

**Birdtail Sioux First Nation**  
**Consolidated Financial Statements**  
*March 31, 2017*

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## Management's Responsibility

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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.

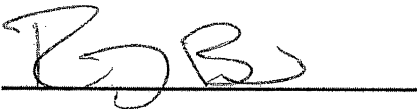
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting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

June 5, 2019



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## Independent Auditors' Report

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To the Members of Birdtail Sioux First Nation:

We have audited the accompanying consolidated financial statements of Birdtail Sioux First Nation which comprise the consolidated statement of financial position as at March 31, 2017 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 segment schedules of operations.

### *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. 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 entity'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 entity'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 audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Birdtail Sioux First Nation as at March 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

June 5, 2019

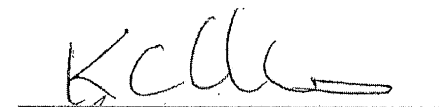
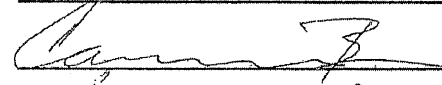
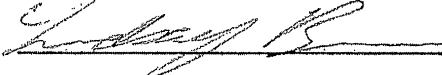
*MNP LLP*

Chartered Professional Accountants

**Birdtail Sioux First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2017*

	2017	2016
<b>Financial assets</b>		
Cash and cash equivalents	83,201	164,381
Accounts receivable (Note 3)	628,027	201,572
Restricted cash (Note 4)	42,367	40,736
Investment (Note 5)	510	-
	<b>754,105</b>	<b>406,689</b>
<b>Liabilities</b>		
Bank indebtedness (Note 6)	160,715	51,000
Accounts payable and accruals (Note 7)	1,070,482	981,810
Deferred revenue (Note 8)	143,245	101,988
Due to Summer Roads Development Group Ltd. (Note 9)	193,545	193,545
Due to 2992770 Manitoba Ltd. (Note 10)	400,500	400,500
Due to Indigenous Services Canada (Note 11)	838,603	871,447
Long-term debt (Note 12)	3,799,149	4,170,388
	<b>6,606,239</b>	<b>6,770,678</b>
<b>Net debt</b>	<b>(5,852,134)</b>	<b>(6,363,989)</b>
<b>Contingencies (Note 13)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	15,255,012	16,713,638
<b>Accumulated surplus (Note 14)</b>	<b>9,402,878</b>	<b>10,349,649</b>

Approved on behalf of the Chief and Council

 _____ Chief	_____ Councillor	_____ Councillor
 _____ Councillor	_____ Councillor	_____ Councillor
 _____ Councillor	_____ Councillor	_____ Councillor

# Birdtail Sioux First Nation

## Consolidated Statement of Operations

*For the year ended March 31, 2017*

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Revenue</b>				
Indigenous Services Canada (Note 15)		2,519,130	2,948,989	2,437,697
First Nations and Inuit Health (Note 16)		951,220	1,059,358	914,742
CMHC retrofit and rehabilitation funding		-	562,281	-
Rental income		320,400	460,136	499,980
Other revenue		1,222,605	380,363	563,279
Canada Mortgage and Housing Corporation (CMHC) subsidy		295,526	231,696	247,029
First Peoples Development Inc.		194,525	212,444	194,525
CMHC replacement reserve top up funding		-	61,772	-
Revenue deferred in prior period (Note 8)		-	101,988	27,924
Revenue deferred to subsequent year (Note 8)		-	(143,245)	(101,988)
Funding recoveries (Note 17)		-	(176,143)	-
		<b>5,503,406</b>	<b>5,699,639</b>	<b>4,783,188</b>
<b>Segment expenses</b>				
Health	4	949,631	810,394	834,468
Economic Development	5	199,808	205,249	140,931
Governance	6	700,965	1,096,971	1,199,137
Social Assistance	7	1,474,560	1,332,807	1,294,418
Infrastructure	8	759,089	1,330,867	554,387
Economic Enterprises	9	272,395	21,010	52,900
Off-Reserve Housing	10	-	492,409	640,750
Subsidized Housing	11	284,946	696,070	490,781
Other	12	73,757	401,705	400,301
<b>Total segment expenses (Schedule 2)</b>		<b>4,715,151</b>	<b>6,387,482</b>	<b>5,608,073</b>
<b>Surplus (deficit) before loss on sale of houses</b>		<b>788,255</b>	<b>(687,843)</b>	<b>(824,885)</b>
<b>Loss on sale of houses</b>		<b>-</b>	<b>(258,928)</b>	<b>(316,534)</b>
<b>Annual surplus (deficit)</b>		<b>788,255</b>	<b>(946,771)</b>	<b>(1,141,419)</b>

