

**Northlands Denesuline First Nation**  
**Consolidated Financial Statements**  
*March 31, 2019*

# Northlands Denesuline First Nation

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*For the year ended March 31, 2019*

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## Management's Responsibility

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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.

 Signature

# Independent Auditor's Report

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To the Members of Northlands Denesuline First Nation:

## Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nation as at March 31, 2019, and the results of its consolidated operations, changes in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

## Basis for Opinion

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

November 6, 2019

Winnipeg, Manitoba

*MNP LLP*

Chartered Professional Accountants

# Northlands Denesuline First Nation Consolidated Statement of Financial Position

As at March 31, 2019

	2019	2018
<b>Financial assets</b>		
Cash	100,394	824,366
Accounts receivable (Note 3)	1,367,428	922,649
Restricted cash (Note 4)	5,955,227	8,609,839
	<b>7,423,049</b>	<b>10,356,854</b>
<b>Liabilities</b>		
Accounts payable and accruals (Note 5)	4,573,526	4,367,220
Deferred revenue (Note 6)	3,663,450	7,238,096
Due to Indigenous Services Canada (ISC) (Note 7)	965,624	882,973
Long-term debt (Note 8)	1,559,368	1,951,704
Due to Barrenlands First Nation (Note 9)	97,401	151,327
	<b>10,859,369</b>	<b>14,591,320</b>
<b>Net debt</b>	<b>(3,436,320)</b>	<b>(4,234,466)</b>
<b>Contingencies (Note 10)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	54,243,607	40,198,572
Inventories held for use (Note 11)	543,085	1,329,653
	<b>54,786,692</b>	<b>41,528,225</b>
<b>Accumulated surplus (Note 12)</b>	<b>51,350,372</b>	<b>37,293,759</b>

Approved



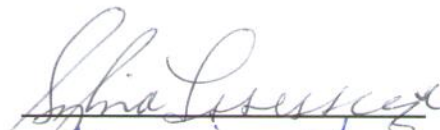
Chief



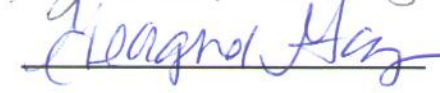
Councillor



Councillor



Councillor



Councillor

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

# Northlands Denesuline First Nation

## Consolidated Statement of Operations and Accumulated Surplus

*For the year ended March 31, 2019*

	<i>Schedules</i>	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
<b>Revenue</b>				
Indigenous Services Canada (ISC) <i>(Note 13)</i>		9,257,959	23,808,401	28,707,726
First Nation and Inuit Health Branch (FNIH) <i>(Note 13)</i>		1,647,211	2,769,672	4,538,177
Government of Canada - land claim		908,234	1,620,083	908,234
Province of Manitoba		87,953	384,434	329,570
Canada Mortgage and Housing Corporation (CMHC)		211,160	188,428	130,400
Other revenue		-	1,188,872	481,609
Rental income		-	714,758	684,791
Keewatin Tribal Council		-	264,968	134,057
Province of Manitoba - winter road		-	70,954	394,465
Treaty Land Entitlement		-	45,669	43,164
ISC debt forgiveness		-	-	574,224
ISC recovery of funding		-	(83,250)	(206,257)
Deferred revenue - prior year		-	7,238,096	4,192,424
Deferred revenue - current year		-	(3,663,450)	(7,238,096)
		<b>12,112,517</b>	<b>34,547,635</b>	<b>33,674,488</b>
<b>Segment expenses</b>				
Governance and Administration	3	1,007,629	2,176,726	1,656,848
Social Assistance	4	2,817,368	2,844,626	2,868,840
Health	5	1,647,211	2,642,651	2,537,504
Capital and Housing	6	732,271	1,764,590	1,308,548
Education	7	3,841,539	4,810,122	4,315,289
Operations and Maintenance	8	1,039,702	4,794,829	3,886,807
Land Claim	9	843,569	1,137,844	803,033
Other Programs	10	53,350	306,983	247,316
Community Economic Development	11	-	12,651	147,191
<b>Total segment expenses</b> <i>(Note 14)</i>		<b>11,982,639</b>	<b>20,491,022</b>	<b>17,771,376</b>
<b>Annual surplus</b>		<b>129,878</b>	<b>14,056,613</b>	<b>15,903,112</b>
<b>Accumulated surplus, beginning of year</b>		<b>37,293,759</b>	<b>37,293,759</b>	<b>21,390,647</b>
<b>Accumulated surplus, end of year</b>		<b>37,423,637</b>	<b>51,350,372</b>	<b>37,293,759</b>

