

BIRDTAIL SIOUX FIRST NATION
FINANCIAL STATEMENTS
For the year ended March 31, 2015

BIRDTAIL SIOUX FIRST NATION
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STATEMENT OF RESPONSIBILITY

To the Members of Birdtail Sioux First Nation:

The accompanying financial statements of Birdtail Sioux First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.



In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded, and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

Birdtail Sioux First Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and the external auditors. The Chief and Council are also responsible for recommending the appointment of the First Nation's external auditors.

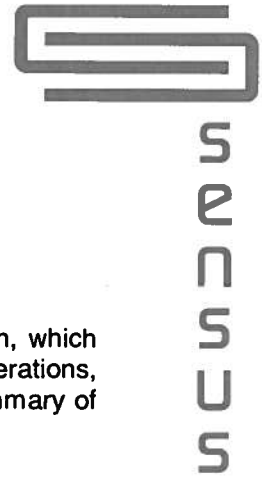
Sensus Partnership of Chartered Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both Chief and Council and management to discuss their audit findings.



Councilor

INDEPENDENT AUDITORS' REPORT



To the Members of Birdtail Sioux First Nation:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Birdtail Sioux First Nation, which comprise of the statement of financial position as at March 31, 2015 and the statement of operations, statement of changes in net debt, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the First Nation's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

The First Nation receives revenues from sales from its General Store, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the First Nation and we were not able to determine whether any adjustments might be necessary to sales revenue, operating surplus, or accumulated surplus.

The First Nation's consolidated statement of operations and consolidated statement of changes in net debt do not present a comparison of the results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

In the prior year, houses were contributed to the First Nation. The First Nation has not recorded a value for all of these contributed assets on its statement of financial position and did not record the related contribution revenue in its statement of operations. We were unable to determine the extent of this error. Because the First Nation did not record the transactions associated with the contributed houses, the carrying value of tangible capital assets, contributions revenue, and accumulated surplus is understated.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Birdtail Sioux First Nation as at March 31, 2015, and the results of its operations, changes in accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other Matters

The prior year figures were audited by another firm of Chartered Professional Accountants who expressed a qualified opinion in their report dated November 26, 2014.

Brandon, Manitoba
February 16, 2016



PARTNERSHIP OF
CHARTERED ACCOUNTANTS

BIRDTAIL SIOUX FIRST NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2015

	2015	2014
FINANCIAL ASSETS		
Cash (Note 2)	\$ 98,165	\$ 312,156
Accounts receivable (Note 3)	112,343	52,902
Restricted cash (Notes 2 and 4)	272,480	261,808
	482,988	626,866
LIABILITIES		
Bank indebtedness (Note 5)		19,948
Accounts payable (Note 6)	1,151,392	841,212
Deferred revenue (Notes 2 and 7)	27,924	104,603
Due to Summer Roads Development Group Ltd. (Note 8)	193,545	193,545
Due to 2992770 Manitoba Ltd. (Note 9)	400,500	400,500
Due to Aboriginal Affairs and Northern Development Canada (Note 10)	978,447	654,522
Long-term debt (Note 11)	4,643,392	5,095,925
	7,395,200	7,310,255
NET DEBT	(6,912,212)	(6,683,389)
CONTINGENCIES (Note 12)		
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 2 and Schedule 1)	16,105,189	17,187,612
Inventories (Note 2)		16,133
Prepaid expenses	18,020	
	16,123,209	17,203,745
ACCUMULATED SURPLUS (Note 13)	\$ 9,210,997	\$10,520,356

BIRDTAIL SIOUX FIRST NATION
CONSOLIDATED STATEMENT OF OPERATIONS
For the year ended March 31, 2015