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, 2017*

	<b>2017</b>	<b>2016</b>
<b>Accumulated surplus, beginning of year</b>	<b>10,349,649</b>	11,491,068
<b>Annual deficit</b>	<b>(946,771)</b>	(1,141,419)
<b>Accumulated surplus, end of year</b>	<b>9,402,878</b>	10,349,649

**Birdtail Sioux First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2017*

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
<b>Annual surplus (deficit)</b>	<b>788,255</b>	<b>(946,771)</b>	<b>(1,141,419)</b>
Purchases of tangible capital assets	-	<b>(498,015)</b>	-
Amortization of tangible capital assets	-	<b>837,713</b>	853,231
Disposal of tangible capital assets	-	<b>1,118,928</b>	818,391
Use of prepaid expenses	-	-	18,020
<b>Decrease in net debt</b>	<b>788,255</b>	<b>511,855</b>	<b>548,223</b>
<b>Net debt, beginning of year</b>	<b>(6,363,989)</b>	<b>(6,363,989)</b>	<b>(6,912,212)</b>
<b>Net debt, end of year</b>	<b>(5,575,734)</b>	<b>(5,852,134)</b>	<b>(6,363,989)</b>

**Birdtail Sioux First Nation**  
**Consolidated Statement of Cash Flows**  
*For the year ended March 31, 2017*

	2017	2016
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	5,669,966	4,661,023
Cash paid to suppliers	(4,063,494)	(3,487,156)
Cash paid to employees	(1,252,876)	(1,318,122)
Interest on long-term debt	(144,727)	(131,789)
	208,869	(276,044)
<b>Financing activities</b>		
Repayment of long-term debt	(371,239)	(442,340)
Receipt of bank indebtedness	109,715	51,000
	(261,524)	(391,340)
<b>Capital activities</b>		
Purchases of tangible capital assets	(498,015)	-
Proceeds on disposal of tangible capital assets	470,000	501,857
	(28,015)	501,857
<b>Investing activities</b>		
Investment in Birdtail Oakland Limited Partnership	(510)	-
<b>Decrease in cash resources</b>	(81,180)	(165,527)
<b>Cash resources, beginning of year</b>	164,381	329,908
<b>Cash resources, end of year</b>	83,201	164,381

**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 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
- 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.

***Investment***

Investments in entities that are not controlled by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

***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:

	<b>Method</b>	<b>Rate</b>
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 Services 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 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 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.

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, investments, bank indebtedness, accounts payable and accruals, due to Summer Roads Development Group Ltd., due to 2992770 Manitoba Ltd., due to Indigenous Services 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, 2017.

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.

# Birdtail Sioux First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2017*

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

#### **Segments**

The First Nation conducts its operations through 9 reportable 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 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

	<b>2017</b>	<b>2016</b>
First Nations and Inuit Health	<b>119,993</b>	5,748
First Peoples Development Inc.	<b>3,798</b>	97,262
Proceeds from sale of houses	<b>390,000</b>	-
CMHC subsidy assistance receivable	<b>81,080</b>	28,089
Indigenous Services Canada, per confirmation	<b>24,014</b>	49,720
Other	<b>9,142</b>	20,753
	<b>628,027</b>	201,572

**Birdtail Sioux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**4. Restricted cash**

	<b>2017</b>	<b>2016</b>
Band Capital account	<b>38,697</b>	38,697
Band Revenue account	<b>3,670</b>	2,039
	<b>42,367</b>	40,736

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 Indigenous Services Canada, with the consent of the First Nation's Chief and Council.

Revenue earned in the Band Capital Account amounted to \$0 (2016 - \$0).

Revenue earned in the Revenue Account amounted to \$1,631 (2016 - \$0).

**5. Investment**

Investment represents 510 units in Birdtail Oakland Limited Partnership (the "Partnership"), purchased at \$510. The First Nation is a limited partner with no control over the entity and is entitled to 51% of the profits. There was limited activity in the Partnership as at March 31, 2017.

