

Birdtail Sioux First Nation
Consolidated Financial Statements
March 31, 2016

Birdtail Sioux First Nation

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For the year ended March 31, 2016

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Management's Responsibility

To the Members of Birdtail Sioux First Nation:

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

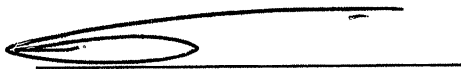
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting 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 consolidated 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.

The 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.

MNP LLP, an independent firm of Chartered Professional 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 the Chief and Council and management to discuss their audit findings.

September 12, 2016



Finance Manager

Independent Auditors' Report

To the Members of Birdtail Sioux First Nation:

We were engaged to audit the accompanying consolidated financial statements of Birdtail Sioux First Nation which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, including supporting schedules.

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 financial statements based on conducting the audit in accordance with Canadian generally accepted auditing standards. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

We were unable to gain sufficient, appropriate audit evidence concerning the March 31, 2015 balances in the consolidated statement of financial position.

As a result of this matter, we were unable to determine whether any adjustments might have been found necessary with respect to the elements making up the consolidated statements of operations, changes in accumulated surplus, changes in net debt and cash flows.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements.

Other Matter

The prior year comparative figures were audited by another firm of Chartered Professional Accountants which expressed a qualified opinion in their report dated February 16, 2016. The basis for the qualified opinion pertained to a lack of sufficient, appropriate audit evidence regarding the completeness of sales revenue, the carrying value of tangible capital assets (off-reserve houses), gain on sale of tangible capital assets, amortization expense and accumulated surplus, beginning and end of year. The qualification was also based on the fact that the March 31, 2015 consolidated financial statements were devoid of required presentation of a comparison of the results for the accounting period with those originally planned.

Subsequent to the release of the March 31, 2015 auditors' report, management obtained certain information with respect to particular areas surrounding the qualification. The March 31, 2016 consolidated financial statements incorporate a correction of an error, as explained in Note 16. The prior year comparative figures are restated with respect to the carrying value of tangible capital assets (off-reserve houses) as at March 31, 2015, and the gain on sale of tangible capital assets and amortization expense for the year then ended and accumulated surplus, beginning and end of year.

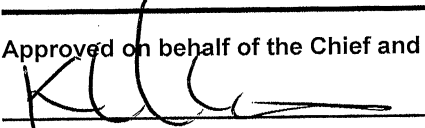


Winnipeg, Manitoba

September 12, 2016

MNP LLP

Chartered Professional Accountants

Birdtail Sioux First Nation
Consolidated Statement of Financial Position
As at March 31, 2016

	2016	2015 (Restated)
Financial assets		
Cash and cash equivalents	164,381	329,908
Accounts receivable (Note 3)	201,572	112,344
Restricted cash (Note 4)	40,736	40,736
	406,689	482,988
Liabilities		
Bank indebtedness (Note 5)	51,000	-
Accounts payable and accruals (Note 6)	986,536	1,182,056
Deferred revenue (Note 7)	97,262	27,924
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 Indigenous and Northern Affairs Canada (Note 10)	871,447	978,447
Long-term debt (Note 11)	4,170,388	4,612,728
	6,770,678	7,395,200
Net debt	(6,363,989)	(6,912,212)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	16,713,638	18,385,260
Prepaid expenses	-	18,020
	16,713,638	18,403,280
Accumulated surplus (Note 13)	10,349,649	11,491,068
Approved on behalf of the Chief and Council		
 Chief		Councillor
 Councillor		Councillor

