

**SAYISI DENE FIRST NATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018**

SAYISI DENE FIRST NATION

MARCH 31, 2018

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MANAGEMENT'S RESPONSIBILITY

To the Members of Sayisi Dene First Nation:

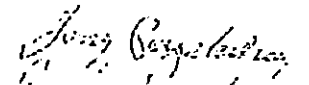
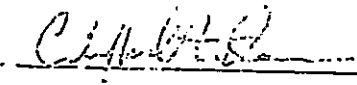
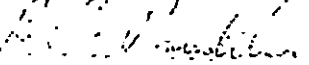
Management is responsible for the preparation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting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

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

Zapilthy and Zarnrykut, Chartered Professional Accountants, an independent firm of Chartered Professional Accountants, is appointed by the Council 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 Council and management to discuss their audit findings.

March 28, 2019

	Chief		Councillor
	Councillor		Councillor

AUDITORS' REPORT

To the Members of Sayisi Dene First Nation:

We have audited the consolidated statement of financial position of the Sayisi Dene First Nation as at March 31, 2018 and the consolidated statements of operations, changes in net debt, cash flows, the consolidated schedule of tangible capital assets (Schedule 1) for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair representation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

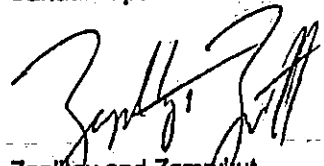
Basis of Qualified Opinion

Financial information for the Winter Roads, Rock House Canteen and Smoke Shop programs was not available at the audit report date for the year ending March 31, 2018. We were unable to determine whether adjustments to assets, liabilities, revenues and expenditures were necessary.

We were unable to obtain sufficient audit evidence relating to non-payroll expenditures of the Health programs for the year ending March 31, 2018 as the financial records were not available to verify these amounts. In addition, we could not obtain sufficient audit evidence surrounding the completeness of expenditures and accounts payable at year end. Consequently, we were not able to determine whether any adjustments to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis of Qualified Opinion paragraphs, the consolidated financial statements present fairly, in all material respects, the financial position of the Sayisi Dene First Nation as at March 31, 2018 and the results of its operations and accumulated surplus, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Zaphary and Zamykut,
Chartered Professional Accountants

Dauphin, Manitoba
March 26, 2019

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018	2017
FINANCIAL ASSETS		
Cash	\$ 259,428	\$ -
Restricted Cash - Note 3	975,924	840,189
Accounts Receivable - Note 4	153,451	627,954
	<u>1,388,803</u>	<u>1,468,123</u>
LIABILITIES		
Bank Indebtedness	-	302,756
Accounts Payable and Accruals - Note 5	1,307,395	1,301,427
Deferred Revenue - Note 6	854,702	586,196
Long Term Debt - Note 7	4,345,357	4,496,033
	<u>6,507,454</u>	<u>6,686,412</u>
NET DEBT	<u>(5,118,651)</u>	<u>(5,218,289)</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets - Schedule 1	13,012,991	12,415,100
Building Under Construction in Progress	-	716,636
Fuel Inventory	645,049	555,251
Prepaid Expenses	289,930	225,335
	<u>13,947,970</u>	<u>13,912,322</u>
ACCUMULATED SURPLUS - NOTE 10	<u>\$ 8,829,319</u>	<u>\$ 8,694,033</u>

Contingent Liabilities - Note 8

Approved on Behalf of the Council:

Jony Rowatoh

Chief

Councillor

Chadwick Tulea

Councillor

Mark P. P. P.

Councillor

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 4,473,861	\$ 6,435,169	\$ 7,170,215
Government of Canada - Native Claims Program	-	812,879	675,947
First Nation and Inuit Health (FNIH)	-	1,773,156	1,173,203
Canada Mortgage and Housing Corporation (CMHC)	326,316	290,708	291,834
Province of Manitoba	-	-	40,165
Other	-	220,015	24,198
Keewatin Tribal Council	-	167,176	212,361
User Fees	14,400	40,509	33,925
Rent	90,000	192,218	232,050
Interest	-	105	89
Revenue Deferred in Prior Year - Note 6	-	613,696	306,296
Revenue Deferred to Subsequent Year-Note 6	-	(854,702)	(613,696)
	4,904,577	9,690,929	9,546,587
EXPENSES			
Governance and Administration	613,138	1,269,344	1,208,457
Social	1,178,858	1,449,381	1,448,762
Health	-	1,274,093	1,030,163
Housing	419,936	537,528	474,153
Economic Development	47,000	-	47,749
Education	1,506,450	2,232,609	1,579,371
Operations and Maintenance	942,013	1,849,024	2,395,996
Land Claims	-	705,947	539,884
Training and Other	386,518	188,585	256,087
	5,093,913	9,506,511	8,980,622
ANNUAL SURPLUS (DEFICIT)	\$ (189,336)	184,418	565,965
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	8,694,033	7,812,724
PRIOR PERIOD ADJUSTMENT - NOTE 17	-	(49,132)	315,344
ACCUMULATED SURPLUS, END OF YEAR	-	\$ 8,829,319	\$ 8,694,033

