

Northlands Denesuline First Nation
Consolidated Financial Statements
March 31, 2021

Northlands Denesuline First Nation

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For the year ended March 31, 2021

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Management's Responsibility

To the Members of Northlands Denesuline First Nation:

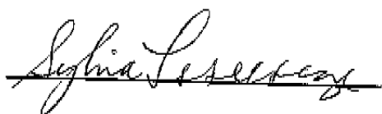
The accompanying consolidated financial statements of Northlands Denesuline First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and fair presentation of the accompanying 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 financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Northlands Denesuline First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the 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 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.



Independent Auditors' Report

To the Members of Northlands Denesuline First Nation:

Opinion

We have audited the consolidated financial statements of Northlands Denesuline First Nation (the "Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net debt and cash flows 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, 2021, and the results of its consolidated operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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.

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- 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.

Winnipeg, Manitoba

March 21, 2023

MNP LLP


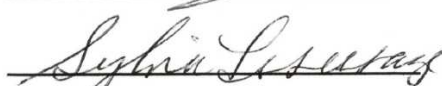

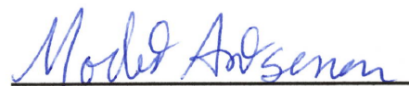
Chartered Professional Accountants

Northlands Denesuline First Nation Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020 (restated)
Financial assets		
Cash	483,200	57,419
Accounts receivable (Note 3)	1,496,963	1,129,319
Restricted cash (Note 4)	3,073,678	6,373,615
	5,053,841	7,560,353
Liabilities		
Accounts payable and accruals (Note 5)	3,966,165	5,476,249
Deferred revenue (Note 6)	4,217,551	4,819,691
Due to Indigenous Services Canada (ISC) (Note 7)	1,014,127	965,624
Long-term debt (Note 8)	2,189,005	1,360,123
CMHC accountable advance	-	524,566
Due to Barrenlands First Nation (Note 9)	8,930	8,930
	11,395,778	13,155,183
Net debt	(6,341,937)	(5,594,830)
Contingencies (Note 10)		
Significant event (Note 19)		
Non-financial assets		
Tangible capital assets (Schedule 1)	70,131,548	62,766,571
Inventories held for use (Note 11)	1,247,332	1,262,743
	71,378,880	64,029,314
Accumulated surplus (Note 12)	65,036,943	58,434,484

Approved

  	<p>Chief</p> <p>Councillor</p> <p>Councillor</p>	 	<p>Councillor</p> <p>Councillor</p>
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Northlands Denesuline First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2021

	<i>Schedules</i>	<i>2021 Budget</i>	<i>2021</i>	<i>2020 (restated)</i>
Revenue				
Indigenous Services Canada (ISC) (Note 13)		9,345,912	20,972,308	23,208,977
Indigenous Services Canada (ISC) - land claim (Note 13)		908,234	1,932,551	1,364,461
Indigenous Services Canada (ISC) - Health (Note 13)		1,634,540	4,740,287	3,913,907
Province of Manitoba		-	597,175	536,043
Canada Mortgage and Housing Corporation (CMHC)		211,160	242,948	130,400
Other revenue		-	419,767	564,342
Rental income		-	454,657	486,338
Keewatin Tribal Council		-	463,421	280,665
Province of Manitoba - winter road		-	268,442	80,000
Treaty Land Entitlement		-	47,787	51,592
ISC recovery		-	(48,503)	-
Deferred revenue - prior year (Note 6)		-	4,819,691	3,663,450
Deferred revenue - current year (Note 6)		-	(4,217,551)	(4,819,691)
		12,099,846	30,692,980	29,460,484
Segment expenses				
Governance and Administration	3	1,055,084	2,982,181	1,886,288
Social Assistance	4	2,817,368	3,796,016	2,864,308
Health	5	1,628,292	3,523,164	3,295,216
Capital and Housing	6	732,271	1,241,183	1,667,684
Education	7	4,197,647	5,773,960	5,370,186
Operations and Maintenance	8	1,039,702	4,637,495	5,012,981
Land Claim	9	843,569	1,326,004	1,235,140
Other Programs	10	53,350	188,456	145,358
Community Economic Development	11	-	33,744	88,989
Business Enterprises	12	-	588,318	810,222
Total segment expenses (Note 14)		12,367,283	24,090,521	22,376,372
Annual surplus (deficit)		(267,437)	6,602,459	7,084,112
Accumulated surplus, beginning of year, as previously stated		58,999,786	58,999,786	51,350,372
Correction of an error (Note 18)		-	(565,302)	-
Accumulated surplus, beginning of year, as restated		58,999,786	58,434,484	51,350,372
Accumulated surplus, end of year		58,732,349	65,036,943	58,434,484