**Northlands Denesuline First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2019*

	<i>2019 Budget</i>	<i>2019</i>	<i>2018</i>
<b>Annual surplus</b>	<b>129,878</b>	<b>14,056,613</b>	15,903,112
Purchases of tangible capital assets	-	<b>(3,447,366)</b>	(373,999)
Amortization of tangible capital assets	-	<b>3,172,277</b>	2,590,445
Acquisition of construction in progress	-	<b>(13,769,946)</b>	(16,665,629)
Decrease (increase) in fuel inventory	-	<b>786,568</b>	(518,353)
<b>Decrease in net debt</b>	<b>129,878</b>	<b>798,146</b>	935,576
<b>Net debt, beginning of year</b>	<b>(4,234,466)</b>	<b>(4,234,466)</b>	(5,170,042)
<b>Net debt, end of year</b>	<b>(4,104,588)</b>	<b>(3,436,320)</b>	(4,234,466)



# Northlands Denesuline First Nation

## Consolidated Statement of Cash Flows

*For the year ended March 31, 2019*

	2019	2018
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Cash receipts from contributors	30,611,460	36,744,703
Cash paid to suppliers	(11,600,532)	(11,403,294)
Cash paid to employees	(4,685,445)	(4,449,425)
Interest on long-term debt	(40,493)	(58,830)
	<b>14,284,990</b>	<b>20,833,154</b>
<b>Financing activities</b>		
Advances of long-term debt	-	420,000
Repayment of long-term debt	(392,336)	(587,954)
Repayments to Barren Lands First Nation	(53,926)	(41,905)
Increase (decrease) in restricted cash	2,654,612	(4,761,370)
	<b>2,208,350</b>	<b>(4,971,229)</b>
<b>Capital activities</b>		
Purchases of tangible capital assets	(3,447,366)	(373,999)
Acquisition of construction in progress	(13,769,946)	(16,665,629)
	<b>(17,217,312)</b>	<b>(17,039,628)</b>
<b>Decrease in cash resources</b>	<b>(723,972)</b>	<b>(1,177,703)</b>
<b>Cash resources, beginning of year</b>	<b>824,366</b>	<b>2,002,069</b>
<b>Cash resources, end of year</b>	<b>100,394</b>	<b>824,366</b>

# Northlands Denesuline First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2019*

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### 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 bank. 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.

	<b>Method</b>	<b>Rate</b>
Buildings	straight-line	5 %
Equipment	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 consists of a defined contribution pension plan. The Nation's 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 have 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, 2019.

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 Services 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 collectability 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 collectability 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 Services 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 Consolidated Financial Statements

*For the year ended March 31, 2019*

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

#### **Segments**

The Nation conducts its business through nine 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, 2021. 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

	2019	2018
Indigenous Services Canada (ISC) - per PAYE report	598,371	88,989
Indigenous Services Canada (ISC) - accrued income assistance	-	1,149
Indigenous Services Canada (ISC) - receivable from prior year	-	148,338
CMHC subsidy assistance receivable	10,867	26,796
Trade receivables	758,190	657,377
	<b>1,367,428</b>	<b>922,649</b>

# Northlands Denesuline First Nation

## Notes to the Consolidated Financial Statements

*For the year ended March 31, 2019*

### 4. Restricted cash

	2019	2018
Government of Canada - land claim	686,362	202,473
Ottawa Trust	9,838	9,618
Cash held in restricted accounts	5,108,445	8,347,164
CMHC replacement reserve	150,582	50,584
	<b>5,955,227</b>	<b>8,609,839</b>

#### ***Government of Canada - land claim***

Claims cash is restricted for the negotiation on the Samuel Thorassie land claim. As at March 31, 2019, the balance of these funds held by legal representatives was \$680,611 (2018 - \$97,107).

#### ***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 Services 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 accounts***

Cash held in restricted accounts of \$5,108,445 (2018 - \$8,347,164) consists of funding received that must be spent on particular capital projects and is held in a bank accounts 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, 2019, the bank account was underfunded by \$104,196 (2018 - \$150,344).

#### ***CMHC subsidy surplus 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, 2019, a separate account had not been maintained leaving an unfunded balance of \$39,348 (2018 - \$31,973).

