

Northlands Denesuline First Nation
Financial Statements
March 31, 2017

Northlands Denesuline First Nation

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For the year ended March 31, 2017

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Management's Responsibility

To the Members of Northlands Denesuline First Nation:

The accompanying consolidated financial statements of Northlands Denesuline First Nation are the responsibility of management and have been approved by the Chief and Council.

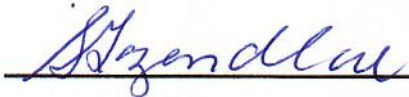
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting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

The Northlands Denesuline First Nation Chief and Council is 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 is also responsible for recommending the appointment of the Nation's external auditors.

MNP LLP 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.

January 17, 2018



Signature

Independent Auditors' Report

To the Members of Northlands Denesuline First Nation:

We have audited the accompanying consolidated financial statements of Northlands Denesuline First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies, supporting schedules and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

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

Winnipeg, Manitoba

January 17, 2018

MNP LLP

Chartered Professional Accountants

Northlands Denesuline First Nation

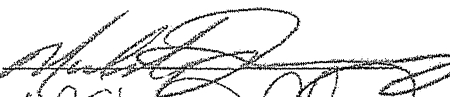
Consolidated Statement of Financial Position


As at March 31, 2017

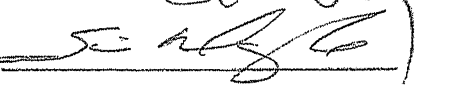
	2017	2016
Financial assets		
Cash	2,297,101	36,230
Accounts receivable (Note 3)	1,400,138	534,187
Restricted cash (Note 4)	3,553,437	1,579,485
	7,250,676	2,149,902
Liabilities		
Accounts payable and accruals (Note 5)	4,579,484	1,142,326
Deferred revenue (Note 6)	4,192,424	1,683,311
Due to Indigenous and Northern Affairs Canada (INAC) (Note 7)	1,335,920	1,335,920
Long-term debt (Note 8)	2,119,658	2,573,176
Due to Barrenlands First Nation (Note 9)	193,232	233,698
	12,420,718	6,968,431
Net debt	(5,170,042)	(4,818,529)
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	25,749,389	14,043,062
Inventories held for use (Note 11)	811,300	28,266
Prepaid expenses	-	800
	26,560,689	14,072,128
Accumulated surplus (Note 12)	21,390,647	9,253,599

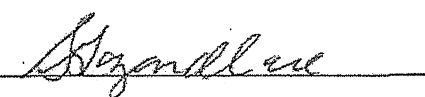
Approved

Chief

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Councilor

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Councilor

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Northlands Denesuline First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue				
Indigenous and Northern Affairs Canada (INAC) (Note 13)		9,296,844	18,064,345	9,610,596
First Nation and Inuit Health Branch (FNIH) (Note 13)		1,505,914	8,692,149	7,253,877
Government of Canada - land claim (Note 10)		588,235	588,235	474,650
Province of Manitoba		87,953	354,654	372,606
Canada Mortgage and Housing Corporation (CMHC)		-	130,400	125,359
Province of Manitoba - Winter Roads		-	-	558,947
Other revenue		-	996,655	336,618
Rental income		-	250,486	157,835
Keewatin Tribal Council		-	103,772	75,506
Treaty Land Entitlement		-	51,871	37,830
User fees		-	-	19,440
Deferred revenue - prior year (Note 6)		-	1,683,311	20,694
Deferred revenue - current year (Note 6)		-	(4,192,424)	(1,683,311)
		11,478,946	26,723,454	17,360,647
Segment expenses				
Governance and Administration	3	1,057,000	1,175,185	1,016,962
Social Assistance	4	2,817,368	2,952,891	3,099,796
Health	5	1,505,914	1,751,429	1,687,518
Capital and Housing	6	542,900	760,250	438,986
Education	7	3,841,539	4,389,303	4,041,655
Operations and Maintenance	8	1,085,698	2,797,781	2,956,059
Land Claim	9	586,267	524,720	500,000
Other Programs	10	53,350	141,048	124,096
Community Economic Development	11	-	93,799	89,399
Total segment expenses (Note 14)		11,490,036	14,586,406	13,954,471
Annual surplus (deficit)		(11,090)	12,137,048	3,406,176
Accumulated surplus, beginning of year		9,253,599	9,253,599	5,847,423
Accumulated surplus, end of year (Note 12)		9,242,509	21,390,647	9,253,599

