

Birdtail Sioux First Nation
Consolidated Financial Statements
March 31, 2018

Birdtail Sioux First Nation

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For the year ended March 31, 2018

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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 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.

August 7, 2019



Independent Auditors' Report

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, 2018 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, 2018 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

August 7, 2019


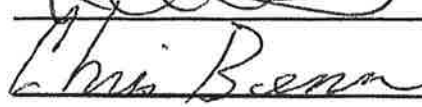
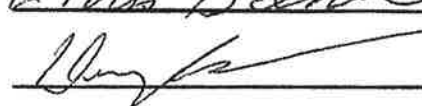
MNP LLP

Chartered Professional Accountants

Birdtail Sioux First Nation
Consolidated Statement of Financial Position
As at March 31, 2018

	2018	2017
Financial assets		
Cash and cash equivalents	584,869	83,201
Accounts receivable (Note 4)	415,010	628,027
Restricted cash (Note 5)	91,878	42,367
Portfolio investments (Note 6)	510	510
	1,092,267	754,105
Liabilities		
Bank indebtedness (Note 7)	1,328	160,715
Accounts payable and accruals	1,228,560	1,070,482
Due to corporate business partners (Note 8)	594,045	594,045
Deferred revenue (Note 9)	346,229	143,245
Due to Indigenous Services Canada (Note 10)	735,745	838,603
Long-term debt (Note 11)	3,522,776	3,799,149
	6,428,683	6,606,239
Net debt	(5,336,416)	(5,852,134)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	16,515,409	15,255,012
Prepaid expenses	9,638	-
Total non-financial assets	16,525,047	15,255,012
Accumulated surplus (Note 13)	11,188,631	9,402,878

Approved on behalf of the Chief and Council

 Chief
 Councillor
 Councillor

 Councillor
 Councillor
 Councillor

Birdtail Sioux First Nation

Consolidated Statement of Operations

For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Revenue				
Indigenous Services Canada (Note 14)		2,519,130	5,178,728	2,948,989
First Nations and Inuit Health (Note 14)		951,220	1,650,248	1,059,358
Rent		320,400	324,458	460,136
Other		1,128,590	523,776	380,363
Canada Mortgage and Housing Corporation		295,526	360,850	855,749
First Peoples Development Inc.		194,525	128,962	212,444
Revenue deferred in prior period		-	143,245	101,988
Revenue deferred to subsequent year		-	(346,229)	(143,245)
Funding recoveries		-	(14,500)	(176,143)
		5,409,391	7,949,538	5,699,639
Segment expenses				
Economic Enterprises	4	272,395	83,377	21,010
Economic Development	5	54,250	9,505	205,249
Governance	6	809,505	1,258,128	1,096,971
Health	7	949,631	1,208,786	810,395
Infrastructure	8	673,292	569,463	1,330,867
Off-Reserve Housing	9	-	396,989	492,409
Other	10	196,572	522,992	401,704
Social Assistance	11	1,474,560	1,389,257	1,332,807
Subsidized Housing	12	284,946	539,218	696,070
Total segment expenses (Schedule 2)		4,715,151	5,977,715	6,387,482
Surplus (deficit) before other expense		694,240	1,971,823	(687,843)
Loss on sale of tangible capital assets		-	(186,070)	(258,928)
Annual surplus (deficit)		694,240	1,785,753	(946,771)

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, 2018

	2018	2017
Accumulated surplus, beginning of year	9,402,878	10,349,649
Annual surplus (deficit)	1,785,753	(946,771)
Accumulated surplus, end of year	11,188,631	9,402,878

Birdtail Sioux First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2018

	<i>2018 Budget</i>	<i>2018</i>	<i>2017</i>
Annual surplus (deficit)	694,240	1,785,753	(946,771)
Purchases of tangible capital assets	-	(2,471,374)	(498,015)
Amortization of tangible capital assets	-	780,219	837,713
Proceeds of disposal of tangible capital assets	-	244,688	860,000
Loss on disposal of tangible capital assets	-	186,070	258,928
Increase in prepaid expenses	-	(9,638)	-
Decrease in net debt	694,240	515,718	511,855
Net debt, beginning of year	(5,852,134)	(5,852,134)	(6,363,989)
Net debt, end of year	(5,157,894)	(5,336,416)	(5,852,134)