	2015	2014
	Actual	Actual
REVENUE		
Aboriginal Affairs and Northern Development Canada (Note 14)	\$ 2,702,045	\$ 2,587,034
First Nations and Inuit Health (Note 15)	979,826	972,827
Rent	624,630	624,421
Off-reserve house sales	317,000	
Other revenue	277,949	205,279
Canada Mortgage and Housing Corporation	257,168	271,931
First Peoples Development Inc.	194,525	185,124
Recovery of expenses	150,226	
General Store sales	91,409	459,596
Provincial tax rebates	21,970	71,438
Interest	1,497	1,214
Aboriginal Affairs and Northern Development Canada funding recoveries	(250,322)	(28,223)
First Nations and Inuit Health funding recoveries	(20,505)	
Revenue deferred to subsequent year	(27,924)	(104,603)
Revenue deferred in prior year		124,603
	5,319,494	5,370,641
SEGMENT EXPENSES		
Health (Schedule 4)	1,151,520	984,858
Economic development (Schedule 5)	135,426	133,035
Governance (Schedule 6)	1,535,944	1,489,368
Social assistance (Schedule 7)	1,388,795	1,476,224
Infrastructure (Schedule 8)	711,770	612,849
Economic enterprises (Schedule 9)	452,624	650,605
Off-reserve housing (Schedule 10)	461,071	972,981
Subsidized housing (Schedule 11)	682,503	873,358
Other (Schedule 12)	109,200	246,368
	6,628,853	7,439,646
OTHER ITEMS		
Contributed houses (Note 16)		2,734,094
Impairment of tangible capital assets (Note 17)		(198,235)
		2,535,859
ANNUAL SURPLUS (DEFICIT)	(1,309,359)	466,854
ACCUMULATED SURPLUS, BEGINNING OF YEAR	10,520,356	10,053,502
ACCUMULATED SURPLUS, END OF YEAR	\$ 9,210,997	\$10,520,356

BIRDTAIL SIOUX FIRST NATION
CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
For the year ended March 31, 2015

	2015	2014
	Actual	Actual
ANNUAL SURPLUS (DEFICIT)	\$ (1,309,359)	\$ 466,854
Acquisition of tangible capital assets	(21,845)	(156,645)
Amortization of tangible capital assets	1,104,268	1,157,579
Impairment of tangible capital assets		198,235
Decrease in inventories	16,133	1,176
Increase in prepaid expenses	(18,020)	
	1,080,536	1,200,345
CHANGE IN NET DEBT	(228,823)	1,667,199
NET DEBT, BEGINNING OF YEAR	(6,683,389)	(8,350,588)
NET DEBT, END OF YEAR	\$ (6,912,212)	\$ (6,683,389)

BIRDTAIL SIOUX FIRST NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$ 5,183,374	\$ 8,405,208
Cash paid to suppliers and employees	(4,892,368)	(6,997,498)
	<u>291,006</u>	<u>1,407,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(21,845)	(156,645)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on long-term debt	(452,532)	(531,296)
Repayments of bank indebtedness	(19,948)	(268,409)
Change in restricted cash	(10,672)	(139,204)
	<u>(483,152)</u>	<u>(938,909)</u>
CHANGE IN CASH	<u>(213,991)</u>	<u>312,156</u>
CASH, BEGINNING OF YEAR	<u>312,156</u>	
CASH, END OF YEAR	<u>\$ 98,165</u>	<u>\$ 312,156</u>

BIRDTAIL SIOUX FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

1. OPERATIONS

The Birdtail Sioux First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The Birdtail Sioux First Nation includes the First Nation government and all related entities that are either owned or controlled by the First Nation. Trusts administered on behalf of third parties by Birdtail Sioux First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Birdtail Sioux General Store
- Birdtail Sioux Housing Authority Inc.
- Birdtail Sioux First Nation Housing Authority
- 5503800 Manitoba Ltd.
- Birdtail Dakota Ltd.
- Birdtail Sioux First Nation Social Assistance Department
- Assiniboine Valley Cattle Ranch Inc.

All inter-entity balances and transactions have been eliminated on consolidation.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted-average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs.

BIRDTAIL SIOUX FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund held in Ottawa Trust Fund

Funds held in trust on behalf of the First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in the accumulated surplus. Trust moneys consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation tangible capital assets; and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

Non-financial assets

The First Nation's tangible capital assets and other non-financial assets are accounted for as asset because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets are amortized over their estimated useful lives. In the year of acquisition, amortization is taken at one half of the rates below:

Buildings	declining balance	4%
Vehicles	declining balance	10%
Equipment	declining balance	4%
Infrastructure	declining balance	2.5%
Houses	straight line	25 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Government transfer revenue which includes Aboriginal Affairs and Northern Development, First Nations and Inuit Health, Canada Mortgage and Housing Corporation, and First Peoples Development Inc. is recognized as the funding becomes receivable under the term of applicable funding agreement. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt and is recognized as revenue in the year to which it is designated. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Sales are recognized when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

Rent revenue is recorded in the year they are earned. At the end of each year, management evaluates the extent of the collectability of its rent revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

Provincial tax rebates are recognized when the rebates have been earned from the Province of Manitoba.