**Northlands Denesuline First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**5. Accounts payable and accruals**

	2019	2018
Trade accounts payable	2,710,731	2,808,299
Holdbacks payable - capital projects	1,862,795	1,558,921
	<b>4,573,526</b>	<b>4,367,220</b>

**6. Deferred revenue**

	2019	2018
ISC - Lagoon projects	142,693	-
ISC - Environmental projects	1,634,538	889,597
ISC - Water treatment plant	1,444,889	5,825,239
ISC - 5 Duplexes	-	489,169
North of 60	441,330	34,091
	<b>3,663,450</b>	<b>7,238,096</b>

**7. Due to Indigenous Services Canada (ISC)**

	2019	2018
ISC recovery for negotiation preparedness	67,500	-
ISC recovery for regulatory improvement initiative	15,750	-
ISC recovery for 2011-12	5,826	5,826
ISC recovery for 2012-13 on final INAC review	178,566	178,566
ISC recovery for basic needs and band operated school 2012-13	70,007	70,606
ISC recovery for band operated school 2013-14	16,914	16,914
ISC recovery for basic needs 2013-14	189,827	189,827
ISC recovery for special needs 2013-14	4,194	4,194
ISC recovery for basic needs 2014-15	167,708	167,708
ISC recovery for in-home care 2014-15	1,409	1,409
ISC recovery for band operated school 2014-15	4,500	4,500
ISC recovery for enhanced school salaries 2014-15	30,320	30,320
ISC recovery for band operated school 2015-16	6,846	6,846
ISC recovery for basic needs 2017-18	206,257	206,257
	<b>965,624</b>	<b>882,973</b>

During the year, Indigenous Services Canada (ISC) wrote-off \$nil (2018 - \$574,224) in debt as the limitation period for collections had expired.

**Northlands Denesuline First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**8. Long-term debt**

	<b>2019</b>	<b>2018</b>
RBC demand loan paid in 2019.	-	200,000
Demand loan payable to Royal Bank of Canada in 60 installments, with monthly payments of \$8,200 including interest at a rate of prime (3.95%) plus 3.87% (2018 - prime of 3.45% plus 2.70%), due July 2022, secured by a general security agreement constituting a first ranking security interest in all property.	<b>211,864</b>	290,975
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.	<b>763,457</b>	805,409
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.	<b>152,013</b>	206,111
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.	<b>432,034</b>	449,209
	<b>1,559,368</b>	1,951,704

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

2020	199,777
2021	207,797
2022	137,464
2023	61,867
2024	62,584

**9. Due to Barrenlands First Nation**

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 \$17.12 million (2018 - \$17.12 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, 2019 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 ISC by July 29, 2019. 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 Consolidated Financial Statements**  
*For the year ended March 31, 2019*

**11. Inventories held use**

The cost of inventories consumed are recognized as fuel expense in the various programs with only some 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:

	2019	2018
Equity in tangible capital assets	52,919,634	38,524,554
Replacement reserve	254,778	200,928
Operating reserve	39,348	31,973
Ottawa trust funds	9,838	9,618
Operating surplus (deficit)	(1,873,226)	(1,473,314)
	<b>51,350,372</b>	<b>37,293,759</b>

**13. ISC and FNIH Revenue reconciliation**

	2019	2018
<b>ISC revenue reconciliation</b>		
ISC revenue per funding agreement	23,808,401	28,912,705
Accrued ISC Basic Needs revenue 16/17	-	(204,979)
ISC revenue per consolidated financial statement	(23,808,401)	(28,707,726)
	-	-
<b>FNIH revenue reconciliation</b>		
FNIH revenue per funding agreement	2,769,672	4,538,177
FNIH revenue per consolidated financial statements	(2,769,672)	(4,538,177)
	-	-

**14. Consolidated expenses by object**

	2019	2018
Amortization	3,172,277	2,590,445
Bank charges and interest	68,215	89,043
Professional fees	1,001,321	740,905
Purchased goods and services	7,969,930	6,684,435
Salaries and benefits	4,685,445	4,449,425
Social assistance	2,556,155	2,029,793
Training	57,760	176,972
Travel	979,919	1,010,358
	<b>20,491,022</b>	<b>17,771,376</b>

**15. Economic dependence**

The Nation receives substantially all of its revenue from Indigenous Services Canada (ISC) and First Nations and Inuit Health (FNIH) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC and FNIH under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon ISC 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 Services 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 Northlands Denesuline First Nation.

