

Birdtail Sioux First Nation
Consolidated Financial Statements
March 31, 2020

Birdtail Sioux First Nation

Contents

For the year ended March 31, 2020

	Page
Management's Responsibility	
Independent Auditor's Report	
Consolidated Financial Statements	
Consolidated Statement of Financial Position	1
Consolidated Statement of Operations.....	2
Consolidated Statement of Changes in Accumulated Surplus.....	3
Consolidated Statement of Changes in Net Debt.....	4
Consolidated Statement of Cash Flows.....	5
Notes to the Consolidated Financial Statements	6
Schedule 1 - Consolidated Schedule of Tangible Capital Assets.....	16
Schedule 2 - Consolidated Schedule of Expenses by Object.....	18
Schedule 3 - Consolidated Summary Schedule of Segment Operations.....	19
Schedule 4 - Governance	20
Schedule 5 - Infrastructure.....	21
Schedule 6 - Social Assistance.....	22
Schedule 7 - Health.....	23
Schedule 8 - Community Wellness.....	24
Schedule 9 - Land Management and Resource Development.....	25
Schedule 10 - Education.....	26
Schedule 11 - Employment, Training and Daycare.....	27
Schedule 12 - Subsidized Housing.....	28
Schedule 13 - Economic Enterprises.....	29
Schedule 14 - Other.....	30

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 Chief and Council.


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

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

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

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

September 28, 2020


Director of Operations

Independent Auditor's Report

To the Members of Birdtail Sioux First Nation:

Opinion

We have audited the consolidated financial statements of Birdtail Sioux First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, changes in accumulated surplus, changes in net debt and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and consolidated segment schedules of operations.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2020, and the results of its operations, changes in its 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 consolidated 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 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.

In preparing the consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated 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

September 28, 2020




MNP LLP

Chartered Professional Accountants

Birdtail Sioux First Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020	2019 (Restated)
Financial assets		
Cash and cash equivalents (Note 3)	1,007,076	1,185,994
Accounts receivable (Note 4)	925,307	536,768
Inventory	68,142	-
Restricted cash (Note 5)	75,700	74,620
Portfolio investments (Note 6)	510	510
	2,076,735	1,797,892
Liabilities		
Accounts payable and accruals	481,161	481,000
Deferred revenue (Note 7)	908,432	360,983
Note payable (Note 8)	193,545	228,545
Contingent liabilities (Note 9)	794,069	786,569
Due to Indigenous Services Canada (Note 10)	384,522	423,001
Long-term debt (Note 11)	2,015,705	2,342,741
	4,777,434	4,622,839
Net debt	(2,700,699)	(2,824,947)
Non-financial assets		
Tangible capital assets (Schedule 1)	14,770,804	15,093,584
Prepaid expenses	-	4,345
	14,770,804	15,097,929
Accumulated surplus (Note 12)	12,070,105	12,272,982


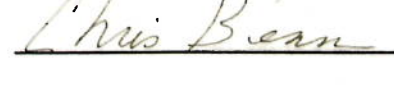

Approved on behalf of the Chief and Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Birdtail Sioux First Nation

Consolidated Statement of Operations

For the year ended March 31, 2020

	<i>Schedules</i>	<i>2020 Budget</i>	<i>2020</i>	<i>2019 (Restated)</i>
Revenue				
Indigenous Services Canada (Note 13)		5,350,028	6,271,419	5,166,929
Other revenue		2,562	1,348,550	2,237,340
First Peoples Development Inc.		176,406	252,025	209,880
Canada Mortgage and Housing Corporation		-	140,849	238,444
Rental income		-	124,501	177,104
Revenue deferred in prior period (Note 7)		-	360,983	466,294
Revenue deferred to subsequent year (Note 7)		-	(908,432)	(360,983)
Funding recoveries		-	(68,408)	(86,535)
		5,528,996	7,521,487	8,048,473
Segment expenses				
Governance	4	1,041,119	752,777	741,522
Infrastructure	5	1,527,783	1,398,269	1,258,031
Social Assistance	6	1,200,924	1,244,530	1,397,609
Health	7	-	1,960,391	1,601,531
Community Wellness	8	93,306	52,437	119,540
Land Management and Resource Development	9	14,106	96,106	201,092
Education	10	134,048	248,584	335,779
Employment, Training and Daycare	11	227,368	270,930	145,690
Subsidized Housing	12	-	288,015	382,223
Economic Enterprises	13	122,973	175,505	370,594
Other	14	155,481	1,270,900	937,898
Total segment expenses (Schedule 2)		4,517,108	7,758,444	7,491,509
Surplus (deficit) before other items		1,011,888	(236,957)	556,964
Other items				
Gain on sale of tangible capital assets		-	34,080	81,760
Gain on portfolio investment		-	-	66,300
Indigenous Services Canada debt forgiveness		-	-	499,392
		-	34,080	647,452
Surplus (deficit)		1,011,888	(202,877)	1,204,416