**6. Bank indebtedness**

	<b>2017</b>	<b>2016</b>
Available operating line of credit, secured by a general security agreement, with a financial institution to a maximum of \$75,000 (2016 - \$75,000). Interest on this line of credit was charged at a rate of prime (2.7%) plus 2% (4.70% as at March 31, 2017). The line of credit was closed on December 11, 2017	<b>74,000</b>	51,000
Cheques issued in excess of available balance	<b>38,985</b>	-
Other credit facility, bearing interest at a rate of prime (2.7%) plus 3% (5.70% as at March 31, 2017), repaid April 2017	<b>47,730</b>	-
	<b>160,715</b>	51,000

**Birdtail Sioux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**7. Accounts payable and accruals**

	2017	2016
Payroll remittances	-	73,413
Trade payables and accruals	<b>1,070,482</b>	908,397
	<b>1,070,482</b>	981,810

**8. Deferred revenue**

	2017	2016
Indigenous Services Canada	<b>22,280</b>	-
First Peoples Development Inc.	-	97,262
First Nations and Inuit Health	<b>120,965</b>	4,726
	<b>143,245</b>	101,988

**9. 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.

**10. 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.

**11. Due to Indigenous Services Canada**

Amounts due to Indigenous Services Canada ("ISC") relate to funding that ISC has deemed to have not been spent on eligible expenditures. Future repayments will be in accordance with funding decisions of ISC. On August 31, 2018, ISC provided the First Nation with a letter indicating forgiveness of \$499,392 of the outstanding amount owed to ISC.

**Birdtail Sioux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**12. Long-term debt**

	2017	2016
Royal Bank of Canada, payments of \$1,904 per month including interest at 5.25%, secured by off-reserve housing, maturing March 2025.	<b>266,082</b>	278,346
Royal Bank of Canada, repayable in monthly payments of \$2,533 including interest at 5.25%, secured by off-reserve housing, maturing November 2021.	<b>223,795</b>	241,690
Royal Bank of Canada, monthly payments of \$3,722 including interest at 5.07%, secured by off-reserve housing, maturing March 2032.	<b>477,237</b>	496,939
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.	<b>16,754</b>	115,362
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.	<b>38,964</b>	79,923
CMHC mortgage (Phase 7, Pre 1997), payments of \$3,430 per month including interest at 1.92%, maturing November 2018, with a scheduled renewal date of May 2017, secured by a Ministerial guarantee for an eight-unit rental housing project and an assignment of fire insurance. Subsequent to March 31, 2017, the mortgage was renewed with CMHC, with required payments of \$3,430 per month including interest at 1.50%, maturing November 2018.	<b>67,474</b>	106,915
Peace Hills Trust mortgage (Phase 8, Pre 1997), 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.	<b>88,859</b>	117,175
CMHC mortgage (Phase 1, Post 1996), 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. Subsequent to March 31, 2017, the mortgage was renewed with CMHC, with required payments \$1,326 per month including interest at 2.11%, with a scheduled renewal date of June 2019.	<b>165,597</b>	177,895
CMHC mortgage (Phase 2, Post 1996), 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.	<b>159,028</b>	170,172
CMHC mortgage (Phase 3, Post 1996), 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.	<b>214,634</b>	229,933
CMHC mortgage (Phase 4, Post 1996), 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. Subsequent to March 31, 2017, the mortgage was renewed with CMHC, with required payments of \$2,388 per month including interest at 2.49%, with a scheduled renewal date of May 2023, maturing July 2032.	<b>369,191</b>	390,406

**Birdtail Sioux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

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

CMHC mortgage (Phase 5, Post 1996), 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. Subsequent to March 31, 2017, the mortgage was renewed with CMHC, with required payments of \$2,388 per month including interest at 2.49%, with a scheduled renewal date of May 2023, maturing September 2032.	<b>370,322</b>	391,345
CMHC mortgage (Phase 6, Post 1996), 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. Subsequent to March 31, 2017, the mortgage was renewed with CMHC, with required payments of \$1,582 per month including interest at 2.08%, with a scheduled renewal date of June 2019.	<b>270,762</b>	283,998
CMHC mortgage (Phase 7, Post 1996), 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. Subsequent to March 31, 2017, the mortgage was renewed with CMHC, with required payments of \$1,608 per month including interest at 1.30%, with a scheduled renewal date of June 2022, maturing June 2037.	<b>343,438</b>	357,649
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.	<b>474,469</b>	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.	<b>6,684</b>	43,606
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.	<b>245,859</b>	214,472
	<b>3,799,149</b>	4,170,388

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:

2018	349,000
2019	289,000
2020	270,000
2021	251,000
2022	158,000
	<b>1,317,000</b>

**Birdtail Sioux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**13. 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, 2017 might be recovered by these agencies.