Off-reserve house sales are recognized when title to the property has transferred to the purchaser and collection is reasonably assured.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped.

Employee future benefits

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation's contributions to the defined contribution plan are expensed as incurred.

Financial instruments

Financial instruments include cash, accounts receivable, restricted cash, bank indebtedness, accounts payable and accruals, due to Summer Roads Development Group Ltd., due to 2992770 Manitoba Ltd., due to Aboriginal Affairs and Northern Development Canada, and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risk arising from the financial instruments.

Measurement uncertainty

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of the tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue. Provisions for funding recoveries and site rehabilitation costs are recorded in accordance with management's estimates of future costs. Inventory is stated after provisions are made for slow-moving or obsolete inventory.

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty (continued)

These estimates are reviewed periodically, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

Segments

These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions and to assess operational performance. For each report segment, revenue and expenses represent amounts that are directly attributable to the segment.

These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Health

Activities include the delivery of programs to promote community-based health and to address environmental issues and non-insured health benefits.

Economic development

Benefits include greater use of land resources under the control of the community, better access to opportunities from land and resources beyond the control of the community, more and larger businesses and business opportunities within the community and a better economic environment.

Governance

Activities include the ban support administration function relating to decisions that define expectations, grant power, or verify performance consisting of decision-making and leadership processes.

Social assistance

Activities include satisfying the economic, social, and health related needs of members of the community who require assistance.

Infrastructure

Activities include the provision of residential housing opportunities for community members as well as planning, managing, and delivery of large scale infrastructure capital projects to the community.

Economic enterprises

Reports on the activities of economic enterprises including Assiniboine Valley Cattle Ranch Inc., 5503800 Manitoba Ltd., Birdtail Sioux General Store, and Birdtail Dakota Ltd.

Off-reserve housing

Activities include management and sale of rental housing that is off of the reserve.

Subsidized housing

Activities include provision of residential housing opportunities for community members.

Other

Activities include reporting transactions not included in the above segments.

BIRDTAIL SIOUX FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

3. ACCOUNTS RECEIVABLE

	2015	2014
Trade	\$ 316,198	\$ 198,725
CMHC subsidy assistance	20,937	22,356
First Nations and Inuit Health		11,819
Due from members	86,803	81,360
GST		1,307
Due from Province	136	20,668
Aboriginal Affairs and Northern Development Canada	6,150	
	430,224	336,235
Allowance for doubtful accounts	(317,881)	(283,333)
	\$ 112,343	\$ 52,902

4. RESTRICTED CASH

	2015	2014
CMHC replacement reserve	\$ 231,744	\$ 194,257
Ottawa Trust	40,736	67,551
	\$ 272,480	\$ 261,808

Ottawa Trust

The Ottawa Trust funds arise from monies derived from capital or revenue sources as outlined in section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust monies are transferred to the First Nation on the Authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Chief and Council.

Capital Trust \$38,697 (2015 - lease revenue of \$0) (2014 - \$38,697)

Revenue Trust \$2,039 (2015 - lease revenue of \$640 and interest revenue of \$2,325 less a transfer to the First Nation of \$29,780) (2014 - lease revenue of \$27,910 and interest revenue of \$944)

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account must be established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

The First Nation is not in compliance with its agreement with CMHC. The agreement requires that the First Nation maintain a separate bank account to fund the full amount of the CMHC replacement reserve. At year end a separate bank account had not been established by the First Nation.

BIRDTAIL SIOUX FIRST NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2015

5. BANK INDEBTEDNESS

The First Nation has an operating line of credit of \$75,000 (2014 - \$75,000) through the Royal Bank of Canada. Interest on this line of credit is charged at a rate of prime plus 2%. Prime rate at year end was 2.85% (2014 - 3.00%).

6. ACCOUNTS PAYABLE

	2015	2014
Employee benefits	\$ 61,775	\$ 12,512
Due to First Nations and Inuit Health	76,563	111,407
Trade	980,054	684,293
Due to Foxwarren Cafe and Gas Bar Co-op Ltd.	33,000	33,000
	<hr/> \$ 1,151,392	<hr/> \$ 841,212 <hr/>

7. DEFERRED REVENUE

Deferred revenue represents funding received from Aboriginal Affairs and Northern Development Canada for a wastewater feasibility study, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided. The prior year deferred revenue represents funding received from Aboriginal Affairs and Northern Development Canada that was to be used for band office renovations. As this project was never completed the funding is now shown as a liability back to Aboriginal Affairs and Northern Development Canada.