Birdtail Sioux First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	8,213,170	5,279,966
Cash paid to suppliers	(3,708,159)	(4,063,494)
Cash paid to employees	(1,160,872)	(1,252,876)
Interest on long-term debt	(170,386)	(144,727)
Increase in prepaid expenses	(9,638)	-
	3,164,115	(181,131)
Financing activities		
Repayment of long-term debt	(276,373)	(371,239)
Change in bank indebtedness	(159,388)	109,715
	(435,761)	(261,524)
Capital activities		
Purchases of tangible capital assets	(2,471,374)	(498,015)
Proceeds of disposal of tangible capital assets	244,688	860,000
	(2,226,686)	361,985
Investing activities		
Investment in portfolio investments	-	(510)
Increase (decrease) in cash resources	501,668	(81,180)
Cash resources, beginning of year	83,201	164,381
Cash resources, end of year	584,869	83,201

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. Change of accounting policy

Effective April 1, 2017, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

3. 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.

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

Portfolio investments

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 monies consist of:

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

Net debt

The First Nation's 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	20%
Equipment	declining balance	20%
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.

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

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.

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.

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, portfolio investments, bank indebtedness, accounts payable and accruals, due to corporate business partners, 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, 2018.

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, 2018

3. 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:

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.

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.

Health

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

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.

Off-reserve Housing

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

Other

Activities include reporting transactions not included in the other segments.

Social Assistance

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

Subsidized Housing

Activities include provision of residential housing opportunities for community members.

4. Accounts receivable

	2018	2017
Receivable from sale of houses	233,904	390,000
Other	127,425	9,143
Indigenous Services Canada	30,579	24,014
First Nations and Inuit Health	-	119,992
Canada Mortgage and Housing Corporation subsidy assistance receivable	13,407	81,080
First Peoples Development Inc.	9,695	3,798
	415,010	628,027

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

5. Restricted cash

	2018	2017
Ottawa Trust Funds		
Band Capital account	63,717	38,697
Band Revenue account	6,540	3,670
	70,257	42,367
CMHC Replacement Reserve		
Bank account balance	21,621	-
	91,878	42,367

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 monies 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 \$25,020 (2017 - \$0).

Revenue earned in the Band Revenue account amounted to \$2,870 (2017 - \$1,631).

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 the CMHC requirements, as disclosed in Note 18.

6. Portfolio investments

The investment balance 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.

7. Bank indebtedness

	2018	2017
Operating line of credit, closed during the year	-	74,000
Cheques issued in excess of available balance	1,328	38,985
Bank overdraft	-	47,730
	1,328	160,715

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Due to corporate business partners

Gaming Centre

During the year ended March 31, 2008, a private company loaned money to the First Nation in order to facilitate the development of a gaming centre in Foxwarren, Manitoba. Amounts owed to the private company are unsecured, non-interest bearing and have no agreed upon terms of repayment.

Cattle and Farm Equipment

In addition, a previous corporate business partner (the "Vendor") is requesting payment from the First Nation. The Vendor is stating that 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 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.

9. Deferred revenue

	2018	2017
Indigenous Services Canada (Schedules 8 and 10)	272,390	22,280
First Nations Inuit Health (Schedule 7)	73,839	120,965
	346,229	143,245

10. 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, 2018

11. Long-term debt

	2018	2017
Royal Bank of Canada, payments of \$1,904 per month including interest at 5.25%, secured by off-reserve housing, maturing March 2025.	257,863	266,082
Royal Bank of Canada, repayable in monthly payments of \$2,533 including interest at 5.25%, secured by off-reserve housing, maturing November 2021.	207,034	223,795
Royal Bank of Canada, monthly payments of \$3,722 including interest at 5.07%, secured by off-reserve housing, maturing March 2032.	460,609	477,237
Mortgage loan, repaid during the year	-	16,754
Mortgage loan, repaid during the year	-	38,964
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 2018, secured by a Ministerial guarantee for an eight-unit rental housing project and an assignment of fire insurance. Subsequent to March 31, 2018, the mortgage was renewed with CMHC, with required payments of \$3,430 per month including interest at 1.50%, maturing November 2018.	27,157	67,474
Peace Hills Trust mortgage (Phase 8, Pre 1997), payments of \$2,671 per month including interest at 3.70%, maturing February 2020, secured by a Ministerial guarantee for a ten-unit rental housing project and an assignment of fire insurance.	59,480	88,859
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, 2018, 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.	153,032	165,597
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.	147,674	159,028
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.	199,165	214,634
CMHC mortgage (Phase 4, Post 1996), payments of \$2,402 per month including interest at 2.49%, with a scheduled renewal date of May 2023, maturing July 2032, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	347,645	369,191