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
ANNUAL DEFICIT	\$ 184,418	\$ 565,965
Prior Period Adjustment - Note 17	(49,132)	315,344
Purchases of Tangible Capital Assets	(1,835,783)	(191,134)
Housing Unit Construction in Progress	716,636	(716,636)
Amortization of Tangible Capital Assets	1,237,892	1,137,516
Net (Increase) Decrease in Fuel Inventory	(89,798)	36,813
Net (Increase) Decrease of Prepaid Expenses	(64,595)	(147,813)
DECREASE (INCREASE) IN NET DEBT	99,638	1,000,055
NET DEBT, BEGINNING OF YEAR	(5,218,289)	(6,218,344)
NET DEBT, END OF YEAR	\$ (5,118,651)	\$ (5,218,289)

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

MARCH 31, 2018

	2018	2017
CASH PROVIDED BY OPERATING ACTIVITIES		
Cash Receipts from Contributors	\$ 10,453,938	\$ 9,748,177
Cash Paid to Suppliers	(6,041,972)	(5,842,532)
Cash Paid to Employees	(2,378,435)	(2,240,982)
Interest on Long Term Debt	(65,769)	(78,520)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,967,762	1,586,143
CASH FLOWS FROM FINANCING ACTIVITIES		
Long Term Debt Advances	93,600	-
Repayment of Long Term Debt	(244,276)	(247,091)
CASH FLOWS USED IN FINANCING ACTIVITIES	(150,676)	(247,091)
CASH FROM INVESTING ACTIVITIES		
Purchase of Tangible Capital Assets	(1,835,783)	(191,134)
Housing Unit Construction in Progress	716,636	(716,636)
(Increase) Decrease in Restricted Cash	(135,755)	(205,028)
CASH USED IN INVESTING ACTIVITIES	(1,254,902)	(1,112,798)
NET INCREASE IN BANK INDEBTEDNESS	562,184	226,254
BANK INDEBTEDNESS, beginning of year	(302,756)	(529,010)
CASH AND BANK INDEBTEDNESS, end of year	\$ 259,428	\$ (302,756)
CASH RESOURCES (DEFICIENCY) ARE COMPOSED OF:		
Cash	\$ 259,428	\$ -
Bank Indebtedness	\$ -	\$ (302,756)

(The accompanying notes are an integral part of these financial statements.)

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

1. OPERATIONS

The Sayisi Dene First Nation (The "First Nation") is located in the province of Manitoba, and provides various services to its members. Sayisi Dene First Nation includes the government, and all related entities that are either owned or controlled by the First Nation.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures 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.

Reporting entity

The consolidated financial statements are presented on a consolidated basis which includes the unincorporated business operations which are owned and/or controlled by the First Nation and programs for which separate financial statements are issued as listed in the significant accounting policies note under the *segments* heading.

There are no incorporated business entities which are owned or controlled by the First Nation.

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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 is comprised of two components, non-financial assets and accumulated surplus.

Non-financial Assets

The First Nations tangible capital 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.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution. Tangible capital assets are amortized using the straight line method at rates intended to amortize the cost of the assets over their estimated useful lives:

Boats and Snowmobiles	3 Years
CMHC Housing	25 Years
Computer Software	2 Years
Computers	3 Years
Fuel Tanks	10 Years
Heated Storage	40 Years
Infrastructure	25 Years
Office Equipment	5 Years
Other Housing	20 Years
Roads	40 years
Vehicles	3 Years
Water and Sewer Project	25 Years

Inventory

Inventory consists of heating oil and fuel used in First Nation programs. Inventory is valued at the lower of cost or net realizable value using the first in, first out method.