Birdtail Sioux First Nation
Consolidated Statement of Changes in Accumulated Surplus
For the year ended March 31, 2020

	2020	2019 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	12,599,480	11,188,631
Correction of an error <i>(Note 14)</i>	(326,498)	(120,065)
Accumulated surplus, beginning of year, as restated	12,272,982	11,068,566
Annual surplus (deficit)	(202,877)	1,204,416
Accumulated surplus, end of year	12,070,105	12,272,982

Birdtail Sioux First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2020

	<i>2020 Budget</i>	<i>2020</i>	<i>2019 (Restated)</i>
Annual surplus (deficit)	1,011,888	(202,877)	1,204,416
Purchases of tangible capital assets	-	(1,049,470)	(642,808)
Amortization of tangible capital assets	-	750,828	820,393
Increase in prepaid expenses	-	-	(4,345)
Use of prepaid expenses	-	4,345	9,638
Proceeds of disposal of tangible capital assets	-	655,502	1,326,000
Gain on sale of tangible capital assets	-	(34,080)	(81,760)
Decrease in net debt	1,011,888	124,248	2,631,534
Net debt, beginning of year	(2,824,947)	(2,824,947)	(5,456,481)
Net debt, end of year	(1,813,059)	(2,700,699)	(2,824,947)

Birdtail Sioux First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	7,641,918	8,035,770
Cash paid to suppliers	(4,910,360)	(5,661,382)
Cash paid to employees	(2,054,935)	(1,576,997)
Interest on long-term debt	(105,957)	(202,722)
	570,666	594,669
Financing activities		
Repayment of long-term debt	(327,036)	(912,645)
Change in bank indebtedness	-	(1,328)
Advances of notes payable	-	153,679
Repayment of notes payable	(27,500)	-
	(354,536)	(760,294)
Capital activities		
Purchases of tangible capital assets	(1,049,470)	(642,808)
Proceeds of disposal of tangible capital assets	655,502	1,326,000
	(393,968)	683,192
Investing activities		
Cash draws from investment	-	66,300
Decrease (increase) in restricted cash	(1,080)	17,258
	(1,080)	83,558
Increase (decrease) in cash resources	(178,918)	601,125
Cash resources, beginning of year	1,185,994	584,869
Cash resources, end of year	1,007,076	1,185,994

1. Operations

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

2. Significant accounting policies

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

Reporting entity

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 Health Department
- Assiniboine Valley Cattle Ranch Inc.
- Birdtail Fox Enterprises Ltd.
- Birdtail Sioux Bud Ltd.
- Birdtail Valley Enterprises Ltd.

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.

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

Inventory

Inventory consists of purchased goods held for resale in the Birdtail Sioux First Nation General Store. Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory held for resale is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2020, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

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 moneys consist of:

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

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:

	<i>Method</i>	<i>Rate</i>
Buildings	declining balance	4 %
Vehicles	declining balance	20 %
Equipment	declining balance	20 %
Infrastructure	declining balance	2.5 %
Houses	straight-line	25 years

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

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 asset's carrying value exceeds the residual value of the asset's service potential to the First Nation. Any impairment is included in the consolidated statement of operations in the year in which the asset becomes impaired.

