2020 of Acho Dene Koe First Nation are prepared, in all material respects, in accordance with the financial reporting provisions of the First Nations Negotiation Support Agreement dated February 28, 2019, with the British Columbia Treaty Commission (the "Agreement").

Basis for Opinion

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 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 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 opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements, which describes the basis of presentation and applicable financial reporting framework used in these financial statements

The financial statements are prepared to assist the First Nation to comply with the financial reporting provisions of the Agreement. As a result, the financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Other Matter - Restriction on Use

Our report is intended solely for the First Nation, Canada, British Columbia, and the British Columbia Treaty Commission and should not be distributed to or used by other parties other than the First Nation, Canada, British Columbia, and the British Columbia Treaty Commission.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions of the First Nation and British Columbia Treaty Commission, 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 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.

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INDEPENDENT AUDITOR'S REPORT, continued

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are 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 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

EPR Yellowknife Accounting Prof Corp.

EPR Yellowknife Accounting Professional Corporation

Chartered Professional Accountants

Yellowknife, NT

September 30, 2020

ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Statement of Receipts, Expenditures and Surplus
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Receipts			
British Columbia Treaty Commission	\$ -	\$ -	\$ 211,382
Treaty negotiation loan forgiven	-	179,200	-
	-	179,200	211,382
Expenditures			
Honoraria and wages and benefits	25,000	14,556	7,227
Legal	40,000	36,124	36,690
Materials and supplies	500	160	38
Travel	15,000	6,688	22,183
Professional fees	20,000	60,831	24,388
Administration	8,250	1,178	-
Office	2,000	-	-
Rent	500	250	-
Conference fees and education	10,000	-	-
Other	5,750	-	-
Community events	2,000	-	-
Telephone	1,000	1,069	-
	130,000	120,856	90,526
Excess (deficiency) of receipts over expenditures	(130,000)	58,344	120,856
Deficit, opening	-	(2,011)	(122,867)
Retained earnings (deficit), closing	\$ -	\$ 56,333	\$ (2,011)

ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Statement of Financial Position
As at March 31, 2020

	2020	2019
FINANCIAL ASSET		
Cash	\$ 56,333	\$ 177,189
FINANCIAL LIABILITY		
Long-term debt (Note 3)	\$ -	\$ 179,200
Deficit	\$ 56,333	\$ (2,011)

Approved on behalf of the Council of the First Nation:

 Councilor

 Councilor

ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Notes to the Financial Statements
March 31, 2020

1. Basis of presentation and significant accounting policies

These financial statements account for transactions arising from the First Nation Negotiation Support Agreement, and as such do not include all the assets, liabilities, revenues and expenses of Acho Dene Koe First Nation. These financial statements have been prepared in accordance with the financial reporting provisions of the First Nation Negotiation Support Agreement dated February 28, 2019 (the "Agreement").

These financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the Agreement.

Contributions are included in receipts.

Capital purchases are charged to operations in the year of acquisition (note 2)

2. Capital assets

The following is a cumulative list of the capital asset purchases at original cost charged to operations in the year of acquisition. There assets are not capitalized by the First Nation for the purpose of these financial statements, and therefore no amortization is taken.

Equipment expenditures in prior years	\$ -
Equipment expenditures during the year	\$ -

3. Treaty negotiation loan payable

On August 2, 2012, the Council entered into a First Nation Negotiation Support Agreement (the "Agreement") with the British Columbia Treaty Commission and the Government of Canada to obtain loan funding to carry out negotiations with Canada and British Columbia under the Treaty Process. Under the terms of the Agreement, the repayable loan funding is non-interest bearing until the loan becomes due. The loan was forgiven by the Government of Canada on March 31, 2020.

ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Statement of Management's Compliance with First Nation Negotiation Support Funding Agreement
As at March 31, 2020

Statement of Management's Compliance with First Nation Negotiation Support Funding Agreement

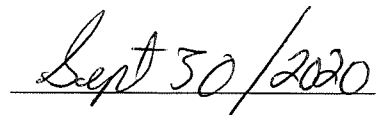
Management of the Acho Dene Koe First Nation is responsible for compliance with the provisions relating to financial obligations incurred by Acho Dene Koe First Nation in preparing for and carrying out treaty negotiations with Canada and British Columbia, as set out in Sections 6.1, 6.2, and 7.1 established in the First Nation Negotiation Support Agreement with the British Columbia Treaty Commission (the "Commission") dated February 28, 2019 and in accordance with Section 9.2 of the Agreement, the Commission has requested in Section 3 of the Audit Instruction Letter issued by the Commission dated April 6, 2020 (the "Audit Instruction Letter"), the actual expenditures for the period April 1, 2019 to March 31, 2020 have been compared to the approved final budget and if material variances exist, a variance report with explanations has been prepared and provided to the Commission as described in the Appendix.

Management is also responsible to measure and evaluate their compliance with Sections 6.1, 6.2, and 7.1 of the Agreement and Section 3 of the Audit Instruction Letter. See attached Appendix for relevant extracts from the Agreement and the Audit Instruction Letter.


For purposes of compliance with the specified requirement as per the Audit Instruction Letter for a comparison of actual expenditures to the final budget, material variances were defined as those greater than 5% or \$5,000 of individual budget line items.

Management has determined they are in compliance with in Sections 6.1, 6.2, and 7.1 of the Agreement and Section 3 of the Audit Instruction Letter for the period April 1, 2019 to March 31, 2020.
On behalf of the First Nation:

 Councilor

 Date

 Councilor

 Date



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INDEPENDENT PRACTITIONER'S REASONABLE ASSURANCE REPORT ON COMPLIANCE

To the British Columbia Treaty Commission:

We have undertaken a reasonable assurance engagement of the accompanying statement of Acho Dene Koe First Nation's ("the Entity") compliance during the period April 1, 2019 to March 31, 2020, with the criteria established by provisions relating to financial obligations incurred by Acho Dene Koe First Nation preparing for and carrying out treaty negotiations with Canada and British Columbia ("the specified requirements"). These specified requirements are described in Sections 6.1, 6.2 and 7.1 established in the First Nation Negotiation Support Agreement with the British Columbia Treaty Commission (the "Commission") dated February 28, 2019. Additionally, in accordance with Section 9.2 of the Agreement, the Commission has requested in Section 3 of the Audit Instruction Letter issued by the Commission dated April 6, 2020 (the "Audit Instruction Letter"), the actual expenditures for the period April 1, 2019 to March 31, 2020 have been compared to the approved final budget and if material variances exist, a variance report with explanations has been prepared and provided to the Commission.

Significant Interpretation

For purposes of compliance with the specified requirement as per the Audit Instruction Letter for comparison of actual expenditures to the final budget, material variances were defined as those greater than 5% or \$5,000 of the individual budget line items.

Management's Responsibility

Management is responsible for measuring and evaluating the Entity's compliance with the specified requirements of the agreement and for preparing the Entity's statement of compliance. Management is also responsible for such internal control as management determines necessary to enable the Entity's compliance with the specified requirements.

Practitioner's Responsibility

Our responsibility is to express a reasonable assurance opinion on management's statement based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with Canadian Standard on Assurance Engagements 3530, *Attestation Engagements to Report on Compliance*. This standard requires that we plan and perform this engagement to obtain reasonable assurance about whether management's statement is fairly stated, in all material respects.

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Reasonable assurance is a high level of assurance but is not a guarantee that an engagement conducted in accordance with this standard will always detect a material instance of non-compliance with specified requirements when it exists. Instances of non-compliance can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. A reasonable assurance compliance reporting engagement involves performing procedures to obtain evidence about management's statement of the Entity's compliance with specified requirements. The nature, timing and extent of procedures selected depends on our professional judgment, including an assessment of the risks of material misstatement of management's statement, whether due to fraud or error, and involves obtaining evidence about management's statement.

We believe the evidence we obtained is sufficient and appropriate to provide a basis for our opinion. Information relevant to the Entity's compliance with the specified requirements set out in the Agreement is set out in management's statement of compliance.

Practitioner's Independence and Quality Control

We have complied with the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements*, and, accordingly, maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion

In our opinion, management's statement that Acho Dene Koe First Nation complied with the specified requirements established described in Sections 6.1, 6.2, and 7.1 of the First Nation Negotiation Support Agreement with the British Columbia Treaty Commission dated February 28, 2019 and the Audit Instruction Letter during the period April 1, 2019 to March 31, 2020, is fairly stated, in all material respects.