Northlands Denesuline First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Annual surplus (deficit)	(11,090)	12,137,048	3,406,176
Purchases of tangible capital assets	-	(1,580,753)	(457,673)
Amortization of tangible capital assets	-	2,062,842	1,950,836
Acquisition of construction in progress	-	(12,188,416)	(4,163,525)
Decrease (increase) in fuel inventory	-	(783,034)	72,152
Acquisition of prepaid expenses	-	-	(800)
Use of prepaid expenses	-	800	-
Decrease (increase) in net debt	(11,090)	(351,513)	807,166
Net debt, beginning of year	(4,818,529)	(4,818,529)	(5,625,695)
Net debt, end of year	(4,829,619)	(5,170,042)	(4,818,529)

Northlands Denesuline First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	28,366,616	19,047,991
Cash paid to suppliers	(6,566,575)	(9,377,850)
Cash paid to employees	(3,235,963)	(3,333,775)
Interest on long-term debt	(66,102)	(32,949)
	18,497,976	6,303,417
Financing activities		
Advances of long-term debt	-	65,017
Repayment of long-term debt	(453,518)	(666,271)
Advances from (repayments to) Barrenlands First Nation - net	(40,466)	233,698
Increase in restricted cash	(1,973,952)	(1,495,454)
	(2,467,936)	(1,863,010)
Capital activities		
Purchases of tangible capital assets	(1,580,753)	(457,673)
Acquisition of construction in progress	(12,188,416)	(4,163,525)
	(13,769,169)	(4,621,198)
Increase (decrease) in cash resources	2,260,871	(180,791)
Cash resources, beginning of year	36,230	217,021
Cash resources, end of year	2,297,101	36,230

Northlands Denesuline First Nation

Notes to the Financial Statements

For the year ended March 31, 2017

1. Operations

The Northlands Denesuline First Nation (the "Nation") is located in the Province of Manitoba and provides various services to its Members. The Nation's financial reporting entity includes all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

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

Reporting entity

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity. Any trusts administered on behalf of third parties by Northlands Denesuline First Nation are excluded from the Nation reporting entity.

The Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Northlands Denesuline First Nation Band Operations
- Northlands Denesuline First Nation North of 60 Program
- Northlands Denesuline First Nation Health Services
- Northlands Denesuline First Nation CMHC Housing Authority

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

All inter-entity balances 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

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Nation Members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position. Trust moneys consist of:

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

Inventories held for use

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 selling costs.

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

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 annually using the following method at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, only one-half the rate is charged.

	Method	Rate
	straight-line	5 %
	straight-line	10 %
Vehicles	straight-line	33.33 %
Band housing	straight-line	4 %
CMHC housing	straight-line	4 %
Roads	straight-line	2.5 %
Water and sewer	straight-line	4 - 6.67 %

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 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. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations.

Capital construction in progress

The Nation uses an external project manager for certain projects. Costs that have been included in capital construction in progress will be included as acquisitions of tangible capital assets and amortized upon completion.

Net debt

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the 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 Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Nation unless they are sold.

Employee future benefits

The Nation's employee future benefit program consist of a defined contribution pension plan. The Nation contributions to the defined contribution plan are expensed as incurred.

Deferred revenue

Deferred revenue consists of funding that has been collected in advance where program expenditures specific to the funding received has been deferred to subsequent years. Recognition of these amounts as revenue is deferred to years when the specific expenditures are made.

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

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 Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2017.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The 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.

Revenue recognition

Government Transfers

The Nation recognizes government transfers as revenue, including Indigenous and Northern Affairs Canada, First Nations and Inuit Health, Province of Manitoba, Government of Canada, and Canada Mortgage and Housing Corporation, as the funding becomes receivable under the terms of the applicable funding agreements. Funding received under a funding arrangement that relates to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt and is matched with the related department expenses in the year of their occurrence with the Nation.

Rental revenue

Rental revenue is recognized on a monthly basis under terms of the agreements.

Other revenue

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

Measurement uncertainty

The preparation of consolidated 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 collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of 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 are recorded in accordance with management's estimates of future costs.

The estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Financial Instruments

Financial instruments include cash, accounts receivable, restricted cash, accounts payables and accruals, due to Indigenous and Northern Affairs Canada, long-term debt and due to Barrenlands First Nation. Unless otherwise stated, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Northlands Denesuline First Nation

Notes to the Financial Statements

For the year ended March 31, 2017

2. Significant accounting policies (Continued from previous page)

Segments

The Nation conducts its business through thirteen reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

Governance and Administration - includes administration and governance activities.

Social Assistance - activities include delivering social programs.

Health - include activities related to health and wellness programs funded by FNIH.

Capital and Housing - includes activities related to the development and sustainment of on-reserve housing, including CMHC subsidized housing.

Education - includes the operation of education programs.

Operations and Maintenance - includes general operations and maintenance program activities.

Land Claim - reports on funding related to the Samuel Thorassie Claim.

Other Programs - includes other programs and activities.

Community Economic Development - includes activities related to the economic development of the community.

The segments are established by senior management to facilitate the achievement of the 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 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.

Recent accounting pronouncement

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2019. Earlier adoption is permitted.

PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The Nation has not yet determined the effect of the new standard on its consolidated financial statements.

3. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada (INAC) - per PAYE report	82,752	66,735
Indigenous and Northern Affairs Canada (INAC) - accrued income assistance	204,979	42,969
Health and Welfare Canada	-	186,435
Indigenous and Northern Affairs Canada (INAC) - receivable from prior year	66,735	-
CMHC subsidy assistance receivable	119,533	8,973
Trade receivables	399,517	179,346
Accrued receivables	11,185	49,729
Indigenous and Northern Affairs Canada (INAC) - Environmental	515,437	-
	1,400,138	534,187

Northlands Denesuline First Nation

Notes to the Financial Statements

For the year ended March 31, 2017

4. Restricted cash

	2017	2016
Government of Canada - land claim	26,893	74,733
Ottawa Trust	9,409	9,047
Cash held in a restricted account	3,516,551	1,495,101
CMHC replacement reserve	584	604
	3,553,437	1,579,485

Government of Canada - land claim

Claims cash is restricted for the negotiation on the Samuel Thorassie land claim. As at March 31, 2017, the balance of these funds held by legal representatives was \$15,546 (2016 - \$30,983).

Ottawa Trust

The Ottawa Trust Fund arises 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 Fund 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 Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Chief and Council. 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.

Cash held in restricted account

Cash held in the restricted account of \$3,516,551 (2016- \$1,495,101) consists of funding received that must be spent on particular capital projects and is held in a bank account that requires co-signature from the general construction contractor in order to release funds.

CMHC replacement reserve

As required as part of the Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account should be 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. At March 31, 2017, a separate account had not been maintained leaving an unfunded balance of \$209,494 (2016 - \$187,124).

Operating reserve

The Nation's CMHC Housing Program receives funding pursuant to the (Post 1996) Section 95 Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program. These funds, along with accumulated interest, must be held in a separate bank account. At March 31, 2017, a separate account had not been maintained leaving an unfunded balance of \$28,938 (2016 - \$10,512).

Northlands Denesuline First Nation

Notes to the Financial Statements

For the year ended March 31, 2017

5. Accounts payable and accruals

	2017	2016
Trade accounts payable	785,258	1,139,221
Accounts payable - capital projects	3,791,121	-
Accrued liabilities	3,105	3,105
	4,579,484	1,142,326

6. Deferred revenue

	2017	2016
Income for future Justice Committee meetings	-	1,775
INAC - Lagoon projects	675,874	-
First Nation and Inuit Health (FNIH)	3,516,550	1,681,536
	4,192,424	1,683,311

7. Due to Indigenous and Northern Affairs Canada (INAC)

	2017	2016
INAC recovery for basic needs and band operated school 2012-13	72,507	72,507
INAC recovery for 2011-12	95,334	95,334
INAC recovery for basic needs 2013-14	189,827	189,827
INAC recovery for special needs 2013-14	4,194	4,194
INAC recovery for band operated school 2013-14	16,914	16,914
INAC recovery for 2012-13 on final INAC review	178,566	178,566
INAC recovery for basic needs 2014-15	167,708	167,708
INAC recovery for in-home care 2014-15	1,409	1,409
INAC liability under debt management #185 for 2008-09	161,293	161,293
INAC liability under debt management #187 for 2008-09	412,931	412,931
INAC recovery for band operated school 2014-15	4,500	4,500
INAC recovery for enhanced school salaries 2014-15	30,320	30,320
INAC recovery for band operated school 2015-16	417	417
	1,335,920	1,335,920