Birdtail Sioux First Nation

Consolidated Statement of Operations

For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015 (Restated)</i>
Revenue				
Indigenous and Northern Affairs Canada (Note 14)		2,534,202	2,437,697	2,702,046
First Nations and Inuit Health (Note 15)		951,220	914,742	979,826
Other revenue		1,025,372	563,279	451,641
Rental income		320,400	499,980	624,630
Canada Mortgage and Housing Corporation		295,526	247,029	257,168
First Peoples Development Inc.		194,525	194,525	194,525
Gas bar sales		-	-	91,410
Revenue deferred in prior period (Note 7)		-	27,924	-
Revenue deferred to subsequent year (Note 7)		-	(97,262)	(27,924)
Indigenous and Northern Affairs Canada funding recoveries		-	-	(250,322)
First Nations and Inuit Health funding recoveries		-	(4,726)	(20,505)
		5,321,245	4,783,188	5,002,495
Segment expenses				
Health	4	949,631	834,468	1,151,520
Economic Development	5	194,815	140,931	196,626
Governance	6	847,942	1,199,137	1,535,945
Social Assistance	7	1,436,123	1,294,418	1,388,795
Infrastructure	8	673,292	554,387	650,570
Economic Enterprises	9	-	52,900	452,624
Off-Reserve Housing	10	-	640,750	554,078
Subsidized Housing	11	284,946	490,781	682,503
Other	12	73,757	400,301	109,200
Total segment expenses (Schedule 2)		4,460,506	5,608,073	6,721,861
Surplus (deficit) before gain (loss) on sale of houses		860,739	(824,885)	(1,719,366)
Gain (loss) on sale of houses		-	(316,534)	147,397
Surplus (deficit)		860,739	(1,141,419)	(1,571,969)

The accompanying notes are an integral part of these consolidated financial statements

Birdtail Sioux First Nation
Consolidated Statement of Changes in Accumulated Surplus
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	9,210,998	10,520,356
Correction of an error <i>(Note 16)</i>	2,280,070	2,542,681
Accumulated surplus, beginning of year, as restated	11,491,068	13,063,037
Surplus (deficit)	(1,141,419)	(1,571,969)
Accumulated surplus, end of year	10,349,649	11,491,068

The accompanying notes are an integral part of these consolidated financial statements

Birdtail Sioux First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2016

	2016 <i>Budget</i>	2016	2015 <i>(Restated)</i>
Annual surplus (deficit)	860,739	(1,141,419)	(1,571,969)
Purchases of tangible capital assets	-	-	(21,845)
Amortization of tangible capital assets	-	853,231	1,197,275
Disposal of tangible capital assets	-	818,391	169,603
Acquisition of prepaid expenses	-	-	(18,020)
Consumption of supplies inventories	-	-	16,133
Use of prepaid expenses	-	18,020	-
Decrease (increase) in net debt	860,739	548,223	(228,823)
Net debt, beginning of year	(6,912,212)	(6,912,212)	(6,683,389)
Net debt, end of year	(6,051,473)	(6,363,989)	(6,912,212)

The accompanying notes are an integral part of these consolidated financial statements

Birdtail Sioux First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	4,656,297	4,851,194
Cash paid to suppliers	(3,482,430)	(3,596,841)
Cash paid to employees	(1,318,122)	(1,135,164)
Interest on long-term debt	(131,789)	(175,848)
	(276,044)	(56,659)
Financing activities		
Repayment of long-term debt	(442,340)	(421,868)
Receipt of bank indebtedness	51,000	-
Repayments of bank indebtedness	-	(19,948)
	(391,340)	(441,816)
Capital activities		
Purchases of tangible capital assets	-	(21,845)
Proceeds on disposal of tangible capital assets	501,857	317,000
	501,857	295,155
Decrease in cash resources	(165,527)	(203,320)
Cash resources, beginning of year	329,908	533,228
Cash resources, end of year	164,381	329,908

The accompanying notes are an integral part of these consolidated financial statements

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. Significant accounting policies

These consolidated 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 consolidated

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
- Birdtail Sioux First Nation Health 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 and cash equivalents

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.

Funds held in Ottawa Trust Fund

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

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

2. Significant accounting policies *(Continued from previous page)*

Net debt

The First Nation's consolidated 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 assets 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 assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized using methods and rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the rates below:

	Method	Rate
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 as 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 consolidated statement of operations in the year in which the asset becomes impaired.

Revenue recognition

Government transfer revenue which includes Indigenous and Northern Affairs Canada, First Nations and Inuit Health, Canada Mortgage and Housing Corporation, and First Peoples Development Inc. is recognized as the funding becomes receivable under the terms of applicable funding agreements. 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 was 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.

All other types of revenue are recognized by the First Nation when the services are provided or the goods are shipped and collection is reasonably assured.

2. Significant accounting policies *(Continued from previous page)*

Employee future benefits

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

Measurement uncertainty

The preparation of consolidated 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 consolidated 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 related 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.

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

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 Indigenous and Northern Affairs 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.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2016.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Recent accounting pronouncements

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation has not yet determined the effect of these new standards on its consolidated financial statements.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

2. Significant accounting policies *(Continued from previous page)*

Segments

During the year, management changed its accounting policy with respect to segments, now identifying nine segments, which are different than those reported on its previously issued consolidated financial statements. 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 reported 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 band 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 or 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 and 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.