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 exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying amount exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

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.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Segments

The First Nation conducts its business through 10 reportable segments as reported below. 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 both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The First nation's segments are as follows:

Governance and administration - reports on governance and administration activities

Social - reports on social assistance programs

Health - reports on health and wellness programs funded by FNIH

Housing - reports on activities related to developing and sustaining housing including CMHC subsidized housing

Economic Development - reports on services that facilitate economic development

Education - reports on the operations of education programs

Operations and Maintenance - reports on general operations and maintenance programs in the First Nation

Ottawa Trust - reports on funding held in the Ottawa Trust

Land Claims - reports on activities related to land claims, including the Samuel Thorassie claim negotiations.

Training and Other - reports on training and other activities

Inter-segment transfers are recorded at their exchange amount. The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Measurement uncertainty

The preparation of consolidated financial statements in accordance 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 expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectibility 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. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Instruments

Financial instruments include cash, restricted cash, accounts receivable, bank indebtedness, accounts payable and accruals 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. Unless otherwise stated, the book value of the First Nation's financial assets and liabilities approximates their fair value due to the short-term maturities of the instruments. The fair value of the First Nation's long-term debt is approximated by its carrying value as the terms and conditions of similar instruments are not materially different from those associated with the First Nation's long term debt.

Revenue recognition

Government transfer revenue is recognized as it 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 statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Other revenue is recognized by the First Nation when the services are provided or goods are shipped.

Other Revenue

Rent is recorded in the year it is earned. At the end of each year, management evaluates the extent of the collectibility of its rent revenue and records a bad debt expense and allowance for doubtful accounts for amounts designated as unlikely to be collected.

Other revenue is recognized by the First Nation when services are provided or goods are shipped and collectibility 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.

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 on March 31, 2018.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are 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.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

3. RESTRICTED CASH

	2018	2017
CMHC Replacement Reserve	\$ 549,211	\$ 587,184
Claims Office	406,870	233,246
Housing Capital Reserve	15,005	15,005
Ottawa Trust	4,838	4,734
	\$ 975,924	\$ 840,169

CMHC Replacement Reserve

Under the terms of the operating agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve account is to be credited an annual amount based on the number and type of houses available for use. These funds, along with accumulated interest, 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 currently in contravention of its major funding agreement with CMHC. At year end the specified replacement reserve bank account was underfunded by \$587,184 (2016/17 - \$587,184).

Claims Office

Claims office cash is restricted for the negotiation on the Samuel Thorassie land claim; they are held in trust by legal representatives. As at March 31, 2018, the balance of funds held by legal representatives was \$118,669 (2016/17 - \$118,669) and the balance held by the First Nation was \$114,577 (2016/17 - \$114,577).

Ottawa Trust

The Ottawa Trust funds are held in trust in the consolidated revenue fund of the Government of Canada and subject to audit by the office of the Auditor General of Canada. Funds held in trust on behalf of First Nation members by the Government of Canada are reported on the statement of financial position with an offsetting amount in members' equity and consist of:

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

4. ACCOUNTS RECEIVABLE

	2018	2017
AANDC, per confirmation	\$ 8,472	\$ 321,513
First Nation Inuit Health Branch, per confirmation	120,753	37,502
Canada Mortgage and Housing Corporation	24,226	82,552
Other	-	186,387
	\$ 153,451	\$ 627,954

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

5. ACCOUNTS PAYABLE

	2018	2017
Trade	\$ 952,827	\$ 771,093
Manitoba Hydro	306,391	497,898
Accrued Payroll	42,761	26,709
Accrued Interest	5,416	5,727
	<u>\$ 1,307,395</u>	<u>\$ 1,301,427</u>

6. DEFERRED REVENUE

	2018	2017
AANDC - Community Gov. Decision Mkg.	\$ -	\$ 47,500
AANDC - Reorientation and Self Government	-	19,954
AANDC - Negotiation Preparedness	7,426	7,426
AANDC - Northern Boards and Action Plan	8,750	-
AANDC - Northern Food Security	63,133	-
Governance and Administration (Sch. 3)	<u>79,309</u>	<u>74,880</u>
FNIHB - Jordan's Principle (Sch. 5)	<u>364,175</u>	<u>-</u>
AANDC - Economic Development (Sch. 7)	<u>53,252</u>	<u>-</u>
AANDC - Enrolment and Ratification (Sch. 8)	<u>78,296</u>	<u>108,296</u>
AANDC - School Fuel Spill	33,144	33,144
AANDC - Renovations and Additions	52,435	52,435
AANDC - Lot Servicing	-	150,000
AANDC - Construction of Multi Units	-	167,441
AANDC - Emergency Services	134,845	-
AANDC - Planning MTSA	43,826	-
AANDC - Training and Building Capacity	15,420	-
Operations and Maintenance (Schedule 9)	<u>279,670</u>	<u>403,020</u>
	<u>\$ 854,702</u>	<u>\$ 586,196</u>