8. DUE TO SUMMER ROADS DEVELOPMENT GROUP LTD.

During the year ended March 31, 2008, Summer Roads Development Group Ltd. loaned money to the First Nation in order to facilitate the First Nation's purchase of property (land and building) in Foxwarren, Manitoba. The First Nation intends to use the property to operate a gaming centre. Amounts owed to Summer Roads Development Group Ltd. are unsecured, non-interest bearing and have no agreed upon terms of repayment.

9. DUE TO 2992770 MANITOBA LTD.

During the year ended March 31, 2009, the First Nation took possession of cattle and farm equipment for which the required payment as outlined in the purchase agreement was not provided to 2992770 Manitoba Ltd. Interest is being charged at a rate of prime.

10. DUE TO ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA

Amounts due to Aboriginal Affairs and Northern Development Canada ("AANDC") relate to funding that AANDC has deemed to have not been spent on eligible expenditures. The amount owing is unsecured and future repayments will be in accordance with funding decisions of AANDC.

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

11. LONG TERM DEBT

	2015	2014
Toronto Dominion Bank, payments of \$5,191 per month including interest at 4.37%, matured August 2014, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	\$	\$ 25,672
Royal Bank of Canada, payments of \$2,611 per month including interest at 3.55%, due on demand, secured by a Ministerial guarantee for a ten-unit rental housing project and an assignment of fire insurance.	28,022	57,786
Royal Bank of Canada, payments of \$8,380 per month including interest at 2.78%, due on demand, secured by a Ministerial guarantee for a six-unit rental housing project and an assignment of fire insurance.	211,260	304,555
Peace Hills Trust, payments of \$3,590 per month including interest at 3.70%, maturing February 2018, secured by a Ministerial guarantee for a eighteen-unit rental housing project and an assignment of fire insurance.	122,608	157,461
CMHC loan, payments of \$3,430 per month including interest at 1.92%, maturing November 2018, with a scheduled renewal date of April 2017, secured by a Ministerial guarantee for a eight-unit rental housing project and an assignment of fire insurance.	145,856	183,596
Peace Hills Trust, payments of \$2,671 per month including interest at 3.70%, maturing February 2020, with a scheduled renewal date of February 2018, secured by a Ministerial guarantee for a ten-unit rental housing project and an assignment of fire insurance.	146,673	170,772
CMHC loan, payments of \$1,326 per month including interest at 2.11%, maturing December 2028, with a scheduled renewal date of January 2019, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	190,267	201,720
CMHC loan, payments of \$1,179 per month including interest at 1.83%, maturing October 2029, with a scheduled renewal date of December 2019, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	181,386	191,378
Balance carry forward	\$ 1,026,072	\$ 1,292,940

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

11. LONG TERM DEBT (continued)

	2015	2014
Balance carried forward	\$ 1,026,072	\$ 1,292,940
CMHC loan, payments of \$1,634 per month including interest at 2.76%, maturing June 2030, with a scheduled renewal date of June 2015, secured by a Ministerial guarantee for a five-unit rental housing project and an assignment of fire insurance.	244,739	256,890
CMHC loan, payments of \$2,252 per month including interest at 1.53%, maturing July 2032, with a scheduled renewal date of December 2017, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	411,815	431,856
CMHC loan, payments of \$2,237 per month including interest at 1.53%, maturing September 2032, with a scheduled renewal date of December 2017, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	412,566	432,421
CMHC loan, payments of \$1,582 per month including interest at 2.08%, maturing February 2034, with a scheduled renewal date of February 2019, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	297,467	309,640
CMHC loan, payments of \$1,665 per month including interest at 1.65%, maturing June 2037, with a scheduled renewal date of June 2017, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	370,773	385,355
Royal Bank of Canada, payments of \$2,555 per month plus interest at Royal Bank Prime plus 2%, secured by a general security agreement, maturing March 2016.	30,664	61,329
Royal Bank of Canada, payments of \$3,184 per month including interest at 4.75%, secured by a general security agreement, maturing March 2017.	78,883	112,423
First Peoples Economic Growth Fund, payments of \$5,412 with interest at 6%, secured by a general security agreement, maturing July 2022.	474,562	476,047
Royal Bank of Canada, payments of \$1,904 plus interest at 5.25%, secured by off-reserve housing, maturing March 2025.	286,141	294,177
Royal Bank of Canada, payments of \$3,184 including interest at 4.75%, secured by off-reserve housing, maturing March 2017.	258,715	275,465
Balance carry forward	\$ 3,892,397	\$ 4,328,543