Northlands Denesuline First Nation

Notes to the Financial Statements

For the year ended March 31, 2017

8. Long-term debt

	2017	2016
Demand loan payable to Royal Bank of Canada in 60 installments, with monthly payments of \$22,000 plus interest at a rate of prime (2.70%, 2016 - 2.70%) plus 3.25%, and a balloon payment of \$83,000 in November of each year, secured by a general security agreement constituting a first ranking security interest in all property, a band council resolution assigning tobacco tax rebates in the minimum amount of \$22,000 per month and a band council resolution assigning annual dividends from South Beach Casino in the minimum amount of \$85,000 per annum.	547,000	894,000
CMHC mortgage with payments of \$4,261 per month including interest at 1.17%, maturing August 2035 with a scheduled renewal date of January 2021, secured by a ministerial guarantee and an assignment of fire insurance.	846,876	887,884
CMHC mortgage with payments of \$4,685 per month including interest at 1.17%, maturing December 2021 with a scheduled renewal date of January 2021, secured by a ministerial guarantee and an assignment of fire insurance.	259,581	310,702
CMHC mortgage with payments of \$1,839 per month including interest at 1.11%, maturing January 2041 with a scheduled renewal date of April 2021, secured by a ministerial guarantee and an assignment of fire insurance.	466,201	480,590
	2,119,658	2,573,176

Principal repayments on long-term debt in each of the next five year, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2018	459,125
2019	313,178
2020	114,499
2021	115,835
2022	102,809

9. Due to Barrenlands First Nation

During prior year, a settlement was reached with Barrenlands First Nation regarding a previous debt that requires monthly installments of \$4,000 which includes interest at a fixed rate of 3.50%, due on the first of every month.

10. Contingencies

Government of Canada - land claim

The Nation, through the claims office, has obtained loans from the Government of Canada totaling \$16.21 million (2016 - \$15.62 million) which are to be repaid upon final settlement of the Samuel Thorassie claim. The 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 repayments will be recorded as an expense in the year of repayment together with any settlement proceeds, as applicable.

Legal Claim

A claim in the amount of \$402,764 (plus unspecified damages) has been filed against the Nation for tobacco tax refunds received relating to the period January 28, 2003 to April 10, 2013 that allegedly should have been paid to the plaintiff. The plaintiff also claims that all amounts received subsequent to this date should be added to the claim. An amount has not been included in these consolidated financial statements as the likelihood of a judgment against the Nation is unknown and is not quantifiable.

Funding recoveries

The Nation is subject to funding recoveries according to their agreements with federal government agencies. It has not yet been determined to what extent and funding amounts related to the year ended March 31, 2017 might be recovered.

First Nations Financial Transparency Act

The Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2017. Since the audit report is dated after this date, the Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined.

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 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 Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

For accounting purposes, any amounts assessed or claims paid will be accounted for in the year of determination.

Northlands Denesuline First Nation

Notes to the Financial Statements

For the year ended March 31, 2017

11. Inventories held use

The cost of inventories consumed are recognized as either fuel expense in the various programs or fuel being sold to third parties. There were no write-downs or reversals of write-downs of inventories recognized as an expense during the year.

12. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Equity in tangible capital assets	23,721,490	12,363,888
Replacement reserve	210,078	187,728
Operating reserve	28,938	10,512
Ottawa trust funds	9,409	9,047
Operating surplus (deficit)	(2,579,268)	(3,317,576)
	21,390,647	9,253,599

13. INAC and FNIH Revenue reconciliation

	2017	2016
INAC revenue reconciliation		
INAC revenue per funding agreement	17,902,335	9,567,627
Accrued INAC Basic Needs revenue 15/16	(42,969)	42,969
Accrued INAC Basic Needs revenue 16/17	204,979	-
INAC revenue per consolidated financial statement	(18,064,345)	(9,610,596)
	-	-
FNIH revenue reconciliation		
FNIH revenue per funding agreement	8,692,149	7,253,877
FNIH revenue per consolidated financial statements	(8,692,149)	(7,253,877)
	-	-