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

7. LONG TERM DEBT

	2018	2017
CMHC mortgage, with payments of \$4,260 per month including interest at 1.44%, maturing March 2026, with a scheduled renewal date of February 2022, secured by a ministerial guarantee	\$ 386,134	\$ 431,362
CMHC mortgage, with payments of \$3,843 per month including interest at 1.92%, maturing April 2029, with a scheduled renewal date of April 2019, secured by a ministerial guarantee	460,362	497,299
CMHC mortgage, with payments of \$2,554 per month including interest at 1.01%, maturing February 2031, with a scheduled renewal date of February 2021, secured by a ministerial guarantee	370,986	397,745
CMHC mortgage, with payments of \$3,040 per month including interest at 1.44%, maturing February 2032, with a scheduled renewal date of February 2022, secured by a ministerial guarantee	459,895	489,541
CMHC mortgage, with payments of \$2,040 per month including interest at 1.67%, maturing January 2033, with a scheduled renewal date of June 2018, secured by a ministerial guarantee	321,520	340,474
CMHC mortgage, with payments of \$5,339 per month including interest at 2.00%, maturing November 2038, with a scheduled renewal date of November 2018, secured by a ministerial guarantee	1,084,505	1,126,511
CMHC mortgage, with payments of \$4,760 per month including interest at 1.04%, maturing March 2041, with a scheduled renewal date of March 2021, secured by a ministerial guarantee	1,168,355	1,213,101
Royal Bank of Canada non-revolving term facility, with payments of \$93,600 per annum including interest at RBP+2.55%, repayable in full on April 2, 2018.	93,600	-
	\$ 4,345,357	\$ 4,496,033

Principal repayments on long-term debt in each of the next five years are estimated as follows:

2018-19	\$ 341,373
2019-20	251,533
2020-21	255,359
2021-22	259,245
2022-23	263,191
Subsequent Years	2,974,656

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

8. CONTINGENT LIABILITIES

The Sayisi Dene First Nation, through the Claims Office, has obtained loans from the Government of Canada totaling \$16.49 million (2016/17 - \$15.67 million) which are to be repaid upon final settlement of the Samuel Thorassie claim. This agreement with the Government of Canada specifies that the Government of Canada, upon reaching a final settlement, will provide sufficient funding to pay out the total amount of the outstanding loans as of the date of the settlement. Due to the nature of these negotiations, it is not possible, at this time to determine the outcome of the negotiations and therefore these consolidated financial statements have recognized the loans as revenues in the year received. Future repayment will be recorded as an expense in the year of repayment together with any settlement proceeds, as applicable.

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2018 might be recovered by these agencies.

At March 31, 2018, the First Nation has determined that some contaminated sites exist, however, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy in Note 2.

The First Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 31, 2018. Since the audit report is dated after this date, the First Nation has not complied with the requirement. The possible effect of this non-compliance has not yet been determined.

9. SEGMENT INFORMATION ON TANGIBLE CAPITAL ASSETS

Tangible capital assets are assigned to the First Nation's segments in accordance with management's determination, as to the activities and services that will be facilitated as a result of ongoing ownership of the assets. The net book value of tangible capital assets assigned to each segment in as follows:

	2018	2017
Housing	\$ 6,130,970	\$ 5,150,399
Education	112,983	129,820
Operations and Maintenance	6,596,904	7,817,197
	<u>\$ 13,012,991</u>	<u>\$ 13,131,736</u>

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

10. ACCUMULATED SURPLUS

	2018	2017
Invested in Capital Assets	\$ 8,667,634	\$ 8,635,703
CMHC Reserves	564,216	602,189
Claims Office	192,364	93,805
Ottawa Trust	4,838	4,734
Unrestricted	(599,733)	(642,398)
	<u>\$ 8,829,319</u>	<u>\$ 8,694,033</u>

11. AANDC REVENUE

AANDC revenue recorded on the financial statements in the year ended March 31, 2018 and in the year ended March 31, 2017 agrees to the amounts stated on the year end AANDC funding confirmation.