Revenue recognition

Government transfer revenue, which includes Indigenous Services Canada, Canada Mortgage and Housing Corporation, and First Peoples Development Inc. is recognized as the funding becomes receivable under the terms of the 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 period it is 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. Provisions are made for slow moving or obsolete inventory when estimating the net realizable value. 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.

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

Segments

The First Nation conducts its operations through 11 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:

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.

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.

Social Assistance

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

Health

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

Community Wellness

Activities include meeting emergency needs and seeking to advance the holistic needs of community members.

Land Management and Resource Development

Activities include managing the natural resources of the First Nation.

Education

Activities include provision of post-secondary educational opportunities for community members.

Employment, Training and Daycare

Activities include increasing community members' capacity in terms of their job skills and availability, with a view to improving the employability of each person.

Subsidized Housing

Activities include provision of residential housing opportunities for community members.

Economic Enterprises

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

Other

Reports on transactions not included in the other segments.

3. Cash and cash equivalents

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 (2019 - \$75,000). Interest on this line of credit is charged at a rate of prime (2.45%) plus 3%.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

4. Accounts receivable

	2020	2019
Indigenous Services Canada	380,035	346,600
Receivable from sale of houses	99,641	17,237
Canada Mortgage and Housing Corporation	10,457	87,569
First Peoples Development Inc.	60,345	21,644
Loans to First Nation members and advances to employees	630,364	203,674
Allowance for doubtful accounts	(255,535)	(139,956)
	925,307	536,768

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

5. Restricted cash

	2020	2019
Ottawa Trust Funds		
Band Capital account	63,910	63,717
Band Revenue account	10,143	8,971
	74,053	72,688
CMHC Replacement Reserve		
Bank account balance	1,647	1,932
	75,700	74,620

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 \$193 (2019 - \$0).

Revenue earned in the Band Revenue account amounted to \$1,172 (2019 - \$2,431).

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.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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. Deferred revenue

	2020	<i>2019 (Restated)</i>
Indigenous Services Canada	908,432	356,712
First Peoples Development Inc.	-	4,271
	908,432	360,983

8. Note payable

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.

9. Contingent liabilities

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, 2020 might be recovered by these agencies. No liability has been recorded in these consolidated financial statements for this contingency.

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. Management of the First Nation has determined that it is unlikely that this liability will be settled at an amount greater than the value of the liability recorded in these consolidated financial statements.

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. Management of the First Nation has determined that it is unlikely that this liability will be settled at an amount greater than the value of the liability recorded in these consolidated financial statements.

10. Due to Indigenous Services Canada

The First Nation has recorded a financial liability as at March 31, 2020 for an amount owing to Indigenous Services Canada (ISC) of \$384,522 (2019 - \$423,001). The First Nation has recorded this amount in order to agree its financial records with formal correspondence received from ISC. However, the First Nation expects to come to an agreement with ISC to settle the balance at an amount lower than the recorded amount of the liability.

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

11. Long-term debt

	2020	2019
Loans repaid during the year.	-	209,613
CMHC mortgage (Phase 1, Post 1996), payments of \$1,301 per month including interest at 1.69%, maturing December 2028, with a scheduled renewal date of September 2024, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	126,994	140,207
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 May 2020, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	124,355	136,118
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.	167,737	183,534
CMHC mortgage (Phase 4, Post 1996), payments of \$2,402 per month including interest at 2.49%, maturing July 2032, with a scheduled renewal date of May 2023, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	306,015	326,952
CMHC mortgage (Phase 5, Post 1996), payments of \$2,387 per month including interest at 2.49%, maturing September 2032, with a scheduled renewal date of May 2023, secured by a Ministerial guarantee for a seven-unit rental housing project and an assignment of fire insurance.	307,749	328,478
CMHC mortgage (Phase 6, Post 1996), payments of \$1,533 per month including interest at 1.69%, maturing February 2034, with a scheduled renewal date of September 2024, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	229,234	243,455
CMHC mortgage (Phase 8, Post 1996), payments of \$1,608 per month including interest at 1.30%, maturing June 2037, with a scheduled renewal date of June 2022, secured by a Ministerial guarantee for a three-unit rental housing project and an assignment of fire insurance.	298,181	313,498
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.	455,440	460,886
	2,015,705	2,342,741