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

11. LONG TERM DEBT (continued)

	2015	2014
Balance carried forward	\$ 3,892,397	\$ 4,328,543
Royal Bank of Canada, payments of \$3,722 including interest at 5.07%, secured by off-reserve housing, maturing March 2032.	515,940	513,115
Sensus Partnership of Chartered Accountants, repayable in monthly installments of \$3,082 plus interest at 7.25%, maturing December 2022. Balance is for outstanding audit and consulting fees.	235,055	254,267
	<u>\$ 4,643,392</u>	<u>\$ 5,095,925</u>

Principal payments due in the next five years are as follows:

2016	\$ 509,901
2017	469,061
2018	368,487
2019	301,102
2020	284,132
Subsequent	<u>2,710,709</u>
	<u>\$ 4,643,392</u>

12. CONTINGENCIES

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, recoveries back to the federal government have been set up based on information provided up until the audit date. There may however be further recoveries made by these federal agencies.

13. ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

	2015	2014
Operating deficit	\$ (2,564,789)	\$ (1,893,853)
TCA net of related borrowings	11,503,306	12,152,401
Ottawa Trust	40,736	67,551
CMHC replacement reserve	231,744	194,257
	<u>\$ 9,210,997</u>	<u>\$10,520,356</u>

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2015

14. ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA REVENUE RECONCILIATION

	2015	2014
Aboriginal Affairs and Northern Development Canada per confirmation	2,702,045	2,587,034
Aboriginal Affairs and Northern Development Canada per financial statements	2,702,045	2,587,034

15. FIRST NATIONS AND INUIT HEALTH REVENUE RECONCILIATION

	2015	2014
First Nations and Inuit Health per confirmation	979,826	972,827
First Nations and Inuit Health per financial statements	979,826	972,827

16. RELATED PARTY TRANSACTIONS

In the previous year, houses were contributed to the First Nation from Dakota Ojibway Tribal Council Housing Authority Inc. ("DOTCHA").

These contributed tangible capital assets were recorded at their fair value of \$2,734,094. Fair value was estimated through consideration of the proceeds from the subsequent sale of the houses by the First Nation to unrelated parties.

The First Nation also paid management fees to DOTCHA in the amount of \$37,250 (2014 - \$73,114) in exchange for property management services for houses owned on off-reserve urban land. These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

DOTCHA is a not-for-profit organization jointly controlled by seven First Nations, including the Birdtail Sioux First Nation.

17. IMPAIRMENT OF TANGIBLE CAPITAL ASSETS

In the prior year the First Nation recognized the fact that certain machinery and equipment no longer hold future service potential to the First Nation. An impairment loss was recognized to reduce the carrying value of these items to \$0.

18. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH") as a result of treaties entered into with the Government of Canada. During the year, the First Nation received 50.8% (2014 - 48.2%) of its revenue from AANDC and 18.4% (2014 - 18.1%) of its revenue from FNIH.

These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

BIRDTAIL SIOUX FIRST NATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 For the year ended March 31, 2015

19. SUBSEQUENT EVENTS

On September 4, 2015, a fire damaged the band office and its contents. This subsequently resulted in the filing of an insurance claim to which a final settlement amount has yet to be determined.

20. PROVISION FOR SITE REHABILITATION

As directed by PS 3270, a liability for closure and post-closure care of landfill sites must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability is to be recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted future cash flows associated with the required closure and post-closure care.

The First Nation operates and manages a landfill site. The requirements for closure and post-closure care of the landfill site are determined on the basis of environmental laws that the First Nation is subject to.

The Manitoba Environmental Protection Act sets out regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping and ongoing environmental monitoring, sit inspection and maintenance. However, generally speaking, provincial environmental law does not apply to existing landfill sites on First Nation reserve land.