12. FNIH REVENUE

FNIH revenue recorded on the financial statements in the year ended March 31, 2018 and in the year ended March 31, 2017 agrees to the amounts stated on the year end FNIH funding confirmation.

13. PROVISION FOR SITE REHABILITATION

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 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.

SAYISI DENE FIRST NATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

14. EXPENSES BY OBJECT

	2018	2017
Amortization	\$ 1,237,891	\$ 1,137,516
Interest	86,193	99,358
Member Services	265,316	1,007
Purchased Goods and Services	3,835,082	3,926,241
Salaries and Benefits	2,394,487	2,207,111
Social Assistance	1,355,415	1,364,485
Training	82,479	78,263
Travel	249,648	166,641
	\$ 9,506,511	\$ 8,980,622

15. ECONOMIC DEPENDENCE

The First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH") as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC and FNIH under the terms and conditions of the Indian Act. The ability of the First Nations 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 all full-time employees in the Governance/Administration and Education segments. The First Nation remits monthly contributions to the administrator of the plan and remittances were current at year end.

17. BUDGET INFORMATION

The budget figures are presented as supplementary information to the financial statements and have not been audited.

SAYISI DENE FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Boats and Snowmobiles	Buildings	CMHC Housing	Computer Software	Computers	Fuel Tanks	Subtotal
COST							
Balance, Beginning of Year	\$ 24,518	\$ 15,671,952	\$ 8,442,473	\$ 6,105	\$ 141,441	\$ 297,394	\$ 24,583,883
Acquisition of Tangible Capital Assets	-	-	-	-	-	-	-
Balance, End of Year	24,518	15,671,952	8,442,473	6,105	141,441	297,394	24,583,883
ACCUMULATED AMORTIZATION							
Balance, Beginning of Year	24,518	15,608,641	3,789,879	6,105	141,441	297,394	19,877,978
Amortization	-	7,432	337,699	-	-	-	345,131
Balance, End of Year	24,518	15,616,073	4,137,578	6,105	141,441	297,394	20,223,109
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ -	\$ 55,879	\$ 4,304,895	\$ -	\$ -	\$ -	\$ 4,360,774
2016-17 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ -	\$ 63,311	\$ 4,642,594	\$ -	\$ -	\$ -	\$ 4,705,905

SAYISI DENE FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	Subtotal	Heated Storage	Infrastructure	Land Improvements	Equipment	Other Housing	Subtotal
COST							
Balance, Beginning of Year	\$ 24,583,883	\$ 1,672,602	\$ 4,959,044	\$ 220,000	\$ 129,856	\$ 11,193,980	\$ 42,759,365
Acquisition of Tangible Capital Assets	-	-	-	-	-	1,567,877	1,567,877
Balance, End of Year	24,583,883	1,672,602	4,959,044	220,000	129,856	12,761,857	44,327,242
ACCUMULATED AMORTIZATION							
Balance, Beginning of Year	19,877,978	991,279	3,996,412	202,401	115,124	10,749,444	35,932,638
Amortization	345,131	41,815	198,362	-	1,954	186,338	773,600
Balance, End of Year	20,223,109	1,033,094	4,194,774	202,401	117,078	10,935,782	36,706,238
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 4,360,774	\$ 639,508	\$ 764,270	\$ 17,599	\$ 12,778	\$ 1,826,075	\$ 7,621,004
2016-17 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 4,705,905	\$ 681,323	\$ 982,632	\$ 17,599	\$ 14,732	\$ 444,536	\$ 6,826,727

SAYISI DENE FIRST NATION

SCHEDULE 1 - CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED MARCH 31, 2018

	Subtotal	Roads	Vehicles	Water and Sewer Project	2018	2017
COST						
Balance, Beginning of Year	\$ 42,759,365	\$ 1,678,731	\$ 2,514,071	\$ 7,800,276	\$ 54,752,443	\$ 54,561,309
Acquisition of Tangible Capital Assets	1,587,877	-	267,908	-	1,835,783	191,134
Balance, End of Year	44,327,242	1,678,731	2,781,977	7,800,276	56,588,226	54,752,443
ACCUMULATED AMORTIZATION						
Balance, Beginning of Year	35,932,638	1,137,643	2,146,951	3,120,111	42,337,343	41,189,827
Amortization	773,600	41,968	110,313	312,011	1,237,892	1,137,516
Balance, End of Year	36,706,238	1,179,611	2,257,264	3,432,122	43,575,235	42,337,343
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 7,621,004	\$ 499,120	\$ 524,713	\$ 4,368,154	\$ 13,012,991	\$ 12,415,100
2016-17 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 6,826,727	\$ 541,088	\$ 554,254	\$ 4,680,165		

