

Birdtail Sioux First Nation
Consolidated Financial Statements
March 31, 2019

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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.

November 27, 2019



Independent Auditor's Report

To the Members of Birdtail Sioux First Nation:

Opinion

We have audited the financial statements of Birdtail Sioux First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Winnipeg, Manitoba

November 27, 2019

MNP LLP

Chartered Professional Accountants

MNP

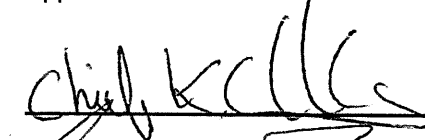

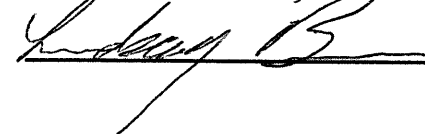
Birdtail Sioux First Nation

Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
Financial assets		
Cash	1,185,994	584,869
Accounts receivable (Note 4)	536,768	415,010
Restricted cash (Note 5)	74,620	91,878
Portfolio investments (Note 6)	510	510
	1,797,892	1,092,267
Liabilities		
Bank indebtedness (Note 7)	-	1,328
Accounts payable and accruals	502,588	1,228,560
Due to corporate business partners (Note 8)	1,015,114	861,435
Deferred revenue (Note 9)	34,485	346,229
Due to Indigenous Services Canada (Note 10)	401,413	735,745
Long-term debt (Note 11)	2,342,741	3,255,386
	4,296,341	6,428,683
Net debt	(2,498,449)	(5,336,416)
Contingencies (Note 12)		
Non-financial assets		
Tangible capital assets (Schedule 1)	15,093,584	16,515,409
Prepaid expenses	4,345	9,638
Total non-financial assets	15,097,929	16,525,047
Accumulated surplus (Note 13)	12,599,480	11,188,631




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, 2019

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Revenue				
Indigenous Services Canada (ISC) (Note 14)		2,519,130	3,475,437	5,178,728
First Nations and Inuit Health (Note 14)		951,220	1,691,491	1,650,248
Rent		320,400	182,643	324,458
Other		1,090,081	2,527,236	523,776
Canada Mortgage and Housing Corporation		295,526	238,444	360,850
First Peoples Development Inc.		194,525	209,880	128,962
Revenue deferred in prior period (Note 9)		-	346,229	143,245
Revenue deferred to subsequent year (Note 9)		-	(34,485)	(346,229)
Funding recoveries		-	(332,663)	(14,500)
		5,370,882	8,304,212	7,949,538
Segment expenses				
Economic Enterprises	4	272,395	20,252	83,377
Economic Development	5	177,065	349,205	9,505
Governance	6	809,505	1,220,219	1,258,128
Health	7	949,631	1,601,531	1,208,786
Infrastructure	8	457,112	1,136,380	569,463
Off-Reserve Housing	9	-	350,342	396,989
Other	10	73,757	1,075,701	522,992
Social Assistance	11	1,474,560	1,397,609	1,389,257
Subsidized Housing	12	501,126	382,223	539,218
Total segment expenses (Schedule 2)		4,715,151	7,533,462	5,977,715
Surplus before other items		655,731	770,750	1,971,823
Other items				
Gain (loss) on sale of tangible capital assets		-	81,760	(186,070)
Gain on portfolio investment		-	66,300	-
Corporate income tax		-	(7,353)	-
Indigenous Services Canada debt forgiveness (Note 10)		-	499,392	-
		-	640,099	(186,070)
Annual surplus		655,731	1,410,849	1,785,753

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, 2019

	2019	2018
Accumulated surplus, beginning of year	11,188,631	9,402,878
Annual surplus	1,410,849	1,785,753
Accumulated surplus, end of year	12,599,480	11,188,631