3. Accounts receivable

	2016	2015
First Peoples Development Inc.	97,262	-
CMHC subsidy assistance receivable	28,089	20,937
Indigenous and Northern Affairs Canada, per confirmation	49,720	6,150
Other	252,806	316,335
Allowance for doubtful accounts	(226,305)	(231,078)
	201,572	112,344

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

4. Restricted cash

Restricted cash represents amounts held in Ottawa Trust funds.

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 moneys 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 (2016 - lease revenue of \$0) (2015 - \$0)
Revenue trust	\$2,039 (2016 - lease revenue of \$0 and interest revenue of \$0) (2015 - lease revenue of \$640 and interest revenue of \$2,325)

5. Bank indebtedness

Birdtail Sioux First Nation has an available operating line of credit, secured by a general security agreement, with a financial institution to a maximum of \$75,000 (2015 - \$75,000). Interest on this line of credit is charged at a rate of prime (2.7%) plus 2%.

6. Accounts payable and accruals

	2016	2015
Payroll remittances	73,413	61,775
Other	885,910	1,043,718
Due to First Nations and Inuit Health	27,213	76,563
	986,536	1,182,056

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

7. Deferred revenue

	2016	2015
Indigenous and Northern Affairs Canada	-	27,924
First Peoples Development Inc.	97,262	-
	97,262	27,924

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 a 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 (the "Asset") for which the required payment as outlined in the purchase agreement was not provided to 2992770 Manitoba Ltd. (the "Vendor"). The purchase agreement with the Vendor indicates that the Vendor will remain the legal owner of the property until the purchase amount has been settled. The Vendor is claiming that, since the First Nation took possession of the Asset and handled it in a manner not consistent with the terms of the agreement, the First Nation should be required to pay the Vendor for the Asset in accordance with the terms outlined in the agreement, including accrued interest at prime plus 3.5%

The First Nation no longer holds possession of the Asset, and as explained in the Agreement, never became the legal owner of the property. Amounts that the Vendor is claiming are due are unsecured and the First Nation has not agreed with the Vendor regarding amounts owing or any terms of repayment. The First Nation asserts that the terms of interest and repayment outlined in the agreement are not applicable, since the First Nation did not become the legal owner of the Asset.

The likely outcome of this disagreement is not determinable at this time.

10. Due to Indigenous and Northern Affairs Canada

Amounts due to Indigenous and Northern Affairs Canada ("INAC") relate to funding that INAC has deemed to have not been spent on eligible expenditures. Future repayments will be in accordance with funding decisions of INAC.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

11. Long-term debt

	2016	2015
Royal Bank of Canada, payments of \$1,904 per month including interest at 5.25%, secured by off-reserve housing, maturing March 2025.	278,346	286,141
Royal Bank of Canada, repayable in monthly principal instalments of \$2,533 including interest at 5.25% , secured secured by off-reserve housing, maturing March 2017.	241,690	258,715
Royal Bank of Canada, payments of \$3,722 including interest at 5.07%, secured by off-reserve housing, maturing March 2032.	496,939	515,940
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.	115,362	211,260
Peace Hills Trust, payments of \$3,590 per month including interest at 3.70%, maturing February 2018, secured by a Ministerial guarantee for an eighteen-unit rental housing project and an assignment of fire insurance.	79,923	122,608
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 an eight-unit rental housing project and an assignment of fire insurance.	106,915	145,856
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.	117,175	146,673
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.	177,895	190,267
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.	170,172	181,386
CMHC loan, payments of \$1,475 per month including interest at 1.08%, maturing June 2030, with a scheduled renewal date of August 2020, secured by a Ministerial guarantee for a five-unit rental housing project and an assignment of fire insurance.	229,933	244,739
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.	390,406	411,815
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.	391,345	412,566
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.	283,998	297,467
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.	357,649	370,773

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

11. Long-term debt *(Continued from previous page)*

	2016	2015
First Peoples Economic Growth Fund, repayable in monthly instalments of \$5,412 including interest at 6%, secured by a general security agreement, maturing August 2022.	474,562	474,562
Royal Bank of Canada, payments of \$3,184 per month including interest at 4.75%, secured by general security agreement, maturing April 2017.	43,606	78,883
Royal Bank of Canada loan repaid during the year.	-	28,022
Sensus Partnership of Chartered Accountants, fees due for outstanding audit and consulting fees, repayable in monthly instalments of \$3,082 plus interest at 7.25%, maturing December 2022.	214,472	235,055
	4,170,388	4,612,728

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2017	415,000
2018	338,000
2019	276,000
2020	252,000
2021	229,000
	1,510,000

12. Contingencies

Funding recoveries

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2016 might be recovered by these agencies.