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

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:

2021	152,700
2022	157,000
2023	162,600
2024	167,300
2025	172,100

12. Accumulated surplus

	2020	2019 <i>(Restated)</i>
Operating accumulated deficit	(1,070,313)	(961,688)
Invested in tangible capital assets	12,755,099	12,750,843
Ottawa Trust	74,053	72,688
CMHC replacement reserve required amount	311,266	411,139
	12,070,105	12,272,982

13. Indigenous Services Canada revenue reconciliation

The amounts recognized as revenue from Indigenous Services Canada agree to the confirmed amounts from this federal department of the Government of Canada as follows:

	2020	2019
Per funding confirmation	6,231,935	5,166,929
Retroactive funding amounts	39,484	-
	6,271,419	5,166,929

Birdtail Sioux First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2020

14. Correction of an error

During the year, management determined that deferred revenue had been understated in prior years. Management has decided to restate the figures as at March 31, 2019 and for the year then ended in order to make a retroactive correction of this error.

The following table presents the changes on the consolidated statement of financial position as at March 31, 2019 and on the consolidated statements of operations, changes in accumulated surplus and changes in net debt for the year ended March 31, 2019.

	<i>As previously stated</i>	<i>Adjustment</i>	<i>As Restated</i>
<i>Statement of Financial Position</i>			
Deferred revenue	\$34,485	\$326,498	\$360,983
Accumulated surplus	\$12,599,480	\$326,498	\$12,272,982
<i>Statements of Operations</i>			
Revenue	\$8,254,906	\$206,433	\$8,048,473
Surplus (deficit)	\$1,410,849	\$206,433	\$1,204,416
<i>Statement of Changes in Accumulated Surplus</i>			
Accumulated surplus, beginning of year	\$11,188,631	\$120,065	\$11,068,566
Accumulated surplus, end of year	\$12,599,480	\$326,498	\$12,272,982
<i>Statement of Changes in Net Debt</i>			
Net debt, end of year	\$2,498,449	\$326,498	\$2,824,947

15. Economic dependence

Birdtail Sioux First Nation receives a significant portion of its revenue from Indigenous Services Canada ("ISC") 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, 2020. 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 \$309,619 (2019 - \$409,207).

18. Budget

The budget presented in the financial statements agrees to the budgeted plans submitted to Indigenous Services Canada.

19. Comparative figures

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

Birdtail Sioux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Land</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Subtotal</i>
Cost						
Balance, beginning of year	287,600	14,955,147	1,164,984	349,923	8,078,589	24,836,243
Acquisition of tangible capital assets	-	930,887	-	6,933	111,650	1,049,470
Disposal of tangible capital assets	(228,200)	-	-	-	-	(228,200)
Balance, end of year	59,400	15,886,034	1,164,984	356,856	8,190,239	25,657,513
Accumulated amortization						
Balance, beginning of year	-	6,150,591	805,651	173,899	4,709,693	11,839,834
Annual amortization	-	422,035	71,354	1,540	139,222	634,151
Accumulated amortization on disposals	-	-	-	-	-	-
Balance, end of year	-	6,572,626	877,005	175,439	4,848,915	12,473,985
Net book value of tangible capital assets	59,400	9,313,408	287,979	181,417	3,341,324	13,183,528
2019 Net book value of tangible capital assets	287,600	8,804,556	359,333	176,024	3,368,896	12,996,409

Birdtail Sioux First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2020

	<i>Subtotal</i>	<i>Houses</i>	<i>2020</i>	<i>2019</i>
Cost				
Balance, beginning of year	24,836,243	11,500,131	36,336,374	37,299,566
Acquisition of tangible capital assets	1,049,470	-	1,049,470	642,808
Disposal of tangible capital assets	(228,200)	(603,300)	(831,500)	(1,606,000)
Balance, end of year	25,657,513	10,896,831	36,554,344	36,336,374
Accumulated amortization				
Balance, beginning of year	11,839,834	9,402,956	21,242,790	20,784,157
Annual amortization	634,151	116,677	750,828	820,393
Accumulated amortization on disposals	-	(210,078)	(210,078)	(361,760)
Balance, end of year	12,473,985	9,309,555	21,783,540	21,242,790
Net book value of tangible capital assets	13,183,528	1,587,276	14,770,804	15,093,584
2019 Net book value of tangible capital assets	12,996,409	2,097,175	15,093,584	