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

	2018	2017
CMHC mortgage (Phase 5, Post 1996), payments of \$2,388 per month including interest at 2.49%, with a scheduled renewal date of May 2023, maturing September 2032, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	348,970	370,322
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, 2018, the mortgage was renewed with CMHC, with required payments \$1,582 per month including interest at 2.08%, with a scheduled renewal date of June 2019.	257,245	270,762
CMHC mortgage (Phase 7, Post 1996), payments of \$1,608 per month including interest at 1.30%, with a scheduled renewal date of June 2022, maturing June 2037, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	328,626	343,438
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.	460,886	474,469
Mortgage loan, repaid during the year	-	6,684
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.	267,390	245,859
	3,522,776	3,799,149

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:

2019	278,000
2020	258,000
2021	237,000
2022	247,000
2023	256,000

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, 2018 might be recovered by these agencies.

Claim against the First Nation

A corporate entity is claiming amounts owed against the First Nation in excess of the amount recorded as a liability as at March 31, 2018. The nature of this contingent liability is described in Note 8.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

13. Accumulated surplus

	2018	2017
Operating accumulated deficit	(2,458,253)	(2,497,235)
Invested in tangible capital assets	13,260,022	11,514,861
Ottawa Trust	70,257	42,367
CMHC replacement reserve required amount	316,605	342,885
	11,188,631	9,402,878

14. Indigenous Services Canada and First Nations and Inuit Health revenue reconciliation

The amounts recognized as revenue from Indigenous Services Canada and First Nations and Inuit Health agree to the confirmed amounts from these federal departments of the Government of Canada.

15. Related party transactions

The First Nation paid management fees to Dakota Ojibway Tribal Council Housing Authority Inc. ("DOTCHA") in the amount of \$17,370 (2017 - \$28,472) 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.

16. 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.

17. 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.

18. Compliance with laws and regulations

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, 2018. The First Nation was delayed in finalizing these consolidated financial statements due to problems with accounting and computer systems, including software. Since the audit report date is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined. The First Nation fully intends to post its consolidated financial statements on a website upon release of these consolidated financial statements.

The Manitoba Environmental Protection Act

The Manitoba Environmental Protection Act sets out the 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. As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is 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 closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these financial statements.

CMHC replacement reserve

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 the replacement reserve bank account was underfunded by an amount of \$294,984 (2017 - \$342,885).

19. Budget

The budget presented in the financial statements agrees to the budgeted plans submitted to Indigenous Services Canada as part of the First Nation's March 31, 2018 management action plan. The budgeted amount for other revenue includes loan financing. The budgeted amounts for segment expenses do not include amortization expense.

20. 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, 2018

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	773,900	12,209,349	878,600	349,923	8,078,589	22,290,361
Acquisition of tangible capital assets	-	2,269,514	201,860	-	-	2,471,374
Disposal of tangible capital assets	(101,000)	(82,000)	-	-	-	(183,000)
Balance, end of year	672,900	14,396,863	1,080,460	349,923	8,078,589	24,578,735
Accumulated amortization						
Balance, beginning of year	-	5,503,582	663,100	143,606	4,423,101	10,733,389
Annual amortization	-	313,620	63,285	16,275	146,220	539,400
Accumulated amortization on disposals	-	(21,837)	-	-	-	(21,837)
Balance, end of year	-	5,795,365	726,385	159,881	4,569,321	11,250,952
Net book value of tangible capital assets	672,900	8,601,498	354,075	190,042	3,509,268	13,327,783
2017 Net book value of tangible capital assets	773,900	6,705,767	215,500	206,317	3,655,488	11,556,972