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

*For the year ended March 31, 2019*

	<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>
<b>Cost</b>							
Balance, beginning of year	22,365,113	1,967,579	1,311,901	21,383,087	5,467,286	2,969,353	55,464,319
Acquisition of tangible capital assets	-	557,527	-	605,022	2,284,817	-	3,447,366
Construction-in-progress	-	-	-	-	-	-	-
Balance, end of year	22,365,113	2,525,106	1,311,901	21,988,109	7,752,103	2,969,353	58,911,685
<b>Accumulated amortization</b>							
Balance, beginning of year	6,050,167	1,229,202	347,088	19,408,104	4,926,452	1,544,620	33,505,633
Annual amortization	1,118,256	480,051	32,798	1,158,011	264,388	118,773	3,172,277
Balance, end of year	7,168,423	1,709,253	379,886	20,566,115	5,190,840	1,663,393	36,677,910
<b>Net book value of tangible capital assets</b>	<b>15,196,690</b>	<b>815,853</b>	<b>932,015</b>	<b>1,421,994</b>	<b>2,561,263</b>	<b>1,305,960</b>	<b>22,233,775</b>
2018 Net book value of tangible capital assets	16,314,946	738,377	964,813	1,974,983	540,834	1,424,733	21,958,686

**Northlands Denesuline First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2019*

	<i>Subtotal</i>	<i>Construction in progress</i>	<i>2019</i>	<i>2018</i>
<b>Cost</b>				
Balance, beginning of year	55,464,319	18,239,886	73,704,205	56,664,577
Acquisition of tangible capital assets	3,447,366	-	3,447,366	373,999
Construction-in-progress	-	13,769,946	13,769,946	16,665,629
Balance, end of year	58,911,685	32,009,832	90,921,517	73,704,205
<b>Accumulated amortization</b>				
Balance, beginning of year	33,505,633	-	33,505,633	30,915,188
Annual amortization	3,172,277	-	3,172,277	2,590,445
Balance, end of year	36,677,910	-	36,677,910	33,505,633
<b>Net book value of tangible capital assets</b>	<b>22,233,775</b>	<b>32,009,832</b>	<b>54,243,607</b>	<b>40,198,572</b>
2018 Net book value of tangible capital assets	21,958,686	18,239,886	40,198,572	

**Northlands Denesuline First Nation**  
**Schedule 2 - Consolidated Summary Schedule of Segment Revenue and Expenses**

*For the year ended March 31, 2019*

	<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	3,152,562	2,176,726	196,336	1,172,172	1,413,109
Social Assistance	2,773,560	2,844,626	-	(71,066)	(19,530)
Health	2,778,579	2,642,651	(121,336)	14,592	(146,212)
Capital and Housing	17,583,428	1,764,590	-	15,818,838	16,788,531
Education	4,952,880	4,810,122	-	142,758	(255,691)
Operations and Maintenance	1,694,156	4,794,829	-	(3,100,673)	(1,815,469)
Land Claim	1,212,844	1,137,844	(75,000)	-	-
Other Programs	310,637	306,983	-	3,654	(70,095)
Community Economic Development	88,989	12,651	-	76,338	8,469
	<b>34,547,635</b>	<b>20,491,022</b>	<b>-</b>	<b>14,056,613</b>	<b>15,903,112</b>

**Northlands Denesuline First Nation**  
**Governance and Administration**  
**Schedule 3 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Indigenous Services Canada	1,244,574	968,728
Province of Manitoba	384,434	329,570
Other revenue	961,846	399,566
Rental income	644,958	612,866
ISC debt forgiveness	-	574,224
ISC - recovery of funding	(83,250)	-
	<b>3,152,562</b>	<b>2,884,954</b>
<b>Expenses</b>		
Administration	3,390	200
Amortization	9,500	11,223
Bank charges and interest	32,477	49,572
Community activities	96,115	90,275
Community assistance	159,876	150,837
Contracted services	98,039	71,829
Freight and courier	2,522	3,565
Fuel	532,285	25,495
Funeral	25,852	2,000
Honouraria	217,100	263,948
Insurance	1,373	1,369
Interest	4,574	6,095
Office supplies	4,404	11,796
Other program expenses	31	-
Professional development	6,675	2,878
Professional fees	264,664	240,652
Repairs and maintenance	82,989	6,541
Salaries and benefits	228,058	245,924
Social assistance	4,000	-
Student expenses	1,000	-
Supplies and program materials	36,224	92,193
Telephone, fax, and internet	26,356	29,707
Training	-	6,500
Travel	339,222	344,249
	<b>2,176,726</b>	<b>1,656,848</b>
<b>Surplus before transfers</b>	<b>975,836</b>	<b>1,228,106</b>
<b>Transfers between programs</b>	<b>196,336</b>	<b>185,003</b>
<b>Surplus</b>	<b>1,172,172</b>	<b>1,413,109</b>