Birdtail Sioux First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2020

	2020	2019
Consolidated expenses by object		
Amortization	750,828	820,393
Bad debts	-	53,453
Bank charges and interest	12,358	14,384
Community events	295,273	200,375
Consulting	329,740	136,092
Honoraria	326,955	305,245
Insurance	288,534	244,544
Interest on long-term debt	105,957	202,722
Office	11,287	26,719
Professional fees	456,677	640,741
Property tax	13,673	36,353
Repairs and maintenance	545,597	428,461
Salaries and benefits	2,054,935	1,536,695
Social assistance	1,244,530	1,397,609
Special projects	-	190,227
Supplies	202,474	151,486
Telephone	118,277	113,645
Travel	657,237	522,320
Utilities	109,161	57,742
Workshops	234,951	412,303
	7,758,444	7,491,509

Birdtail Sioux First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Operations

For the year ended March 31, 2020

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2020 Surplus (Deficit)</i>	<i>2019 Surplus (Deficit) (Restated)</i>
Segments					
Governance	4	576,503	752,777	(176,274)	(276,304)
Infrastructure	5	1,239,302	1,398,269	(158,967)	(222,350)
Social Assistance	6	1,244,530	1,244,530	-	479,460
Health	7	2,311,090	1,960,391	350,699	(154,298)
Community Wellness	8	52,437	52,437	-	3,367
Land Management and Resource Development	9	121,921	96,106	25,815	(79,425)
Education	10	192,616	248,584	(55,968)	94,250
Employment, Training and Daycare	11	256,296	270,930	(14,634)	81,601
Subsidized Housing	12	225,805	288,015	(62,210)	(87,367)
Economic Enterprises	13	73,658	175,505	(101,847)	(161,174)
Other	14	1,261,409	1,270,900	(9,491)	1,526,656
Total		7,555,567	7,758,444	(202,877)	1,204,416

Birdtail Sioux First Nation
Governance
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	600,003	465,218
Revenue deferred to subsequent year	(23,500)	-
	576,503	465,218
Expenses		
Bank charges and interest	9,102	9,915
Honoraria	21,136	292,530
Insurance	81,387	20,478
Interest on long-term debt	83	896
Office	3,394	6,977
Professional fees	173,650	154,147
Repairs and maintenance	20,837	12,187
Salaries and benefits	354,408	208,247
Supplies	6,003	5,134
Telephone	31,102	24,618
Travel	7,495	6,393
Utilities	44,180	-
	752,777	741,522
Deficit	(176,274)	(276,304)

Birdtail Sioux First Nation
Infrastructure
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	1,293,647	975,707
Other revenue	14,063	-
Canada Mortgage and Housing Corporation	-	59,974
Funding recoveries	(68,408)	-
	1,239,302	1,035,681
Expenses		
Amortization	582,916	575,281
Honoraria	11,725	12,715
Insurance	76,702	49,651
Repairs and maintenance	479,474	339,651
Salaries and benefits	192,263	166,925
Supplies	5,794	72,769
Telephone	2,570	2,545
Travel	220	2,760
Utilities	46,605	35,734
	1,398,269	1,258,031
Deficit	(158,967)	(222,350)

Birdtail Sioux First Nation
Social Assistance
Schedule 6 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	1,400,709	1,377,677
Revenue deferred to subsequent year	(156,179)	-
	1,244,530	1,377,677
Expenses		
Social assistance	1,244,530	1,397,609
Deficit before other items	-	(19,932)
Other items		
ISC debt forgiveness	-	499,392
Surplus	-	479,460