The Indian Reserve Waste Disposal Regulations of the Indian Act applies on First Nation land, and does not indicate any closure or post-closure requirements for landfill sites.

Therefore, no liability for landfill site closure and post-closure costs has been recorded in these financial statements.

21. DEFINED CONTRIBUTION PENSION PLAN

The First Nation has a defined contribution pension plan covering its full time employees. The First Nation remits its pension liabilities on a monthly basis. At year end the remittances were in arrears; however, were paid in full subsequent to year end.

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the year ended March 31, 2015

Cost	Land	Buildings	Vehicles	Equipment	Infrastructure	Houses	Totals	
							2015	2014
Opening costs	\$ 728,200	11,786,551	746,319	385,132	8,078,589	12,877,686	\$ 34,602,477	\$ 34,860,257
Additions during the year			16,000	5,845			21,845	156,645
Disposals								
Impairment								(414,425)
Closing costs	728,200	11,786,551	762,319	390,977	8,078,589	12,877,686	34,624,322	34,602,477
Accumulated Amortization								
Opening accum'd amortization		4,488,892	479,493	92,603	3,910,167	8,443,710	17,414,865	16,473,476
Amortization		471,016	75,432	27,031	201,964	328,825	1,104,268	1,157,579
Disposals and write downs								(216,190)
Closing accum'd amortization		4,959,908	554,925	119,634	4,112,131	8,772,535	18,519,133	17,414,865
Net Book Value of Tangible Capital Assets	\$ 728,200	6,826,643	207,394	271,343	3,966,458	4,105,151	\$ 16,105,189	\$ 17,187,612

BIRDTAIL SIOUX FIRST NATION

SCHEDULE 2 - CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

For the year ended March 31, 2015

	2015	2014
Amortization	\$ 1,104,268	\$ 1,157,579
Bad debts	35,048	173,757
Bank charges and interest	32,100	50,677
Community events	72,496	85,632
Consulting	78,296	43,970
General Store cost of sales	170,096	374,131
Debt retirement charges	139,060	
Groceries	5,558	12,874
Honorariums	248,714	246,958
Insurance	334,645	352,729
Interest on long-term debt	175,848	173,778
Internet	6,216	3,579
Janitorial services	25,297	38,546
Legal fees	43,413	524,732
Management fees	37,250	73,114
Memberships and dues	2,587	591
Office	31,923	34,693
Other	39,937	57,589
Postage	847	488
Professional fees	216,216	163,728
Program expense	492	1,942
Property tax	117,235	92,675
Rent	2,102	2,586
Repairs and maintenance	558,949	557,818
Salaries and benefits	1,343,185	1,317,532
Social assistance	1,350,290	1,433,679
Special needs	38,505	42,545
Supplies	52,725	40,588
Telephone	54,553	67,630
Training	12,542	8,440
Travel	125,574	127,304
Utilities	115,788	123,747
Vehicle	24,902	27,787
Workshops	32,196	26,228
	<u>\$ 6,628,853</u>	<u>\$ 7,439,646</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 3 - CONSOLIDATED SUMMARY OF SEGMENT OPERATIONS
For the year ended March 31, 2015

	Revenue and other items	Expenses	2015 Surplus (Deficit)	2014 Surplus (Deficit)
Segments (Schedules 4 to 12)				
Health	\$ 1,104,928	\$ 1,151,520	\$ (46,592)	\$ 73,390
Economic Development	147,037	135,426	11,611	3,659
Governance	437,533	1,535,944	(1,098,411)	(1,057,898)
Social Assistance	1,160,073	1,388,795	(228,722)	(93,460)
Infrastructure	741,700	711,770	29,930	57,629
Economic Enterprises	265,102	452,624	(187,522)	(316,592)
Off-Reserve Housing	721,280	461,071	260,209	2,193,373
Subsidized Housing	475,268	682,503	(207,235)	(414,666)
Other	266,573	109,200	157,373	21,419
Total	\$ 5,319,494	\$ 6,628,853	\$ (1,309,359)	\$ 466,854

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 4 - CONSOLIDATED SCHEDULE OF HEALTH OPERATIONS
 For the year ended March 31, 2015