*Claim against the First Nation*

2992770 Manitoba Ltd. is claiming amounts owed against the First Nation in excess of the amount recorded as a liability as at March 31, 2017. The nature of this contingent liability is described in Note 10.

*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.

**14. Accumulated surplus**

	<b>2017</b>	<b>2016</b>
Operating accumulated deficit	<b>(2,496,613)</b>	(2,582,960)
Invested in tangible capital assets	<b>11,514,861</b>	12,607,783
Ottawa Trust (Note 4)	<b>42,367</b>	40,736
CMHC replacement reserve required amount (Note 18)	<b>342,263</b>	284,090
	<b>9,402,878</b>	10,349,649

**15. Indigenous Services Canada revenue reconciliation**

	<b>2017</b>	<b>2016</b>
Indigenous Services Canada per confirmation	<b>2,948,989</b>	2,437,697
Indigenous Services Canada per financial statements	<b>2,948,989</b>	2,437,697

**Birdtail Sioux First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2017*

**16. First Nations and Inuit Health revenue reconciliation**

	2017	2016
First Nations and Inuit Health per confirmation	1,059,358	914,742
First Nations and Inuit Health per financial statements	1,059,358	914,742

**17. Funding recoveries**

	2017	2016
First Peoples Development Inc. ( <i>Schedule 5</i> )	(97,262)	-
Indigenous Services Canada ( <i>Schedule 8</i> )	(78,881)	-
	(176,143)	-

**18. 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 \$342,263 (2016 - \$284,090).

**19. Related party transactions**

During the year, the First Nation paid accounting and consulting fees of \$0 (2016 - \$36,000) 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 \$28,472 (2016 - \$36,182) 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.

**20. Economic dependence**

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

**21. 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 ISC by July 29, 2017. 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.

**22. 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.

**23. Budget**

The budget presented in the financial statements agrees to the budgeted plans submitted to ISC as part of the First Nation's March 31, 2017 management action plan. The budgeted amount for other revenue includes loan financing. The budgeted amounts for segment expenses does not include amortization expense.

**24. 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, 2017*

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
<b>Cost</b>						
Balance, beginning of year	1,026,380	11,786,551	762,319	390,977	8,078,589	22,044,816
Acquisition of tangible capital assets	-	422,798	75,217	-	-	498,015
Disposal of tangible capital assets	(252,480)	-	-	-	-	(252,480)
Balance, end of year	773,900	12,209,349	837,536	390,977	8,078,589	22,290,351
<b>Accumulated amortization</b>						
Balance, beginning of year	-	5,232,973	596,404	146,790	4,270,790	10,246,957
Annual amortization	-	270,599	40,705	22,807	152,312	486,423
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	-	5,503,572	637,109	169,597	4,423,102	10,733,380
<b>Net book value of tangible capital assets</b>	<b>773,900</b>	<b>6,705,777</b>	<b>200,427</b>	<b>221,380</b>	<b>3,655,487</b>	<b>11,556,971</b>
2016 Net book value of tangible capital assets	1,026,380	6,553,578	165,915	244,187	3,807,799	11,797,859

**Birdtail Sioux First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2017*

	<i>Subtotal</i>	<i>Houses</i>	<i>2017</i>	<i>2016</i>
<b>Cost</b>				
Balance, beginning of year	22,044,816	14,070,406	36,115,222	37,020,522
Acquisition of tangible capital assets	498,015	-	498,015	-
Disposal of tangible capital assets	(252,480)	(1,009,917)	(1,262,397)	(905,300)
Balance, end of year	22,290,351	13,060,489	35,350,840	36,115,222
<b>Accumulated amortization</b>				
Balance, beginning of year	10,246,957	9,154,627	19,401,584	18,635,262
Annual amortization	486,423	351,290	837,713	853,231
Accumulated amortization on disposals	-	(143,469)	(143,469)	(86,909)
Balance, end of year	10,733,380	9,362,448	20,095,828	19,401,584
<b>Net book value of tangible capital assets</b>	<b>11,556,971</b>	<b>3,698,041</b>	<b>15,255,012</b>	<b>16,713,638</b>
2016 Net book value of tangible capital assets	11,797,859	4,915,779	16,713,638	