14. Consolidated expenses by object

	2017	2016
Amortization	2,062,842	1,950,836
Bank charges and interest	91,297	129,376
Professional fees	579,097	512,915
Purchased goods and services	5,916,808	5,025,214
Salaries and benefits	3,235,963	3,333,775
Social assistance	1,978,897	2,279,853
Training	236,866	298,874
Travel	484,636	423,628
	14,586,406	13,954,471

Northlands Denesuline First Nation Notes to the Financial Statements

For the year ended March 31, 2017

15. Economic dependence

The Nation receives substantially all of its revenue from Indigenous and Northern Affairs (INAC) and First Nations and Inuit Health (FNIH) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC and FNIH under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon INAC and FNIH's continued financial commitments as guaranteed by these Treaties.

16. Comparative figures

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

17. Financial Instruments

The Nation as part of its operations carries a number of financial instruments. Unless otherwise stated, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit risk

The Nation is subject to credit risk through its accounts receivable. Accounts receivable credit risk is reduced as most of the Nation's receivables relate to contracts and agreements with federal and provincial governments.

Liquidity risk

The Nation manages its liquidity risks by maintaining cash and credit facilities and by updating cash flow projections on an as-needed basis.

Fair value

Fair value estimates are subjective in nature and involve uncertainties and matters of significant judgment. Changes in the following assumptions could significantly affect the estimates.

The fair values of cash, accounts receivable, restricted cash, accounts payable and accruals, due to Indigenous Northern Affairs Canada and Barrenlands First Nation approximate their carrying values due to their short-term nature.

18. Budget information

The disclosed budget information has been approved by the Chief and Council of the Northland First Nation.

Northlands Denesuline First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2017

	<i>Buildings</i>	<i>Vehicles and equipment</i>	<i>Roads</i>	<i>Water and sewer</i>	<i>Band housing</i>	<i>CMHC housing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	6,138,738	1,081,947	1,311,901	21,276,047	5,467,286	2,543,792	37,819,711
Acquisition of tangible capital assets	962,080	511,633	-	107,040	-	-	1,580,753
Construction-in-progress	-	-	-	-	-	-	-
Transfer of capital assets upon completion	-	-	-	-	-	425,561	425,561
Balance, end of year	7,100,818	1,593,580	1,311,901	21,383,087	5,467,286	2,969,353	39,826,025
Accumulated amortization							
Balance, beginning of year	4,958,479	691,842	281,492	17,124,390	4,489,069	1,307,075	28,852,347
Annual amortization	355,040	195,684	32,798	1,141,857	218,692	118,771	2,062,842
Balance, end of year	5,313,519	887,526	314,290	18,266,247	4,707,761	1,425,846	30,915,189
Net book value of tangible capital assets	1,787,299	706,054	997,611	3,116,840	759,525	1,543,507	8,910,836
2016 Net book value of tangible capital assets	1,180,259	390,105	1,030,409	4,151,657	978,217	1,236,717	8,967,364

Northlands Denesuline First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Subtotal</i>	<i>Construction in progress</i>	<i>2017</i>	<i>2016</i>
Cost				
Balance, beginning of year	37,819,711	5,075,698	42,895,409	38,274,211
Acquisition of tangible capital assets	1,580,753	-	1,580,753	457,673
Construction-in-progress	-	12,188,416	12,188,416	4,163,525
Transfer of capital assets upon completion	425,561	(425,561)	-	-
Balance, end of year	39,826,025	16,838,553	56,664,578	42,895,409
Accumulated amortization				
Balance, beginning of year	28,852,347	-	28,852,347	26,901,511
Annual amortization	2,062,842	-	2,062,842	1,950,836
Balance, end of year	30,915,189	-	30,915,189	28,852,347
Net book value of tangible capital assets	8,910,836	16,838,553	25,749,389	14,043,062
2016 Net book value of tangible capital assets	8,967,364	5,075,698	14,043,062	