SAYISI DENE FIRST NATION

SCHEDULE 2 - CONSOLIDATED SUMMARY SCHEDULE OF SEGMENT REVENUE AND EXPENSES FOR THE YEAR ENDED MARCH 31, 2018

	Schedule #	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Transfers	2018	2017
Governance and Administration	3	\$ 821,216	\$ 228,240	\$ 23,071	\$ 1,072,527	\$ (1,269,344)	\$ 30,000	\$ (166,817)	\$ (154,134)
Social	4	1,428,166	-	-	1,428,166	(1,449,381)	-	(21,215)	39,798
Health	5	-	1,789,156	(364,175)	1,424,981	(1,274,093)	-	150,888	143,040
Housing	6	-	447,338	-	447,338	(537,528)	(30,000)	(120,190)	(23,781)
Economic Development	7	53,252	(53,252)	-	-	-	-	-	28,266
Education	8	2,499,379	-	30,000	2,529,379	(2,232,609)	-	296,770	892,143
Operations and Maintenance	9	1,633,156	40,509	123,350	1,797,015	(1,849,024)	-	(52,009)	(469,106)
Ottawa Trust	10	-	105	-	105	-	-	105	89
Land Claims	11	-	812,879	-	812,879	(705,947)	-	106,932	136,063
Training and Other	12	-	178,539	-	178,539	(188,585)	-	(10,046)	(26,413)
		6,435,169	3,443,514	(187,754)	9,690,929	(8,506,511)	-	184,418	565,865

SAYISI DENE FIRST NATION

SCHEDULE 3 - GOVERNANCE AND ADMINISTRATION

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 433,198	\$ 821,216	\$ 964,575
Province of Manitoba	49,956	-	17,402
Other	-	204,015	23,527
Rent Revenue	-	24,225	26,199
Revenue Deferred in Prior Year - Note 6	-	102,380	95,000
Revenue Deferred to Subsequent Year - Note 6	-	(79,309)	(102,380)
	483,154	1,072,527	1,024,323
EXPENSES			
Bank Charges and Interest	-	13,071	12,498
Chief and Council Honoraria	230,202	202,367	195,350
Chief and Council Travel	12,000	47,126	34,994
Community Events	-	16,089	32,235
Insurance	-	13,300	-
Member Services	-	264,406	1,007
Professional Fees	218,000	464,350	714,163
Repairs and Maintenance	-	3,982	1,473
Salaries and Benefits	117,936	147,898	129,108
Supplies	12,000	43,334	44,206
Telephone	18,000	21,108	15,156
Training	-	1,500	-
Travel	5,000	16,558	19,658
Vehicle Operating Costs	-	14,255	8,609
	613,138	1,269,344	1,208,457
ANNUAL DEFICIT BEFORE TRANSFERS	(129,984)	(196,817)	(184,134)
TRANSFERS	-	30,000	30,000
ANNUAL DEFICIT	\$ (129,984)	(166,817)	(154,134)
ACCUMULATED DEFICIT, BEGINNING OF YEAR		(2,110,960)	(1,956,826)
ACCUMULATED DEFICIT, END OF YEAR	\$	\$ (2,277,777)	\$ (2,110,960)

SAYISI DENE FIRST NATION

SCHEDULE 4 - SOCIAL

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 1,178,166	\$ 1,428,166	\$ 1,488,560
EXPENSES			
Interest and Service Charges	-	1,424	1,008
Professional Fees	-	1,500	-
Salaries and Benefits	61,533	74,888	62,933
Social Assistance	1,096,950	1,355,415	1,364,485
Supplies	20,375	9,977	18,703
Travel	-	6,177	1,633
	1,178,858	1,449,381	1,448,762
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	(692)	(21,215)	39,798
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ (692)	(21,215)	39,798
ACCUMULATED DEFICIT, BEGINNING OF YEAR		(97,365)	(137,163)
ACCUMULATED DEFICIT, END OF YEAR		\$ (118,580)	\$ (97,365)