**Birdtail Sioux First Nation**  
**Schedule 2 - Consolidated Schedule of Expenses by Object**  
*For the year ended March 31, 2017*

	2017	2016
<b>Consolidated expenses by object</b>		
Amortization	837,713	853,231
Bad debts	6,985	121,029
Bank charges and interest	24,471	26,512
Community events	88,785	69,626
Honourariums	284,481	281,823
Insurance	291,317	284,528
Interest on long-term debt	144,727	131,789
Land designation	123,882	-
Management fees (Note 19)	28,472	36,182
Office	54,244	63,516
Professional fees	278,147	341,361
Property tax	65,146	109,738
Repairs and maintenance	1,140,689	315,045
Salaries and benefits	1,252,876	1,311,190
Social assistance	1,410,802	1,355,581
Supplies	67,297	30,365
Telephone	71,583	54,731
Travel	170,212	160,877
Utilities	26,614	39,597
Workshops	19,039	21,352
	<b>6,387,482</b>	<b>5,608,073</b>

# Birdtail Sioux First Nation

## Schedule 3 - Consolidated Summary Schedule of Segment Operations

*For the year ended March 31, 2017*

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2017 Surplus (Deficit)</i>	<i>2016 Surplus (Deficit)</i>
<b>Segments (Schedules 4 to 12)</b>					
Health	4	943,119	810,394	132,725	75,548
Economic Development	5	146,024	205,249	(59,225)	(38,385)
Governance	6	406,960	1,096,971	(690,011)	(791,734)
Social Assistance	7	1,313,249	1,332,807	(19,558)	-
Infrastructure	8	1,390,182	1,330,867	59,315	89,710
Economic Enterprises	9	847	21,010	(20,163)	(51,949)
Off-Reserve Housing	10	29,111	492,409	(463,298)	(640,621)
Subsidized Housing	11	738,516	696,070	42,446	(62,135)
Other	12	472,703	401,705	70,998	278,147
<b>Total</b>		<b>5,440,711</b>	<b>6,387,482</b>	<b>(946,771)</b>	<b>(1,141,419)</b>

**Birdtail Sioux First Nation**  
**Health**  
**Schedule 4 - Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
First Nations and Inuit Health	1,059,358	914,742
Revenue deferred in prior period	4,726	-
Revenue deferred to subsequent year	(120,965)	(4,726)
	<b>943,119</b>	<b>910,016</b>
<b>Expenses</b>		
Bank charges and interest	6,295	3,852
Community events	71,438	52,821
Insurance	13,221	26,463
Office	33,450	26,623
Repairs and maintenance	23,271	27,662
Salaries and benefits	553,451	607,768
Supplies	27,987	22,251
Telephone	11,650	4,085
Travel	41,192	37,782
Utilities	9,400	7,332
Workshops	19,039	17,829
	<b>810,394</b>	<b>834,468</b>
<b>Surplus</b>	<b>132,725</b>	<b>75,548</b>

**Birdtail Sioux First Nation**  
**Economic Development**  
**Schedule 5 - Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
First Peoples Development Inc.	146,024	122,815
Indigenous Services Canada	-	76,993
Revenue deferred in prior period	97,262	-
Revenue deferred to subsequent year	-	(97,262)
Funding recoveries	(97,262)	-
	146,024	102,546
<b>Expenses</b>		
Community events	17,347	16,805
Professional fees	48,315	88,000
Salaries and benefits	139,587	36,126
	205,249	140,931
<b>Deficit</b>	(59,225)	(38,385)

**Birdtail Sioux First Nation**  
**Governance**  
**Schedule 6 - Segment Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Indigenous Services Canada	406,960	407,403
<b>Expenses</b>		
Amortization	465,425	476,008
Bad debts	-	70,000
Bank charges and interest	17,011	21,854
Honourariums	275,431	270,223
Insurance	16,485	1,635
Interest on long-term debt	-	1,465
Office	12,574	18,203
Repairs and maintenance	-	13,738
Salaries and benefits	259,667	267,650
Telephone	46,908	48,012
Travel	3,470	6,824
Workshops	-	3,525
	1,096,971	1,199,137
<b>Deficit</b>	<b>(690,011)</b>	<b>(791,734)</b>