Northlands Denesuline First Nation

Schedule 2 - Consolidated Summary Schedule of Segment Revenue and Expenses

For the year ended March 31, 2017

	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit)</i>
Governance and Administration	2,144,264	1,175,185	215,715	1,184,794	393,632
Social Assistance	2,987,807	2,952,891	-	34,916	(16,786)
Health	1,857,212	1,751,429	(137,600)	(31,817)	(181,496)
Capital and Housing	12,586,984	760,250	(14,600)	11,812,134	3,794,248
Education	4,729,183	4,389,303	-	339,880	253,957
Operations and Maintenance	1,582,263	2,797,781	-	(1,215,518)	(826,209)
Land Claim	588,235	524,720	(63,515)	-	-
Other Programs	158,517	141,048	-	17,469	(10,760)
Community Economic Development	88,989	93,799	-	(4,810)	(410)
	26,723,454	14,586,406	-	12,137,048	3,406,176

Northlands Denesuline First Nation
Governance and Administration
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	732,813	689,509
Province of Manitoba	354,654	325,806
Other revenue	874,511	192,791
Rental income	180,511	96,809
Deferred revenue - prior year	1,775	-
Deferred revenue - current year	-	(1,775)
	2,144,264	1,303,140
Expenses		
Administration	9,145	4,350
Amortization	9,380	9,380
Bad debts	-	732
Bank charges and interest	53,363	72,643
Board travel, training and honouraria	500	-
Community activities	14,612	19,299
Community assistance	39,129	49,612
Contracted services	35,218	57,575
Donations	35,600	-
Equipment and vehicles	13,092	1,465
Equipment rental	3,400	7,087
Freight and courier	1,375	334
Fuel	4,293	2,228
Funeral	17,061	10,256
Honouraria	257,550	281,073
Insurance	2,816	-
Office supplies	6,915	12,044
Professional development	1,258	6,658
Professional fees	172,264	103,736
Repairs and maintenance	1,064	968
Salaries and benefits	137,750	170,878
Supplies and program materials	169,223	34,446
Telephone, fax, and internet	41,277	34,010
Training	11,750	29,800
Travel	94,356	103,045
Utilities	35,260	1,027
Legal settlement	7,534	4,316
	1,175,185	1,016,962
Surplus before transfers	969,079	286,178
Transfers between programs	215,715	107,454
Surplus	1,184,794	393,632

Northlands Denesuline First Nation
Social Assistance
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	2,987,807	3,083,010
Expenses		
Bank charges and interest	7,922	11,166
Contracted services	48,633	27,868
Funeral	16,872	28,863
Office supplies	17,621	7,057
Professional development	-	9,649
Salaries and benefits	81,294	91,297
Social assistance	1,978,897	2,279,853
Special needs	8,129	78,086
Travel	2,455	8,825
Utilities	791,068	557,132
	2,952,891	3,099,796
Surplus (deficit)	34,916	(16,786)

Northlands Denesuline First Nation
Health
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
First Nation and Inuit Health (FNIH)	1,842,149	1,567,442
Other revenue	15,063	33,834
	1,857,212	1,601,276
Expenses		
Amortization	17,480	17,480
Bank charges and interest	3,535	4,869
Community activities	121,357	175,560
Community assistance	24,912	6,650
Contract wages	124,061	28,133
Donations	800	-
Equipment and vehicles	1,900	21,271
Equipment rental	400	3,702
Freight and courier	12,152	528
Fuel	22,500	28,841
Honouraria	12,504	8,594
Insurance, licenses and fees	3,934	6,152
Management fees	14,421	-
Office supplies	23,614	6,208
Professional development	13,808	45,945
Rent	4,000	-
Repairs and maintenance	50,906	57,426
Salaries and benefits	717,488	734,892
Supplies and program materials	100,466	93,900
Telephone, fax, and internet	9,543	10,906
Travel	169,336	129,478
Utilities	302,312	306,983
	1,751,429	1,687,518
Surplus (deficit) before transfers	105,783	(86,242)
Transfers between programs	(137,600)	(95,254)
Deficit	(31,817)	(181,496)