SAYISI DENE FIRST NATION

SCHEDULE 5 - HEALTH

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
First Nation and Inuit Health (FNIH)	\$ -	\$ 1,773,156	\$ 1,173,203
Revenue Deferred to Subsequent Year - Note 6	-	(364,175)	-
Rent	-	16,000	-
	-	1,424,981	1,173,203
EXPENSES			
Amortization	-	10,092	3,813
Bank Charges and Interest	-	495	1,808
Community Events	-	167,519	55,676
FNIHB Recoveries	-	7,700	-
Honorarium	-	4,800	-
Insurance	-	2,882	-
Member Support	-	910	-
Professional Fees	-	2,035	-
Salaries and Benefits	-	564,070	555,835
Supplies	-	71,896	105,688
Telephone	-	5,948	11,715
Training	-	60,000	184
Travel	-	58,369	29,510
Utilities	-	298,477	248,376
Vehicle Operating	-	18,900	17,558
	-	1,274,093	1,030,163
ANNUAL SURPLUS BEFORE TRANSFERS	-	150,888	143,040
TRANSFERS	-	-	-
ANNUAL SURPLUS	\$ -	150,888	143,040
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF YEAR		542,065	399,025
ACCUMULATED SURPLUS, END OF YEAR		\$ 692,953	\$ 542,065

SAYISI DENE FIRST NATION

SCHEDULE 6 - HOUSING

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Canada Mortgage and Housing Corporation (CMHC)	\$ 326,316	\$ 290,708	\$ 291,834
Rent	90,000	156,630	188,538
	416,316	447,338	480,372
EXPENSES			
Amortization	-	337,699	337,699
Bank Charges and Interest	-	-	367
Insurance	42,600	32,863	43,984
Interest on Long Term Debt	345,336	65,458	78,000
Professional Fees	8,000	5,000	5,000
Repairs and Maintenance	24,000	154	4,942
Replacement Reserve	-	80,623	3,331
Salaries and Benefits	-	15,731	-
Supplies	-	-	830
	419,936	537,528	474,153
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	(3,620)	(90,190)	6,219
TRANSFERS	-	(30,000)	(30,000)
ANNUAL SURPLUS (DEFICIT)	\$ (3,620)	(120,190)	(23,781)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		2,742,401	2,766,182
ACCUMULATED SURPLUS, END OF YEAR		\$ 2,622,211	\$ 2,742,401

SAYISI DENE FIRST NATION

SCHEDULE 7 - ECONOMIC DEVELOPMENT

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 53,252	\$ 53,252	\$ 53,252
Province of Manitoba	32,000	-	22,763
Revenue Deferred to Subsequent Year - Note 6	-	(53,252)	-
	85,252	-	76,015
EXPENSES			
Professional Fees	47,000	-	21,254
Travel	-	-	26,495
	47,000	-	47,749
ANNUAL SURPLUS BEFORE TRANSFERS	38,252	-	28,266
TRANSFERS	-	-	-
ANNUAL SURPLUS	\$ 38,252	-	28,266
ACCUMULATED SURPLUS, BEGINNING OF YEAR		277,813	249,547
ACCUMULATED SURPLUS, END OF YEAR		\$ 277,813	\$ 277,813

SAYISI DENE FIRST NATION

SCHEDULE 8 - EDUCATION

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 1,957,800	\$ 2,499,379	\$ 2,471,889
Other	-	-	671
Rent	7,650	-	-
Revenue Deferred in Prior Year - Note 6	-	108,296	107,250
Revenue Deferred to Subsequent Year - Note 6	-	(78,296)	(108,296)
	1,965,450	2,529,379	2,471,514
EXPENSES			
Amortization	-	16,837	16,837
Bank Charges and Interest	3,600	2,899	2,871
Heating Fuel	105,000	110,000	110,000
Insurance	-	2,184	2,328
Other Program Expenses	-	6,683	3,373
Professional Development	-	20,979	13,068
Professional Fees	22,743	264,493	31,762
Repairs and Maintenance	-	81,714	84,355
Salaries and Benefits	963,542	883,272	749,923
Special Activities	10,000	-	651
Supplies	77,400	67,398	86,214
Telephone	12,000	7,538	6,376
Travel	55,000	28,843	12,778
Utilities	192,000	700,866	406,158
Vehicle Operating	41,165	38,905	52,677
Workshops	24,000	-	-
	1,506,450	2,232,609	1,579,371
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	459,000	296,770	892,143
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ 459,000	296,770	892,143
ACCUMULATED SURPLUS, BEGINNING OF YEAR		1,696,595	804,452
ACCUMULATED SURPLUS, END OF YEAR		\$ 1,993,365	\$ 1,696,595