Birdtail Sioux First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2019

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
Annual surplus (deficit)	655,731	1,410,849	1,785,753
Purchases of tangible capital assets	-	(642,808)	(2,471,374)
Amortization of tangible capital assets	-	820,393	780,219
Proceeds of disposal of tangible capital assets	-	1,326,000	244,688
Loss (gain) on disposal of tangible capital assets	-	(81,760)	186,070
Increase in prepaid expenses	-	(4,345)	(9,638)
Use of prepaid expenses	-	9,638	-
Decrease in net debt	655,731	2,837,967	515,718
Net debt, beginning of year	(5,336,416)	(5,336,416)	(5,852,134)
Net debt, end of year	(4,680,685)	(2,498,449)	(5,336,416)

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

Birdtail Sioux First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	8,035,770	8,262,681
Cash paid to suppliers	(5,661,382)	(3,717,797)
Cash paid to employees	(1,576,997)	(1,160,872)
Interest on long-term debt	(202,722)	(170,386)
	594,669	3,213,626
Financing activities		
Repayment of long-term debt	(912,645)	(276,373)
Change in bank indebtedness	(1,328)	(159,388)
Advances from corporate business partners	153,679	-
	(760,294)	(435,761)
Capital activities		
Purchases of tangible capital assets	(642,808)	(2,471,374)
Proceeds of disposal of tangible capital assets	1,326,000	244,688
	683,192	(2,226,686)
Investing activities		
Cash draws from investment	66,300	-
Decrease (increase) in restricted cash	17,258	(49,511)
	83,558	(49,511)
Increase in cash resources	601,125	501,668
Cash resources, beginning of year	584,869	83,201
Cash resources, end of year	1,185,994	584,869

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 in accounting policy

Effective April 1, 2018, the First Nation adopted the recommendations relating to the following sections, as set out in the Canadian public sector accounting standards.

- PS 3430 Restructuring Transactions

Pursuant to the recommendations, the change was applied retroactively, 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 consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

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

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, 2019.

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, 2019

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

	2019	2018
Indigenous Services Canada	346,600	30,579
Canada Mortgage and Housing Corporation	87,569	13,407
Loans to First Nation members, advances to employees, reimbursements, other	203,674	214,228
First Peoples Development Inc.	21,644	9,695
Receivable from sale of houses	17,237	233,904
Allowance for doubtful accounts	(139,956)	(86,803)
	536,768	415,010

The allowance for doubtful accounts pertains to loans to First Nation members and advances to employees.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

5. Restricted cash

	2019	2018
Ottawa Trust Funds		
Band Capital account	63,717	63,717
Band Revenue account	8,971	6,540
	72,688	70,257
CMHC Replacement Reserve		
Bank account balance	1,932	21,621
	74,620	91,878

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 \$nil (2018 - \$25,020).

Revenue earned in the Band Revenue account amounted to \$2,431 (2018 - \$2,870).

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 17.

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

Birdtail Sioux First Nation has an available operating line of credit, secured by a general security agreement, with a financial institution to a maximum of \$75,000 (2018 - \$75,000). Interest on this line of credit is charged at a rate of prime (3.95%) plus 3%.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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.

Professional Services

An amount is owed to a professional services firm which provided services to Birdtail Sioux First Nation in previous years. Amounts owed to the professional services firm are secured by an agreement dated May 15, 2017 and signed on October 3, 2018. The First Nation is in default of the repayment terms outlined in the agreement.

Cattle and Farm Equipment

A previous corporate business partner (the "Vendor") is requesting payment from the First Nation in accordance with an agreement dated May 31, 2017 and signed on October 3, 2018. The Vendor is stating that during the year ended March 31, 2009, the First Nation took possession of cattle and farm equipment for which the required payment as outlined in the purchase agreement was not provided to the Vendor. The First Nation is in default of the repayment terms outlined in the agreement.