Liability for landfill site

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.

Birdtail Sioux 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, site 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 consolidated financial statements.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

13. Accumulated surplus

	2016	2015 (Restated)
Operating accumulated deficit	(2,592,537)	(2,674,337)
Invested in tangible capital assets	12,607,783	13,892,925
Ottawa Trust	40,736	40,736
CMHC replacement reserve required amount	293,667	231,744
	10,349,649	11,491,068

14. Indigenous and Northern Affairs Canada revenue reconciliation

	2016	2015
Indigenous and Northern Affairs Canada per confirmation	2,437,697	2,702,046
Indigenous and Northern Affairs Canada per financial statements	2,437,697	2,702,046

15. First Nations and Inuit Health revenue reconciliation

	2016	2015
First Nations and Inuit Health per confirmation	914,742	979,826
First Nations and Inuit Health per financial statements	914,742	979,826

16. Correction of an error

During the year, management obtained information regarding the fair values associated with off-reserve houses that were contributed to the First Nation in prior years. Fair values during the year of contribution were determined by way of market value assessments.

The values of the houses had not previously been recognized in the consolidated financial statements. The prior year comparative figures have been restated in order to correctly record the cost of the houses and the related accumulated amortization and accumulated surplus as at March 31, 2015. The consolidated financial statements also restate the amortization expense, gain on sale of houses, and the accumulated surplus, beginning of year for the year ended March 31, 2015 as recorded in the consolidated statements of operations and accumulated surplus.

The restatements to the comparative figures as at March 31, 2015 and for the year then ended are as follows:

	<i>As previously stated</i>	<i>Correction</i>	<i>As restated</i>
Tangible capital assets	16,105,189	2,280,071	18,385,260
Amortization of tangible capital assets	1,104,268	93,007	1,197,275
Gain on sale of houses	317,000	(169,603)	147,397
Accumulated surplus, beginning of year	10,520,356	2,542,681	13,063,037
Accumulated surplus, end of year	9,210,998	2,280,070	11,491,068

17. CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been 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 the 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 for the replacement reserve which represented an unfunded amount of \$293,667 (2015 - \$231,744).

18. Related party transactions

During the year, the First Nation paid accounting and consulting fees of \$36,000 (2015 - \$0) to the Dakota Ojibway Tribal Council ("DOTC"). DOTC is a not-for-profit organization jointly controlled by six First Nations, including the Birdtail Sioux First Nation.

The First Nation paid management fees to Dakota Ojibway Tribal Council Housing Authority Inc. ("DOTCHA") in the amount of \$36,182 (2015 - \$37,250) in exchange for property management services for houses owned on off-reserve urban land. DOTCHA is a not-for-profit organization jointly controlled by six First Nations, including the Birdtail Sioux First Nation.

This 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.

19. Economic dependence

Birdtail Sioux First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC"), and First Nations and Inuit Health ("FNIH") as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC 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.

20. First Nations Financial Transparency Act

The First Nation was required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2016. As the audit report is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not been determined.

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 and remittances were current at year end.

22. Budget

The budget presented in the financial statements agrees to the budgeted plans submitted to INAC as part of the First Nation's March 31, 2016 management action plan. The budgeted amount for other revenue includes loan financing. The budgeted amounts for segment expenses does not include amortization expense.

23. Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.