SAYISI DENE FIRST NATION

SCHEDULE 9 - OPERATIONS AND MAINTENANCE

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Aboriginal Affairs and Northern Development Canada (AANDC)	\$ 851,445	\$ 1,633,156	\$ 2,191,939
User Fees	14,400	40,509	33,925
Revenue Deferred in Prior Year - Note 6	-	403,020	104,046
Revenue Deferred to Subsequent Year-Note 6	-	(279,670)	(403,020)
	865,845	1,797,015	1,926,890
EXPENSES			
Amortization	-	872,463	778,767
Capital Soil Remediation	-	-	15,000
Fuel	38,000	135,000	134,885
Insurance	17,088	14,154	27,946
Professional Fees	-	183	305,930
Repairs and Maintenance	204,100	227,322	359,274
Salaries and Benefits	320,625	296,810	302,720
Supplies	129,000	111,115	62,777
Telephone	7,200	3,754	2,761
Utilities	120,000	118,650	305,561
Vehicle Operating Costs	106,000	69,573	100,375
	942,013	1,849,024	2,395,996
ANNUAL DEFICIT BEFORE TRANSFERS	(76,168)	(52,009)	(469,106)
TRANSFERS	-	-	-
ANNUAL DEFICIT	-	(52,009)	(469,106)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	5,205,973	5,675,079
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 5,153,964	\$ 5,205,973

SAYISI DENE FIRST NATION

SCHEDULE 10 - OTTAWA TRUST

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Interest	\$ -	\$ 105	\$ 89
ANNUAL SURPLUS	-	105	89
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	4,881	4,792
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 4,986	\$ 4,881

SAYISI DENE FIRST NATION

SCHEDULE 11 - LAND CLAIMS

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND DEFICIT

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Government of Canada - Native Claims Program	\$ -	\$ 812,879	\$ 675,947
EXPENSES			
Amortization	-	800	400
Bank Charges and Interest	-	2,846	2,806
Community Consultation	-	20,381	16,311
Delivery and Freight	-	116	488
Honoraria - Other	-	138,967	157,263
Other Program Expenses	-	3,086	2,188
Professional Fees	-	401,493	284,169
Rent	-	36,880	36,400
Repairs and Maintenance	-	290	1,197
Supplies	-	5,074	2,740
Telephone	-	3,439	3,645
Travel	-	92,575	32,277
	-	705,947	539,884
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	-	106,932	136,063
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	\$ -	106,932	136,063
ACCUMULATED DEFICIT, BEGINNING OF YEAR		85,432	(50,631)
ACCUMULATED DEFICIT, END OF YEAR		\$ 192,364	\$ 85,432

SAYISI DENE FIRST NATION

SCHEDULE 12 - TRAINING AND OTHER

CONSOLIDATED SCHEDULE OF SEGMENT REVENUE AND EXPENSES AND SURPLUS (DEFICIT)

FOR THE YEAR ENDED MARCH 31, 2018

	2018 Budget (Unaudited)	2018	2017
REVENUE			
Keewatin Tribal Council	\$ -	\$ 167,176	\$ 212,361
Rental Income	-	11,363	17,313
Province of Manitoba	100,000	-	-
Other	180,000	-	-
	280,000	178,539	229,674
EXPENSES			
Community Events	-	18,482	27,609
Heating Fuel	386,518	-	-
Repairs and Maintenance	-	-	27,016
Salaries and Benefits	-	70,484	80,680
Supplies	-	2,864	12,658
Telephone	-	2,076	957
Training	-	94,679	78,079
Travel	-	-	9,296
Vehicle Operating	-	-	19,792
	386,518	188,585	256,087
ANNUAL SURPLUS (DEFICIT) BEFORE TRANSFERS	(106,518)	(10,046)	(26,413)
TRANSFERS	-	-	-
ANNUAL SURPLUS (DEFICIT)	-	(10,046)	(26,413)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	-	81,939	108,352
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ 71,893	\$ 81,939