**Northlands Denesuline First Nation**  
**Social Assistance**  
**Schedule 4 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Indigenous Services Canada	<b>2,773,560</b>	3,055,567
ISC - recovery of current year funding	-	(206,257)
	<b>2,773,560</b>	2,849,310
<b>Expenses</b>		
Bank charges and interest	<b>7,169</b>	8,858
Community assistance	-	209
Contracted services	<b>94</b>	-
Funeral	<b>3,520</b>	22,503
Office supplies	<b>23,053</b>	28,091
Professional development	<b>1,902</b>	500
Salaries and benefits	<b>167,543</b>	121,877
Social assistance	<b>2,553,655</b>	2,630,904
Special needs	<b>77,448</b>	52,898
Travel	<b>10,242</b>	3,000
	<b>2,844,626</b>	2,868,840
<b>Deficit</b>	<b>(71,066)</b>	(19,530)



**Northlands Denesuline First Nation**  
**Health**  
**Schedule 5 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
First Nation and Inuit Health (FNIH)	2,759,672	2,489,302
Other revenue	18,907	1,283
	<b>2,778,579</b>	<b>2,490,585</b>
<b>Expenses</b>		
Amortization	19,500	20,916
Bank charges and interest	4,727	4,737
Community activities	167,165	215,308
Community assistance	2,932	16,185
Contract wages	112,812	82,059
Donations	-	1,000
Equipment and vehicles	1,330	350
Freight and courier	16,732	3,938
Fuel	34,657	34,320
Honouraria	12,672	11,920
Insurance, licenses and fees	11,755	10,623
Office supplies	65,318	31,101
Professional development	11,964	11,376
Rent	500	-
Repairs and maintenance	28,612	45,474
Salaries and benefits	1,149,210	1,122,054
Supplies and program materials	132,721	157,446
Telephone, fax, and internet	52,031	76,698
Travel	241,808	306,908
Utilities	576,205	385,091
	<b>2,642,651</b>	<b>2,537,504</b>
<b>Surplus (deficit) before transfers</b>	<b>135,928</b>	<b>(46,919)</b>
<b>Transfers between programs</b>	<b>(121,336)</b>	<b>(99,293)</b>
<b>Surplus (deficit)</b>	<b>14,592</b>	<b>(146,212)</b>

**Northlands Denesuline First Nation**  
**Capital and Housing**  
**Schedule 6 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Indigenous Services Canada	13,206,196	18,863,225
First Nation and Inuit Health Branch (FNIH)	10,000	2,048,875
Canada Mortgage and Housing Corporation (CMHC)	188,428	130,400
Other revenue	196,919	80,760
Deferred revenue - prior year	7,204,005	4,192,424
Deferred revenue - current year	(3,222,120)	(7,204,005)
	<b>17,583,428</b>	<b>18,111,679</b>
<b>Expenses</b>		
Amortization	118,773	118,774
Bank charges and interest	152	172
Contracted services	714,818	475,794
Freight and courier	80,477	143,601
Insurance, licenses and fees	36,147	21,371
Interest on long-term debt	15,185	17,479
Office supplies	-	289
Professional fees	15,592	10,450
Repairs and maintenance	128,007	33,025
Salaries and benefits	73,255	9,207
Supplies and program materials	566,296	478,026
Travel	15,888	360
	<b>1,764,590</b>	<b>1,308,548</b>
<b>Surplus before transfers</b>	<b>15,818,838</b>	<b>16,803,131</b>
<b>Transfers between programs</b>	<b>-</b>	<b>(14,600)</b>
<b>Surplus</b>	<b>15,818,838</b>	<b>16,788,531</b>