9. Deferred revenue

	2019	2018
Indigenous Services Canada (Schedules 8 and 10)	-	272,390
First Nations Inuit Health (Schedule 7)	30,214	73,839
First Peoples Development Inc. (Schedule 5)	4,271	-
	34,485	346,229

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, 2019

11. Long-term debt

	2019	2018
Loan payable in monthly payments of \$1,904 including interest at 5.25%, secured by off-reserve housing, maturing March 2025.	143,857	257,863
Loan payable in monthly payments of \$2,533 including interest at 5.25%, secured by off-reserve housing, maturing November 2021.	36,814	207,034
Mortgage loan, repaid during the year.	-	460,609
Mortgage loan, repaid during the year.	-	27,157
Peace Hills Trust mortgage (Phase 8, Pre 1997), payments of \$2,671 per month including interest at 3.50%, maturing February 2020, secured by a Ministerial guarantee for a ten-unit rental housing project and an assignment of fire insurance.	28,942	59,480
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 May 2019, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	140,207	153,032
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.	136,118	147,674
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.	183,534	199,165
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.	326,952	347,645
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.	328,478	348,970
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 May 2019, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	243,455	257,245
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.	313,498	328,626
First Peoples Economic Growth Fund, repayable in monthly instalments of \$5,412 including interest at 6%, secured by a general security agreement, maturing November 2026.	460,886	460,886
	2,342,741	3,255,386

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

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:

2020	224,000
2021	178,000
2022	176,000
2023	182,000
2024	189,000

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, 2019 might be recovered by these agencies.

Claims against the First Nation

A corporate entity is claiming amounts owed to the company by the First Nation in excess of the amount recorded as a liability as at March 31, 2019. The nature of this contingent liability is described in Note 8.

A second corporation is claiming amounts owed to the company by the First Nation. It is unlikely that any amounts will be paid to the company as the First Nation does not believe there is evidence of services provided to the First Nation by the Company.

13. Accumulated surplus

	2019	2018
Operating accumulated deficit	(635,190)	(2,585,454)
Invested in tangible capital assets	12,750,843	13,260,023
Ottawa Trust	72,688	70,257
CMHC replacement reserve required amount	411,139	443,805
	12,599,480	11,188,631

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. 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.

16. 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.

17. 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, 2019. 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 \$409,207 (2018 - \$422,184).

18. 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, 2019 management action plan.

19. 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, 2019

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	672,900	14,396,863	1,080,460	349,923	8,078,589	24,578,735
Acquisition of tangible capital assets	-	558,284	84,524	-	-	642,808
Disposal of tangible capital assets	(385,300)	-	-	-	-	(385,300)
Balance, end of year	287,600	14,955,147	1,164,984	349,923	8,078,589	24,836,243
Accumulated amortization						
Balance, beginning of year	-	5,795,365	726,385	159,881	4,569,321	11,250,952
Annual amortization	-	355,226	79,266	14,018	140,372	588,882
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	-	6,150,591	805,651	173,899	4,709,693	11,839,834
Net book value of tangible capital assets	287,600	8,804,556	359,333	176,024	3,368,896	12,996,409
2018 Net book value of tangible capital assets	672,900	8,601,498	354,075	190,042	3,509,268	13,327,783

Birdtail Sioux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Houses</i>	<i>2019</i>	<i>2018</i>
Cost				
Balance, beginning of year	24,578,735	12,720,831	37,299,566	35,350,840
Acquisition of tangible capital assets	642,808	-	642,808	2,471,374
Disposal of tangible capital assets	(385,300)	(1,220,700)	(1,606,000)	(522,648)
Balance, end of year	24,836,243	11,500,131	36,336,374	37,299,566
Accumulated amortization				
Balance, beginning of year	11,250,952	9,533,205	20,784,157	20,095,828
Annual amortization	588,882	231,511	820,393	780,219
Accumulated amortization on disposals	-	(361,760)	(361,760)	(91,890)
Balance, end of year	11,839,834	9,402,956	21,242,790	20,784,157
Net book value of tangible capital assets	12,996,409	2,097,175	15,093,584	16,515,409
2018 Net book value of tangible capital assets	13,327,783	3,187,626	16,515,409	