Birdtail Sioux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Subtotal</i>	<i>Houses</i>	<i>2018</i>	<i>2017</i>
Cost				
Balance, beginning of year	22,290,361	13,060,479	35,350,840	36,115,222
Acquisition of tangible capital assets	2,471,374	-	2,471,374	498,015
Disposal of tangible capital assets	(183,000)	(339,648)	(522,648)	(1,262,397)
Balance, end of year	24,578,735	12,720,831	37,299,566	35,350,840
Accumulated amortization				
Balance, beginning of year	10,733,389	9,362,439	20,095,828	19,401,584
Annual amortization	539,400	240,819	780,219	837,713
Accumulated amortization on disposals	(21,837)	(70,053)	(91,890)	(143,469)
Balance, end of year	11,250,952	9,533,205	20,784,157	20,095,828
Net book value of tangible capital assets	13,327,783	3,187,626	16,515,409	15,255,012
2017 Net book value of tangible capital assets	11,556,972	3,698,040	15,255,012	

Birdtail Sioux First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2018

	2018	2017
Consolidated expenses by object		
Amortization	780,219	837,713
Bad debts	32,463	6,985
Bank charges and interest	20,589	20,068
Community events	191,967	71,438
Honourariums	296,126	284,481
Insurance	291,510	291,317
Interest on long-term debt	170,386	214,792
Land designation	-	123,882
Management fees (Note 15)	17,370	28,472
Office	69,379	54,244
Professional fees	300,288	229,832
Property tax	44,181	65,146
Repairs and maintenance	563,141	1,119,917
Salaries and benefits	1,160,872	1,240,562
Social assistance	1,389,657	1,333,107
Special projects	50,802	77,695
Supplies	100,458	81,598
Telephone	136,974	71,583
Travel	253,677	198,396
Utilities	52,330	17,214
Workshops	55,326	19,040
	5,977,715	6,387,482

Birdtail Sioux First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Operations

For the year ended March 31, 2018

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2018 Surplus (Deficit)</i>	<i>2017 Surplus (Deficit)</i>
Segments					
Economic Enterprises	4	(80,497)	83,377	(163,874)	(20,163)
Economic Development	5	88,288	9,505	78,783	(59,225)
Governance	6	852,873	1,258,128	(405,255)	(690,011)
Health	7	1,729,539	1,208,786	520,753	132,724
Infrastructure	8	2,636,062	569,463	2,066,599	59,315
Off-Reserve Housing	9	58,365	396,989	(338,624)	(463,298)
Other	10	498,609	522,992	(24,383)	70,999
Social Assistance	11	1,364,690	1,389,257	(24,567)	(19,558)
Subsidized Housing	12	515,539	539,218	(23,679)	42,446
Total		7,663,468	5,977,715	1,685,753	(946,771)

Birdtail Sioux First Nation
Economic Enterprises
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Other revenue	665	847
Expenses		
Amortization	18,259	21,010
Bank charges and interest	39	-
Insurance	13,931	-
Professional fees	3,100	-
Repairs and maintenance	41,113	-
Utilities	6,935	-
	83,377	21,010
Deficit before other expenses	(82,712)	(20,163)
Loss on disposal of tangible capital assets	(81,162)	-
Deficit	(163,874)	(20,163)

Birdtail Sioux First Nation
Economic Development
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
First Peoples Development Inc.	58,360	146,024
Indigenous Services Canada	29,928	-
Revenue deferred in prior period	-	97,262
Funding recoveries	-	(97,262)
	88,288	146,024
Expenses		
Interest on long-term debt	-	65,662
Salaries and benefits	9,505	139,587
	9,505	205,249
Surplus (deficit)	78,783	(59,225)

Birdtail Sioux First Nation
Governance
Schedule 6 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	867,373	406,960
Funding recoveries	(14,500)	-
	852,873	406,960
Expenses		
Amortization	521,141	465,425
Bad debts	32,463	-
Bank charges and interest	14,927	12,608
Honourariums	285,626	275,431
Insurance	41,695	16,485
Interest on long-term debt	4,361	4,403
Office	5,683	12,574
Repairs and maintenance	36,518	-
Salaries and benefits	227,501	247,354
Telephone	73,176	46,908
Travel	8,014	15,783
Workshops	7,023	-
	1,258,128	1,096,971
Deficit	(405,255)	(690,011)