**Northlands Denesuline First Nation**  
**Education**  
**Schedule 7 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Indigenous Services Canada	4,883,080	3,987,673
Rental income	69,800	71,925
	<b>4,952,880</b>	<b>4,059,598</b>
<b>Expenses</b>		
Amortization	145,500	157,866
Bank charges and interest	8,113	8,206
Board travel, training and honouraria	3,780	12,460
Contracted services	35,585	33,472
Equipment and vehicles	61,879	32,528
Equipment rental	4,500	-
Freight and courier	105,928	55,900
Honouraria	15,100	16,600
Insurance, licenses and fees	13,666	14,334
Office supplies	10,717	11,092
Professional development	16,523	100,532
Professional fees	1,371	-
Repairs and maintenance	295,326	115,748
Salaries and benefits	2,330,190	2,278,272
Student expenses	219,160	32,128
Supplies and program materials	414,518	291,305
Telephone, fax, and internet	8,367	8,529
Travel	134,950	137,180
Utilities	984,949	1,009,137
	<b>4,810,122</b>	<b>4,315,289</b>
<b>Surplus (deficit)</b>	<b>142,758</b>	<b>(255,691)</b>

**Northlands Denesuline First Nation**  
**Operations and Maintenance**  
**Schedule 8 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	2019	2018
<b>Revenue</b>		
Indigenous Services Canada	1,612,002	1,676,873
Province of Manitoba - winter roads	70,954	394,465
Other revenue	11,200	-
	<b>1,694,156</b>	<b>2,071,338</b>
<b>Expenses</b>		
Amortization	2,879,004	2,281,666
Bad debts	-	15
Contracted services	215,428	96,016
Equipment and vehicles	115,377	5,000
Equipment rental	14,457	4,968
Freight and courier	91,882	34,616
Fuel	54,057	43,878
Honouraria	4,740	2,550
Insurance, licenses and fees	68,780	69,570
Office supplies	108	1,003
Professional development	5,400	20,218
Professional fees	6,141	10,402
Repairs and maintenance	263,064	523,516
Salaries and benefits	397,688	420,377
Supplies and program materials	454,664	163,832
Telephone, fax, and internet	4,052	3,854
Travel	32,594	8,632
Utilities	187,393	196,694
	<b>4,794,829</b>	<b>3,886,807</b>
<b>Deficit</b>	<b>(3,100,673)</b>	<b>(1,815,469)</b>

**Northlands Denesuline First Nation**  
**Land Claim**  
**Schedule 9 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Government of Canada - land claim	<b>1,620,083</b>	908,234
Deferred revenue - prior year	<b>34,091</b>	-
Deferred revenue - current year	<b>(441,330)</b>	(34,091)
	<b>1,212,844</b>	874,143
<b>Expenses</b>		
Bank charges and interest	<b>393</b>	18
Office supplies	<b>2,074</b>	7,532
Professional development	-	695
Professional fees	<b>713,553</b>	462,656
Salaries and benefits	<b>220,913</b>	137,362
Telephone, fax, and internet	<b>5,182</b>	5,836
Travel	<b>195,729</b>	188,934
	<b>1,137,844</b>	803,033
<b>Surplus before transfers</b>	<b>75,000</b>	71,110
<b>Transfers between programs</b>	<b>(75,000)</b>	(71,110)
<b>Surplus (deficit)</b>	<b>-</b>	-

**Northlands Denesuline First Nation**  
**Other Programs**  
**Schedule 10 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Keewatin Tribal Council	<b>264,968</b>	134,057
Treaty Land Entitlement	<b>45,669</b>	43,164
	<b>310,637</b>	177,221
<b>Expenses</b>		
Bad debts	-	9,195
Equipment rental	-	500
Freight and courier	<b>457</b>	510
Office supplies	<b>525</b>	113
Professional development	<b>2,987</b>	2,145
Repairs and maintenance	<b>140,563</b>	58,989
Salaries and benefits	<b>118,589</b>	114,352
Supplies and program materials	<b>12,075</b>	5,439
Telephone, fax, and internet	<b>1,822</b>	2,387
Travel	<b>8,826</b>	20,794
Utilities	<b>21,139</b>	32,892
	<b>306,983</b>	247,316
<b>Surplus (deficit)</b>	<b>3,654</b>	(70,095)

**Northlands Denesuline First Nation**  
**Community Economic Development**  
**Schedule 11 - Consolidated Schedule of Revenue and Expenses**  
*For the year ended March 31, 2019*

	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Indigenous Services Canada	<b>88,989</b>	155,660
<b>Expenses</b>		
Community activities	-	10,000
Freight and courier	<b>1,500</b>	9,000
Insurance	-	2,275
Professional development	<b>490</b>	-
Professional fees	-	16,745
Supplies and program materials	<b>10,000</b>	109,171
Travel	<b>661</b>	-
	<b>12,651</b>	147,191
<b>Surplus</b>	<b>76,338</b>	8,469