We do not provide a legal opinion on Acho Dene Koe First Nation's compliance with the specified requirements.

Purpose of Statement

The purpose of management's statement of compliance is for the Acho Dene Koe First Nation to meet the obligation to confirm to the British Columbia Treaty Commission the Acho Dene Koe First Nation's compliance with the specified requirements established in the First Nation Negotiation Support Agreement. As a result, management's statement of compliance may not be suitable for another purpose.

EPR Yellowknife Accounting Prof Corp.

EPR Yellowknife Accounting Professional Corporation
Chartered Professional Accountants

Yellowknife, NT
September 30, 2020

**ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Appendix - Extracts from the Agreement
As at March 31, 2020**

SECTION

6.0 FINANCIAL CONTROL

6.1 For the purpose of receiving funds under this Agreement, the First Nation will maintain an account at a Bank, Trust Company or Credit Union established and regulated under federal or provincial legislation and inform the Commission of the account particulars.

6.2 To support financial control of the funds received under this Agreement and the Expenditures, the First Nation will maintain separate records and procedures which conform to generally accepted accounting principles as set out in the Chartered Professional Accountants Canada Handbook.

7.0 EXPENDITURES BY FIRST NATION

7.1 Subject to Section 10.1, the First Nation will use the contribution payments received under this Agreement only for Expenditures as defined below.

AUDIT INSTRUCTION LETTER — SECTION 3

The auditor is to confirm that expenditures were compared to the final budget approved by the Commission and that either no material were found, or the material variances are documented in the attached schedule with explanations or the variances.

DEFINITIONS AS SET OUT IN THE FIRST NATION NEGOTIATION SUPPORT AGREEMENT

"Expenditures" means the expenditures described in the Budget that are reasonably and properly incurred by the First Nation in carrying out the activities described in the First Nation Workplan.

"Budget" means the budget for the Fiscal Year submitted by the First Nation and approved by the Commission in accordance with the Allocation Criteria that:

- (i) lists the activities and the proposed Expenditures to carry out the First Nation Workplan for the Fiscal Year
- (ii) shows the estimated cash flow projection of the First Nation for the Fiscal Year
- (iii) is consistent with the amount of contribution funding that the First Nation will receive for the Fiscal Year.

"First Nation Workplan" means the annual workplan prepared by a First Nation and submitted to, and reviewed by, the Commission, setting out the activities it intends to carry out during that year, and includes any revisions to the workplan reviewed by the Commission.

"Stage" means one of the stages of the Treaty Negotiations Framework.

"Treaty Negotiations Framework" means the process for the negotiation of treaties between Canada, British Columbia and First Nations facilitated by the Commission, as contemplated in the British Columbia Treaty Commission Agreement.

ACHO DENE KOE FIRST NATION
(First Nation Negotiation Support Agreement)
Schedule of Budget to Actual Expenditure Variance
For the year ended March 31, 2020

Expenditures	2020 Budget	2020 Actual	Variance (\$)¹	Variance %¹	Discussion
Honoraria and wages and benefits	\$ 25,000	\$ 14,556	-\$ 10,444	\$ 1,250.00	Report of Negotiations Progress to Work Plan Proposal to be submitted in a separate report by Acho Dene Koe First Nation.
Legal	40,000	36,124	-\$ 3,876	2,000.00	
Materials and supplies	500	160	-\$ 340	25.00	
Travel	15,000	6,688	-\$ 8,312	750.00	
Professional fees	20,000	60,831	\$ 40,831	1,000.00	
Administration	8,250	1,178	-\$ 7,072	412.50	
Office	2,000		-\$ 2,000	100.00	
Rent	500	250	-\$ 250	25.00	
Conference fees	10,000		-\$ 10,000	500.00	
Other	5,750		-\$ 5,750	287.50	
Community events	2,000		-\$ 2,000	100.00	
Telephone	1,000	1,069	\$ 69	50.00	
	\$ 130,000	\$ 120,856	-\$ 9,144		

¹ Variance analysis threshold defined as the greater of 5% or \$5,000 +/- of the budgeted expenditure