	2015	2014
REVENUE		
First Nations and Inuit Health	\$ 979,826	\$ 972,827
Other	85,336	39,150
Aboriginal Affairs and Northern Development Canada	60,271	46,271
First Nations and Inuit Health funding recoveries	(20,505)	
	<u>1,104,928</u>	<u>1,058,248</u>
EXPENSES		
Bank charges and interest	930	811
Community events	49,122	67,376
Groceries	5,383	12,422
Insurance	19,288	24,581
Internet	719	899
Janitorial services	25,297	38,546
Office	22,473	21,437
Other	11,552	5,828
Postage	318	105
Professional fees	934	2,585
Program expense	492	1,942
Rent	2,102	2,248
Repairs and maintenance	25,201	18,721
Salaries and benefits	742,012	606,973
Supplies	49,571	37,215
Telephone	9,846	10,412
Training	12,542	8,440
Travel	59,206	48,774
Utilities	57,434	21,528
Vehicle	24,902	27,787
Workshops	32,196	26,228
	<u>1,151,520</u>	<u>984,858</u>
ANNUAL SURPLUS (DEFICIT)	<u>\$ (46,592)</u>	<u>\$ 73,390</u>

BIRDTAIL SIOUX FIRST NATION

SCHEDULE 5 - CONSOLIDATED SCHEDULE OF ECONOMIC DEVELOPMENT OPERATIONS

For the year ended March 31, 2015

	2015	2014
REVENUE		
First Peoples Development Inc.	\$ 122,815	\$ 108,866
Aboriginal Affairs and Northern Development Canada	<u>24,222</u>	<u>27,828</u>
	<u>147,037</u>	<u>136,694</u>
EXPENSES		
Community events	18,903	7,303
Repairs and maintenance	3,479	4,903
Salaries and benefits	<u>113,044</u>	<u>120,829</u>
	<u>135,426</u>	<u>133,035</u>
ANNUAL SURPLUS	<u>\$ 11,611</u>	<u>\$ 3,659</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 6 - CONSOLIDATED SCHEDULE OF GOVERNANCE OPERATIONS
For the year ended March 31, 2015

	2015	2014
REVENUE		
Aboriginal Affairs and Northern Development Canada	\$ 462,534	\$ 431,470
Aboriginal Affairs and Northern Development Canada funding recoveries	(25,001)	
	<u>437,533</u>	<u>431,470</u>
EXPENSES		
Amortization	746,984	739,779
Bank charges and interest	24,881	33,249
Consulting fees	43,500	
Debt retirement charges	46,060	
Honorariums	237,539	234,808
Insurance	22,646	17,635
Internet	5,497	2,680
Memberships and dues	2,587	591
Office	7,735	8,141
Other	17,347	50,283
Postage	529	383
Professional fees	103,402	60,000
Repairs and maintenance	11,594	12,661
Salaries and benefits	162,409	208,363
Telephone	38,218	44,042
Travel	65,016	76,753
	<u>1,535,944</u>	<u>1,489,368</u>
ANNUAL DEFICIT	<u>\$ (1,098,411)</u>	<u>\$ (1,057,898)</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 7 - CONSOLIDATED SCHEDULE OF SOCIAL ASSISTANCE OPERATIONS
 For the year ended March 31, 2015

	2015	2014
REVENUE		
Aboriginal Affairs and Northern Development Canada	\$ 1,385,394	\$ 1,410,987
Aboriginal Affairs and Northern Development Canada funding recoveries	(225,321)	(28,223)
	<u>1,160,073</u>	<u>1,382,764</u>
EXPENSES		
Social assistance	1,350,290	1,433,679
Special needs	38,505	42,545
	<u>1,388,795</u>	<u>1,476,224</u>
ANNUAL DEFICIT	<u>\$ (228,722)</u>	<u>\$ (93,460)</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 8 - CONSOLIDATED SCHEDULE OF INFRASTRUCTURE OPERATIONS
 For the year ended March 31, 2015

	2015	2014
REVENUE		
Aboriginal Affairs and Northern Development Canada	\$ 769,624	\$ 670,478
Revenue deferred to subsequent year	(27,924)	
	<u>741,700</u>	<u>670,478</u>
EXPENSES		
Community events	4,471	10,953
Consulting	31,811	39,461
Honorariums	11,175	12,150
Insurance	32,312	33,910
Professional fees	61,200	49,943
Rent		338
Repairs and maintenance	339,536	201,534
Salaries and benefits	191,229	206,469
Supplies	3,154	3,373
Telephone	3,842	9,213
Travel	998	1,722
Utilities	32,042	43,783
	<u>711,770</u>	<u>612,849</u>
ANNUAL SURPLUS	<u>\$ 29,930</u>	<u>\$ 57,629</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 9 - CONSOLIDATED SCHEDULE OF ECONOMIC ENTERPRISES OPERATIONS
 For the year ended March 31, 2015