**Birdtail Sioux First Nation
Health**

Schedule 7 - Consolidated Schedule of Segment Operations

For the year ended March 31, 2018

	2018	2017
Revenue		
First Nations and Inuit Health	1,650,248	1,059,358
Other revenue	32,165	-
Revenue deferred in prior period	120,965	4,726
Revenue deferred to subsequent year	(73,839)	(120,965)
	1,729,539	943,119
Expenses		
Bank charges and interest	4,030	6,295
Community events	178,557	71,438
Insurance	19,847	13,221
Office	47,490	33,450
Repairs and maintenance	8,567	2,499
Salaries and benefits	690,390	553,451
Supplies	79,458	42,289
Telephone	49,069	11,650
Travel	90,565	57,063
Workshops	40,813	19,039
	1,208,786	810,395
Surplus	520,753	132,724

Birdtail Sioux First Nation
Infrastructure
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	2,859,003	1,190,343
Canada Mortgage and Housing Corporation	-	278,720
Other revenue	10,000	-
Funding recoveries	-	(78,881)
Revenue deferred to subsequent year	(232,941)	-
	2,636,062	1,390,182
Expenses		
Honourariums	10,500	9,050
Insurance	27,568	93,734
Land designation	-	123,882
Office	10,666	-
Professional fees	130,950	42,051
Repairs and maintenance	192,399	791,994
Salaries and benefits	132,002	234,807
Supplies	21,000	28,371
Telephone	2,146	2,356
Travel	1,276	-
Utilities	33,466	4,622
Workshops	7,490	-
	569,463	1,330,867
Surplus	2,066,599	59,315

Birdtail Sioux First Nation
Off-Reserve Housing
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Rent	163,273	288,039
Expenses		
Amortization	97,530	137,927
Bad debts	-	6,985
Bank charges and interest	39	203
Insurance	17,436	28,972
Interest on long-term debt	48,760	51,853
Management fees	17,370	28,472
Professional fees	131,887	132,063
Property tax	44,181	65,146
Repairs and maintenance	30,073	29,219
Utilities	9,713	11,569
	396,989	492,409
Deficit before loss on sale of houses	(233,716)	(204,370)
Loss on sale of tangible capital assets	(104,908)	(258,928)
Deficit	(338,624)	(463,298)

Birdtail Sioux First Nation
Other
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Other revenue	380,942	379,516
First Peoples Development Inc.	70,602	66,420
Indigenous Services Canada	57,734	38,437
Rental income	6,500	10,610
Revenue deferred in prior period	22,280	-
Revenue deferred to subsequent year	(39,449)	(22,280)
	498,609	472,703
Expenses		
Community events	13,410	-
Insurance	2,321	1,887
Interest on long-term debt	83,905	55,058
Office	5,540	8,220
Professional fees	18,346	45,000
Repairs and maintenance	78,173	-
Salaries and benefits	101,474	65,363
Social assistance	400	300
Special projects	50,802	77,695
Supplies	-	10,939
Telephone	12,583	10,669
Travel	153,822	125,550
Utilities	2,216	1,023
	522,992	401,704
Surplus (deficit)	(24,383)	70,999

Birdtail Sioux First Nation
Social Assistance
Schedule 11 - Consolidated Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Indigenous Services Canada	1,364,690	1,313,249
Expenses		
Social assistance	1,389,257	1,332,807
Deficit	(24,567)	(19,558)

Birdtail Sioux First Nation
Subsidized Housing
Schedule 12 - Consolidated Schedule of Operations
For the year ended March 31, 2018

	2018	2017
Revenue		
Canada Mortgage and Housing Corporation subsidy	360,850	577,029
Rental income	154,685	161,487
Other revenue	4	-
	515,539	738,516
Expenses		
Amortization	143,289	213,351
Bank charges and interest	1,554	962
Insurance	168,712	137,018
Interest on long-term debt	33,360	37,816
Professional fees	16,005	10,717
Repairs and maintenance	176,298	296,206
	539,218	696,070
Surplus (deficit)	(23,679)	42,446