**Birdtail Sioux First Nation**  
**Social Assistance**  
**Schedule 7 - Schedule of Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Indigenous Services Canada	<b>1,313,249</b>	1,294,418
<b>Expenses</b>		
Social assistance	<b>1,332,807</b>	1,294,418
<b>Surplus (deficit)</b>	<b>(19,558)</b>	-

**Birdtail Sioux First Nation**  
**Infrastructure**  
**Schedule 8 - Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Indigenous Services Canada	1,190,343	616,173
CMHC retrofit and rehabilitation funding	278,720	-
Revenue deferred in prior period	-	27,924
Funding recoveries	(78,881)	-
	<b>1,390,182</b>	<b>644,097</b>
<b>Expenses</b>		
Honourariums	9,050	11,600
Insurance	93,734	5,921
Land designation	123,882	-
Office	-	13,118
Professional fees	42,051	-
Repairs and maintenance	791,994	210,661
Salaries and benefits	234,807	280,148
Supplies	28,371	7,334
Telephone	2,356	2,634
Travel	-	125
Utilities	4,622	22,846
	<b>1,330,867</b>	<b>554,387</b>
<b>Surplus</b>	<b>59,315</b>	<b>89,710</b>

**Birdtail Sioux First Nation**  
**Economic Enterprises**  
**Schedule 9 - Schedule of Operations**  
*For the year ended March 31, 2017*

	<b>2017</b>	<b>2016</b>
<b>Revenue</b>		
Other revenue	<b>847</b>	951
<b>Expenses</b>		
Amortization	<b>21,010</b>	24,350
Bank charges and interest	-	24
Interest on long-term debt	-	28,526
	<b>21,010</b>	52,900
<b>Deficit</b>	<b>(20,163)</b>	(51,949)

**Birdtail Sioux First Nation**  
**Off-Reserve Housing**  
**Schedule 10 - Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Rental income	288,039	316,663
<b>Expenses</b>		
Amortization	137,927	171,176
Bad debts	6,985	51,029
Bank charges and interest	203	140
Insurance	28,972	27,940
Interest on long-term debt	51,853	54,084
Management fees	28,472	36,182
Professional fees	132,063	121,340
Property tax	65,146	109,738
Repairs and maintenance	29,219	61,239
Utilities	11,569	7,882
	<b>492,409</b>	<b>640,750</b>
<b>Deficit before loss on sale of houses</b>	<b>(204,370)</b>	<b>(324,087)</b>
<b>Loss on sale of houses</b>	<b>(258,928)</b>	<b>(316,534)</b>
<b>Deficit</b>	<b>(463,298)</b>	<b>(640,621)</b>

**Birdtail Sioux First Nation**  
**Subsidized Housing**  
**Schedule 11 - Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Canada Mortgage and Housing Corporation subsidy	231,696	247,029
Rental income	161,487	181,617
CMHC retrofit and rehabilitation funding	283,561	-
CMHC replacement reserve top up funding	61,772	-
	<b>738,516</b>	<b>428,646</b>
<b>Expenses</b>		
Amortization	213,351	181,696
Bank charges and interest	962	642
Insurance	137,018	221,210
Interest on long-term debt	37,816	47,714
Professional fees	10,717	16,800
Repairs and maintenance	296,206	-
Salaries and benefits	-	22,719
	<b>696,070</b>	<b>490,781</b>
<b>Surplus (deficit)</b>	<b>42,446</b>	<b>(62,135)</b>

**Birdtail Sioux First Nation**  
**Other**  
**Schedule 12 - Schedule of Operations**  
*For the year ended March 31, 2017*

	2017	2016
<b>Revenue</b>		
Other revenue	379,516	562,328
First Peoples Development Inc.	66,420	71,710
Indigenous Services Canada	38,437	42,710
Rental income	10,610	1,700
Revenue deferred to subsequent year	(22,280)	-
	<b>472,703</b>	<b>678,448</b>
<b>Expenses</b>		
Insurance	1,887	1,359
Interest on long-term debt	55,058	-
Office	8,220	5,571
Professional fees	45,000	115,220
Repairs and maintenance	-	1,746
Salaries and benefits	65,364	96,779
Social assistance	77,995	61,163
Supplies	10,939	780
Telephone	10,669	-
Travel	125,550	116,146
Utilities	1,023	1,537
	<b>401,705</b>	<b>400,301</b>
<b>Surplus</b>	<b>70,998</b>	<b>278,147</b>