Birdtail Sioux First Nation
Health

Schedule 7 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019 (Restated)
Revenue		
Indigenous Services Canada	2,510,401	1,691,491
Other revenue	73,045	5,085
Revenue deferred in prior period	356,712	193,904
Revenue deferred to subsequent year	(629,068)	(356,712)
Funding recoveries	-	(86,535)
	2,311,090	1,447,233
Expenses		
Bank charges and interest	2,250	2,776
Community events	272,098	200,375
Insurance	17,945	12,195
Office	7,893	15,583
Professional fees	16,800	9,450
Repairs and maintenance	17,836	17,789
Salaries and benefits	1,078,088	906,802
Supplies	153,426	69,592
Telephone	64,177	75,407
Travel	211,369	145,450
Utilities	8,368	8,919
Workshops	110,141	137,193
	1,960,391	1,601,531
Surplus (deficit)	350,699	(154,298)

Birdtail Sioux First Nation
Community Wellness
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	132,122	105,140
Revenue deferred in prior period	-	17,767
Revenue deferred to subsequent year	(79,685)	-
	52,437	122,907
Expenses		
Emergency assistance	-	66,703
Salaries and benefits	47,227	45,636
Supplies	5,210	7,201
	52,437	119,540
Surplus	-	3,367

Birdtail Sioux First Nation
Land Management and Resource Development
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	141,921	121,667
Revenue deferred to subsequent year	(20,000)	-
	121,921	121,667
Expenses		
Consulting	-	136,092
Professional fees	96,106	45,000
Salaries and benefits	-	20,000
	96,106	201,092
Surplus (deficit)	25,815	(79,425)

Birdtail Sioux First Nation
Education
Schedule 10 - Consolidated Schedule of Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Indigenous Services Canada	192,616	430,029
Expenses		
Salaries and benefits	246,907	103,749
Travel	1,677	-
Workshops	-	232,030
	248,584	335,779
Surplus (deficit)	(55,968)	94,250

Birdtail Sioux First Nation
Employment, Training and Daycare
Schedule 11 - Consolidated Schedule of Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
First Peoples Development Inc.	252,025	209,880
Revenue deferred in prior period	4,271	21,682
Revenue deferred to subsequent year	-	(4,271)
	256,296	227,291
Expenses		
Insurance	2,397	1,955
Repairs and maintenance	234	8,441
Salaries and benefits	136,042	85,336
Supplies	2,050	949
Travel	175	-
Utilities	5,222	5,929
Workshops	124,810	43,080
	270,930	145,690
Surplus (deficit)	(14,634)	81,601

Birdtail Sioux First Nation
Subsidized Housing
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Canada Mortgage and Housing Corporation	140,849	178,470
Rental income	84,923	115,744
Other revenue	33	642
	225,805	294,856
Expenses		
Amortization	116,676	143,287
Bank charges and interest	579	1,616
Insurance	102,153	145,328
Interest on long-term debt	31,127	34,976
Professional fees	15,120	15,120
Repairs and maintenance	22,360	41,896
	288,015	382,223
Deficit	(62,210)	(87,367)

Birdtail Sioux First Nation
Economic Enterprises
Schedule 13 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Rental income	39,578	61,360
Expenses		
Amortization	51,236	101,825
Bank charges and interest	177	77
Insurance	7,950	14,937
Interest on long-term debt	46,935	12,578
Professional fees	45,892	189,167
Property tax	13,673	36,353
Repairs and maintenance	4,856	8,497
Utilities	4,786	7,160
	175,505	370,594
Deficit before other items	(135,927)	(309,234)
Other items		
Gain on sale of tangible capital assets	34,080	81,760
Gain on portfolio investment	-	66,300
	34,080	148,060
Deficit	(101,847)	(161,174)

Birdtail Sioux First Nation
Other

Schedule 14 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2020

	2020	2019
Revenue		
Other revenue	1,261,409	2,231,613
Revenue deferred in prior period	-	232,941
	1,261,409	2,464,554
Expenses		
Bad debts	-	53,453
Bank charges and interest	250	-
Community events	23,175	-
Consulting	329,740	-
Emergency assistance	-	123,524
Honoraria	294,094	-
Interest on long-term debt	27,812	154,272
Office	-	4,159
Professional fees	109,109	227,857
Supplies	29,991	(4,159)
Telephone	20,428	11,075
Travel	436,301	367,717
	1,270,900	937,898
Surplus (deficit)	(9,491)	1,526,656