Northlands Denesuline First Nation
Capital and Housing
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	8,036,712	-
Province of Manitoba	-	46,800
First Nation and Inuit Health Branch (FNIH)	6,850,000	5,686,435
Canada Mortgage and Housing Corporation (CMHC)	130,400	125,359
Other revenue	80,760	68,376
Deferred revenue - prior year	1,681,536	-
Deferred revenue - current year	(4,192,424)	(1,681,536)
	12,586,984	4,245,434
Expenses		
Amortization	118,774	358,131
Bank charges and interest	54	141
Contracted services	461,212	-
Freight and courier	40,017	-
Insurance, licenses and fees	19,046	19,046
Interest on long-term debt	18,503	32,949
Professional fees	7,500	7,500
Repairs and maintenance	76,710	21,219
Supplies and program materials	18,434	-
	760,250	438,986
Surplus before transfers	11,826,734	3,806,448
Transfers between programs	(14,600)	(12,200)
Surplus	11,812,134	3,794,248

Northlands Denesuline First Nation
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	4,635,761	4,197,625
Rental income	69,975	61,025
Other revenue	23,447	36,962
	4,729,183	4,295,612
Expenses		
Amortization	131,932	131,932
Bank charges and interest	7,896	7,374
Board travel, training and honouraria	7,510	-
Community activities	3,818	-
Community assistance	-	5,841
Contracted services	123,698	8,422
Equipment and vehicles	-	23,480
Equipment rental	7,300	5,761
Freight and courier	79,600	37,932
Honouraria	15,150	31,278
Insurance, licenses and fees	5,996	3,757
Office supplies	6,172	12,123
Professional development	23,910	8,615
Professional fees	93,050	26,000
Repairs and maintenance	145,988	44,422
Salaries and benefits	1,934,618	1,806,845
Student expenses	125,268	7,468
Supplies and program materials	255,770	115,049
Telephone, fax, and internet	8,013	8,238
Travel	78,213	52,076
Utilities	1,335,401	1,705,042
	4,389,303	4,041,655
Surplus	339,880	253,957

Northlands Denesuline First Nation
Operations and Maintenance
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	1,582,263	1,551,463
Province of Manitoba - Winter Roads	-	558,947
User fees	-	19,440
	1,582,263	2,129,850
Expenses		
Amortization	1,785,276	1,433,913
Board travel, training and honouraria	864	-
Contracted services	179,270	105,565
Equipment and vehicles	-	25,350
Equipment rental	3,321	52,909
Freight and courier	83,971	95,605
Fuel	5,317	70,676
Honouraria	3,764	5,752
Insurance, licenses and fees	63,888	47,760
Office supplies	1,000	210
Professional development	6,559	-
Professional fees	-	30,819
Repairs and maintenance	223,773	153,937
Salaries and benefits	122,129	301,290
Supplies and program materials	105,299	103,179
Telephone, fax, and internet	3,753	4,340
Travel	17,062	29,798
Utilities	192,535	494,956
	2,797,781	2,956,059
Deficit	(1,215,518)	(826,209)

Northlands Denesuline First Nation
Land Claim
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Government of Canada - government loans	588,235	474,650
Other revenue	-	4,656
Deferred revenue - prior year	-	20,694
	588,235	500,000
Expenses		
Bank charges and interest	24	230
Office equipment lease	1,097	-
Office supplies	5,824	315
Professional fees	281,283	281,453
Salaries and benefits	137,888	140,287
Telephone, fax, and internet	5,626	6,200
Travel	92,978	71,515
	524,720	500,000
Surplus (deficit) before transfers	63,515	-
Transfers between programs	(63,515)	-
Surplus (deficit)	-	-

Northlands Denesuline First Nation
Other Programs
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Keewatin Tribal Council	103,772	75,506
Treaty Land Entitlement	51,871	37,830
Other revenue	2,874	-
	158,517	113,336
Expenses		
Bank charges and interest	-	4
Freight and courier	111	-
Office supplies	1,000	3,362
Professional development	2,294	3,348
Professional fees	-	407
Salaries and benefits	97,371	88,287
Supplies and program materials	5,876	6,522
Telephone, fax, and internet	2,478	2,724
Travel	25,048	13,388
Utilities	6,870	6,054
	141,048	124,096
Surplus (deficit)	17,469	(10,760)

Northlands Denesuline First Nation
Community Economic Development
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	88,989	88,989
Expenses		
Community activities	24,692	-
Equipment and vehicles	-	10,725
Freight and courier	6,500	171
Insurance	5,392	-
Professional development	12,809	-
Professional fees	25,000	63,000
Salaries and benefits	7,425	-
Supplies and program materials	6,794	-
Travel	5,187	15,503
	93,799	89,399
Deficit	(4,810)	(410)