	2015	2014
REVENUE		
Recovery of expenses	\$ 150,226	\$
General Store sales	91,409	459,596
Provincial tax rebates	21,970	71,438
Interest	1,497	1,214
	<u>265,102</u>	<u>532,248</u>
EXPENSES		
Amortization	28,459	40,554
Bank charges and interest	5,730	15,781
General Store cost of sales	170,096	374,131
Debt retirement charges	93,000	
Insurance	12,748	13,644
Interest on long-term debt	28,551	62,810
Office	1,529	3,121
Professional fees	23,180	15,200
Repairs and maintenance	2,885	1,895
Salaries and benefits	61,177	110,043
Telephone	2,647	3,963
Utilities	22,622	9,463
	<u>452,624</u>	<u>650,605</u>
DEFICIT BEFORE OTHER ITEMS	<u>(187,522)</u>	<u>(118,357)</u>
OTHER ITEMS		
Impairment of tangible capital assets		(198,235)
ANNUAL DEFICIT	<u>\$ (187,522)</u>	<u>\$ (316,592)</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 10 - CONSOLIDATED SCHEDULE OF OFF-RESERVE HOUSING OPERATIONS
For the year ended March 31, 2015

	2015	2014
REVENUE		
Rent	\$ 404,280	\$ 432,260
EXPENSES		
Amortization	83,824	87,317
Bad debt	14,384	
Bank charges and interest	104	113
Insurance	23,845	33,425
Interest on long-term debt	75,944	36,999
Legal fees	43,413	524,732
Management fees	37,250	73,114
Property tax	117,235	92,675
Repairs and maintenance	62,351	77,787
Utilities	2,721	46,819
	<u>461,071</u>	<u>972,981</u>
DEFICIT BEFORE OTHER ITEMS	<u>(56,791)</u>	<u>(540,721)</u>
OTHER ITEMS		
Contributed houses		2,734,094
House sales	317,000	
	<u>317,000</u>	<u>2,734,094</u>
ANNUAL SURPLUS	<u>\$ 260,209</u>	<u>\$ 2,193,373</u>

BIRDTAIL SIOUX FIRST NATION

SCHEDULE 11 - CONSOLIDATED SCHEDULE OF SUBSIDIZED HOUSING OPERATIONS

For the year ended March 31, 2015

	2015	2014
REVENUE		
Canada Mortgage and Housing Corporation subsidy	\$ 257,168	\$ 271,931
Rent	<u>218,100</u>	<u>186,761</u>
	<u>475,268</u>	<u>458,692</u>
EXPENSES		
Amortization	245,002	289,929
Insurance	223,195	228,315
Interest on long-term debt	71,353	73,969
Office	456	723
Professional fees	25,000	36,000
Repairs and maintenance	93,739	224,422
Salaries and benefits	<u>23,758</u>	<u>20,000</u>
	<u>682,503</u>	<u>873,358</u>
ANNUAL DEFICIT	<u>\$ (207,235)</u>	<u>\$ (414,666)</u>

BIRDTAIL SIOUX FIRST NATION
SCHEDULE 12 - CONSOLIDATED SCHEDULE OF OTHER OPERATIONS
 For the year ended March 31, 2015

	2015	2014
REVENUE		
Other	\$ 192,613	\$ 166,129
First Peoples Development Inc.	71,710	76,258
Rent	2,250	5,400
Revenue deferred in prior year		124,603
Revenue deferred to subsequent year		(104,603)
	<u>266,573</u>	<u>267,787</u>
EXPENSES		
Bad debt	31,328	173,757
Consulting	2,985	4,509
Groceries	175	452
Insurance	610	1,219
Office	187	1,994
Other	374	1,477
Repairs and maintenance	20,163	15,895
Salaries and benefits	52,054	44,856
Travel	355	55
Utilities	969	2,154
	<u>109,200</u>	<u>246,368</u>
ANNUAL SURPLUS	<u>\$ 157,373</u>	<u>\$ 21,419</u>