Birdtail Sioux First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2019

	2019	2018
Consolidated expenses by object		
Amortization	820,393	780,219
Bad debts	53,453	32,463
Bank charges and interest	14,384	20,589
Community events	200,375	191,967
Honourariums	305,245	296,126
Insurance	244,544	291,510
Interest on long-term debt	202,722	170,386
Office	116,769	69,379
Professional fees	731,832	317,658
Property tax	36,353	44,181
Repairs and maintenance	513,496	563,141
Salaries and benefits	1,576,997	1,160,872
Social assistance	1,397,609	1,389,657
Special projects	190,227	50,802
Supplies	69,592	100,458
Telephone	113,645	136,974
Travel	522,320	253,677
Utilities	54,283	52,330
Workshops	369,223	55,326
	7,533,462	5,977,715

Birdtail Sioux First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Operations

For the year ended March 31, 2019

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2019 Surplus (Deficit)</i>	<i>2018 Surplus (Deficit)</i>
Segments					
Economic Enterprises	4	60,761	20,252	40,509	(163,874)
Economic Development	5	483,007	349,205	133,802	78,783
Governance	6	500,321	1,220,219	(719,898)	(405,255)
Health	7	1,653,666	1,601,531	52,135	520,753
Infrastructure	8	1,250,156	1,136,380	113,776	2,066,599
Off-Reserve Housing	9	148,659	350,342	(201,683)	(338,624)
Other	10	2,675,816	1,075,701	1,600,115	75,617
Social Assistance	11	1,877,069	1,397,609	479,460	(24,567)
Subsidized Housing	12	294,856	382,223	(87,367)	(23,679)
Total		8,944,311	7,533,462	1,410,849	1,785,753

Birdtail Sioux First Nation
Economic Enterprises
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Other revenue	1,814	665
Expenses		
Amortization	13,601	18,259
Bank charges and interest	51	39
Insurance	-	13,931
Professional fees	6,600	3,100
Repairs and maintenance	-	41,113
Utilities	-	6,935
	20,252	83,377
Deficit before other items	(18,438)	(82,712)
Other items		
Loss on disposal of tangible capital assets	-	(81,162)
Gain on portfolio investment	66,300	-
Corporate income tax	(7,353)	-
	58,947	(81,162)
Surplus (deficit)	40,509	(163,874)

Birdtail Sioux First Nation
Economic Development
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	355,633	29,928
First Peoples Development Inc.	131,645	58,360
Revenue deferred to subsequent year	(4,271)	-
	483,007	88,288
Expenses		
Repairs and maintenance	43,080	-
Salaries and benefits	74,095	9,505
Workshops	232,030	-
	349,205	9,505
Surplus	133,802	78,783

Birdtail Sioux First Nation
Governance
Schedule 6 - Consolidated Segment Schedule of Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	500,321	867,373
Funding recoveries	-	(14,500)
	500,321	852,873
Expenses		
Amortization	575,281	521,141
Bad debts	-	32,463
Bank charges and interest	9,915	14,927
Honourariums	292,530	285,626
Insurance	20,478	41,695
Interest on long-term debt	896	4,361
Office	14,617	5,683
Repairs and maintenance	12,187	36,518
Salaries and benefits	263,304	227,501
Telephone	24,618	73,176
Travel	6,393	8,014
Workshops	-	7,023
	1,220,219	1,258,128
Deficit	(719,898)	(405,255)