Birdtail Sioux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	1,207,440	11,786,551	762,319	390,977	8,078,589	22,225,876
Acquisition of tangible capital assets	-	-	-	-	-	-
Disposal of tangible capital assets	(181,060)	-	-	-	-	(181,060)
Balance, end of year	1,026,380	11,786,551	762,319	390,977	8,078,589	22,044,816
Accumulated amortization						
Balance, beginning of year	-	4,959,908	554,925	119,634	4,112,131	9,746,598
Annual amortization	-	273,065	41,479	27,156	158,659	500,359
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	-	5,232,973	596,404	146,790	4,270,790	10,246,957
Net book value of tangible capital assets	1,026,380	6,553,578	165,915	244,187	3,807,799	11,797,859
2015 Net book value of tangible capital assets (Restated)	1,207,440	6,826,643	207,394	271,343	3,966,458	12,479,278

Birdtail Sioux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>Houses</i>	<i>2016</i>	<i>2015</i>
				<i>(Restated)</i>
Cost				
Balance, beginning of year	22,225,876	14,794,646	37,020,522	37,175,377
Acquisition of tangible capital assets	-	-	-	21,845
Disposal of tangible capital assets	(181,060)	(724,240)	(905,300)	(176,700)
Balance, end of year	22,044,816	14,070,406	36,115,222	37,020,522
Accumulated amortization				
Balance, beginning of year	9,746,598	8,888,664	18,635,262	17,445,085
Annual amortization	500,359	352,872	853,231	1,197,275
Accumulated amortization on disposals	-	(86,909)	(86,909)	(7,098)
Balance, end of year	10,246,957	9,154,627	19,401,584	18,635,262
Net book value of tangible capital assets	11,797,859	4,915,779	16,713,638	18,385,260
2015 Net book value of tangible capital assets (Restated)	12,479,278	5,905,982	18,385,260	

Birdtail Sioux First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016	2015 <i>(Restated)</i>
Consolidated expenses by object		
Amortization	853,231	1,197,275
Bad debts	121,029	45,712
Bank charges and interest	26,512	32,100
Community events	69,626	72,496
Debt retirement charges	-	139,060
General store cost of sales	-	170,096
Honourariums	281,823	248,714
Insurance	297,646	334,645
Interest on long-term debt	131,789	175,848
Management fees <i>(Note 18)</i>	36,182	37,250
Office	37,713	85,842
Professional fees	341,361	335,425
Property tax	109,738	117,235
Rent	-	2,102
Repairs and maintenance	315,045	558,949
Salaries and benefits	1,318,122	1,345,683
Social assistance	1,355,581	1,388,795
Supplies	30,365	58,283
Telephone	54,731	77,397
Travel	160,875	150,478
Utilities	39,597	115,788
Workshops	27,107	32,688
	5,608,073	6,721,861

Birdtail Sioux First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Operations

For the year ended March 31, 2016

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2016 Surplus (Deficit)</i>	<i>2015 Surplus (Deficit) (Restated)</i>
Segments (Schedules 4 to 12)					
Health	4	910,016	834,468	75,548	(131,928)
Economic Development	5	102,546	140,931	(38,385)	(49,589)
Governance	6	407,403	1,199,137	(791,734)	(1,098,412)
Social Assistance	7	1,294,418	1,294,418	-	(228,722)
Infrastructure	8	644,097	554,387	89,710	91,130
Economic Enterprises	9	951	52,900	(51,949)	(187,521)
Off-Reserve Housing	10	129	640,750	(640,621)	(2,401)
Subsidized Housing	11	428,646	490,781	(62,135)	(207,235)
Other	12	678,448	400,301	278,147	242,709
Total		4,466,654	5,608,073	(1,141,419)	(1,571,969)

Birdtail Sioux First Nation
Health
Schedule 4 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
First Nations and Inuit Health	914,742	979,826
Indigenous and Northern Affairs Canada	-	60,271
First Nations and Inuit Health funding recoveries	(4,726)	(20,505)
	910,016	1,019,592
Expenses		
Bank charges and interest	3,852	930
Community events	52,821	49,122
Insurance	26,463	19,288
Office	20,870	72,901
Professional fees	-	934
Rent	-	2,102
Repairs and maintenance	27,662	25,201
Salaries and benefits	607,768	742,012
Supplies	22,251	54,954
Telephone	4,085	9,846
Travel	37,782	84,108
Utilities	7,332	57,434
Workshops	23,582	32,688
	834,468	1,151,520
Surplus (deficit)	75,548	(131,928)

Birdtail Sioux First Nation
Economic Development
Schedule 5 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
First Peoples Development Inc.	122,815	122,815
Indigenous and Northern Affairs Canada	76,993	24,222
Revenue deferred to subsequent year	(97,262)	-
	102,546	147,037
Expenses		
Community events	16,805	18,903
Professional fees	88,000	61,200
Repairs and maintenance	-	3,479
Salaries and benefits	36,126	113,044
	140,931	196,626
Deficit	(38,385)	(49,589)