**Birdtail Sioux First Nation
Health**

Schedule 7 - Consolidated Schedule of Segment Operations

For the year ended March 31, 2019

	2019	2018
Revenue		
First Nations and Inuit Health	1,691,491	1,650,248
Other revenue	5,085	32,165
Revenue deferred in prior period	73,839	120,965
Revenue deferred to subsequent year	(30,214)	(73,839)
Funding recoveries	(86,535)	-
	1,653,666	1,729,539
Expenses		
Bank charges and interest	2,776	4,030
Community events	200,375	178,557
Insurance	12,195	19,847
Office	15,583	47,490
Professional fees	9,450	-
Repairs and maintenance	17,789	8,567
Salaries and benefits	906,802	690,390
Supplies	69,592	79,458
Telephone	75,407	49,069
Travel	145,450	90,565
Utilities	8,919	-
Workshops	137,193	40,813
	1,601,531	1,208,786
Surplus	52,135	520,753

Birdtail Sioux First Nation
Infrastructure
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	1,203,369	2,859,003
Canada Mortgage and Housing Corporation	59,974	-
Other revenue	-	10,000
Revenue deferred in prior period	232,941	-
Revenue deferred to subsequent year	-	(232,941)
Funding recoveries	(246,128)	-
	1,250,156	2,636,062
Expenses		
Honourariums	12,715	10,500
Insurance	49,651	27,568
Office	74,260	10,666
Professional fees	355,956	130,950
Repairs and maintenance	381,606	192,399
Salaries and benefits	221,153	132,002
Supplies	-	21,000
Telephone	2,545	2,146
Travel	2,760	1,276
Utilities	35,734	33,466
Workshops	-	7,490
	1,136,380	569,463
Surplus	113,776	2,066,599

Birdtail Sioux First Nation
Off-Reserve Housing
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Rent	66,899	163,273
Expenses		
Amortization	88,224	97,530
Bank charges and interest	26	39
Insurance	14,937	17,436
Interest on long-term debt	12,578	48,760
Professional fees	182,567	149,257
Property tax	36,353	44,181
Repairs and maintenance	8,497	30,073
Utilities	7,160	9,713
	350,342	396,989
Deficit before loss on sale of houses	(283,443)	(233,716)
Gain (loss) on sale of tangible capital assets	81,760	(104,908)
Deficit	(201,683)	(338,624)

Birdtail Sioux First Nation
Other
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Other revenue	2,519,695	480,942
First Peoples Development Inc.	78,235	70,602
Indigenous Services Canada	38,437	57,734
Rental income	-	6,500
Revenue deferred in prior period	39,449	22,280
Revenue deferred to subsequent year	-	(39,449)
	2,675,816	598,609
Expenses		
Bad debts	53,453	-
Community events	-	13,410
Insurance	1,955	2,321
Interest on long-term debt	154,272	83,905
Office	12,309	5,540
Professional fees	162,139	18,346
Repairs and maintenance	8,441	78,173
Salaries and benefits	111,643	101,474
Social assistance	-	400
Special projects	190,227	50,802
Telephone	11,075	12,583
Travel	367,717	153,822
Utilities	2,470	2,216
	1,075,701	522,992
Surplus	1,600,115	75,617

Birdtail Sioux First Nation
Social Assistance
Schedule 11 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Indigenous Services Canada	1,377,677	1,364,690
Expenses		
Social assistance	1,397,609	1,389,257
Deficit before other items	(19,932)	(24,567)
Other items		
Indigenous Services Canada debt forgiveness	499,392	-
Surplus (deficit)	479,460	(24,567)

Birdtail Sioux First Nation
Subsidized Housing
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2019

	2019	2018
Revenue		
Canada Mortgage and Housing Corporation	178,470	360,850
Rental income	115,744	154,685
Other revenue	642	4
	294,856	515,539
Expenses		
Amortization	143,287	143,289
Bank charges and interest	1,616	1,554
Insurance	145,328	168,712
Interest on long-term debt	34,976	33,360
Professional fees	15,120	16,005
Repairs and maintenance	41,896	176,298
	382,223	539,218
Deficit	(87,367)	(23,679)