Birdtail Sioux First Nation
Governance
Schedule 6 - Segment Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	407,403	462,535
Indigenous and Northern Affairs Canada funding recoveries	-	(25,001)
	407,403	437,534
Expenses		
Amortization	476,008	746,984
Bad debts	70,000	-
Bank charges and interest	21,854	24,881
Debt retirement charges	-	46,060
Honourariums	270,223	237,539
Insurance	1,635	22,646
Interest on long-term debt	1,465	-
Office	11,271	10,852
Professional fees	-	146,902
Repairs and maintenance	13,738	11,594
Salaries and benefits	274,582	162,410
Telephone	48,012	61,062
Travel	6,824	65,016
Workshops	3,525	-
	1,199,137	1,535,946
Deficit	(791,734)	(1,098,412)

Birdtail Sioux First Nation
Social Assistance
Schedule 7 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	1,294,418	1,385,394
INAC funding recoveries	-	(225,321)
	1,294,418	1,160,073
Expenses		
Social assistance	1,294,418	1,388,795
Surplus (deficit)	-	(228,722)

Birdtail Sioux First Nation
Infrastructure
Schedule 8 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Indigenous and Northern Affairs Canada	616,173	769,624
Revenue deferred in prior period	27,924	-
Revenue deferred to subsequent year	-	(27,924)
	644,097	741,700
Expenses		
Community events	-	4,471
Honourariums	11,600	11,175
Insurance	19,039	32,312
Professional fees	-	31,811
Repairs and maintenance	210,661	339,536
Salaries and benefits	280,148	191,229
Supplies	7,334	3,154
Telephone	2,634	3,842
Travel	125	998
Utilities	22,846	32,042
	554,387	650,570
Surplus	89,710	91,130

Birdtail Sioux First Nation
Economic Enterprises
Schedule 9 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Other revenue	951	173,693
Gas bar sales	-	91,410
	951	265,103
Expenses		
Amortization	24,350	28,459
Bank charges and interest	24	5,730
Debt retirement charges	-	93,000
General store cost of sales	-	170,096
Insurance	-	12,748
Interest on long-term debt	28,526	28,551
Office	-	1,529
Professional fees	-	23,180
Repairs and maintenance	-	2,885
Salaries and benefits	-	61,177
Telephone	-	2,647
Utilities	-	22,622
	52,900	452,624
Deficit	(51,949)	(187,521)

Birdtail Sioux First Nation
Off-Reserve Housing
Schedule 10 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015 (Restated)
Revenue		
Rental income	316,663	404,280
Expenses		
Amortization	171,176	176,831
Bad debts	51,029	14,384
Bank charges and interest	140	104
Insurance	27,940	23,845
Interest on long-term debt	54,084	75,944
Management fees	36,182	37,250
Professional fees	121,340	43,413
Property tax	109,738	117,235
Repairs and maintenance	61,239	62,351
Utilities	7,882	2,721
	640,750	554,078
Deficit before gain (loss) on sale of houses	(324,087)	(149,798)
Gain (loss) on sale of houses	(316,534)	147,397
Deficit	(640,621)	(2,401)

Birdtail Sioux First Nation
Subsidized Housing
Schedule 11 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Canada Mortgage and Housing Corporation subsidy	247,029	257,168
Rental income	181,617	218,100
	428,646	475,268
Expenses		
Amortization	181,696	245,002
Insurance	221,210	223,195
Interest on long-term debt	47,714	71,353
Printing, stationary and office supplies	642	456
Professional fees	16,800	25,000
Repairs and maintenance	-	93,739
Wages and benefits	22,719	23,758
	490,781	682,503
Deficit	(62,135)	(207,235)

Birdtail Sioux First Nation
Other
Schedule 12 - Schedule of Operations
For the year ended March 31, 2016

	2016	2015
Revenue		
Other revenue	562,328	277,949
First Peoples Development Inc.	71,710	71,710
Indigenous and Northern Affairs Canada	42,710	-
Rental income	1,700	2,250
	678,448	351,909
Expenses		
Bad debts	-	31,328
Insurance	1,359	610
Office	5,571	561
Professional fees	115,220	2,985
Repairs and maintenance	1,746	20,163
Salaries and benefits	96,779	52,054
Social assistance	61,163	-
Supplies	780	175
Travel	116,146	355
Utilities	1,537	969
	400,301	109,200
Surplus	278,147	242,709