Northlands Denesuline First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2021

	2021 Budget	2021	2020 (restated)
Annual surplus	(267,437)	6,602,459	7,084,112
Purchases of tangible capital assets	-	(1,352,646)	(1,417,352)
Amortization of tangible capital assets	-	2,772,048	3,435,562
Acquisition of construction in progress	-	(8,784,379)	(10,541,174)
Decrease (increase) in fuel inventory	-	15,411	(719,658)
Decrease (increase) in net debt	(267,437)	(747,107)	(2,158,510)
Net debt, beginning of year	(5,594,830)	(5,594,830)	(3,436,320)
Net debt, end of year	(5,862,267)	(6,341,937)	(5,594,830)

Northlands Denesuline First Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2021

	2021	2020 <i>(restated)</i>
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	29,715,250	30,854,834
Cash paid to suppliers	(16,419,437)	(13,012,342)
Cash paid to employees	(6,314,584)	(5,716,833)
Interest on long-term debt	(22,675)	(28,570)
	6,958,554	12,097,089
Financing activities		
Advances of long-term debt	524,566	-
CMHC accountable advances	-	524,566
Repayment of long-term debt	(220,251)	(199,245)
Repayments to Barren Lands First Nation	-	(88,471)
Decrease (Increase) in restricted cash	3,299,937	(418,388)
	3,604,252	(181,538)
Capital activities		
Purchases of tangible capital assets	(1,352,646)	(1,417,352)
Acquisition of construction in progress	(8,784,379)	(10,541,174)
	(10,137,025)	(11,958,526)
Increase (decrease) in cash resources	425,781	(42,975)
Cash resources, beginning of year	57,419	100,394
Cash resources, end of year	483,200	57,419

Northlands Denesuline First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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
- 10035134 Manitoba Ltd.

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.

Northlands Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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.

	<i>Method</i>	<i>Rate</i>
CMHC housing	straight-line	4 %
Band housing	straight-line	4 %
Boat	straight-line	15 %
Buildings	straight-line	5 %
Equipment	straight-line	10 %
Roads	straight-line	2.5 %
Vehicles	straight-line	33.33 %
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, 2021.

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, Province of Manitoba, 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, CMHC accountable advance 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, 2021

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

Segments

The Nation conducts its business through ten 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 ISC.

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.

Business Enterprises - includes activities related to 10035134 Manitoba Ltd.

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, consolidated 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

	2021	2020 <i>(restated)</i>
Indigenous Services Canada (ISC)	518,939	505,238
CMHC receivable	64,216	48,230
Trade receivables	913,808	616,451
	1,496,963	1,169,919
Less: Allowance for doubtful accounts	-	40,600
	1,496,963	1,129,319

Northlands Denesuline First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

4. Restricted cash

	2021	2020
Government of Canada - land claim	1,403,246	734,826
Ottawa Trust	10,113	9,996
Cash held in restricted accounts	1,352,242	5,368,215
CMHC replacement reserve	308,077	260,578
	3,073,678	6,373,615

Government of Canada - land claim

Claims cash is restricted for the negotiation on the Samuel Thorassie land claim. As at March 31, 2021, the balance of these funds held by legal representatives was \$1,395,028 (2020 - \$732,451).

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 \$1,352,242 (2020 - \$5,368,215) 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, 2021, the bank account was underfunded by \$20,901 (2020 - overfunded \$14,950).

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, 2021, a separate account had not been maintained leaving an unfunded balance of \$8,899 (2020 - \$9,600).

Northlands Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

5. Accounts payable and accruals

	2021	2020 <i>(restated)</i>
Trade accounts payable	3,699,369	4,161,277
Holdbacks payable - capital projects	266,796	1,314,972
	3,966,165	5,476,249

6. Deferred revenue

	2021	2020
ISC - Minor capital	25,000	-
ISC - Environmental projects	597,894	867,881
ISC - Water treatment plant	-	2,863,263
ISC - Skills link	110,399	-
ISC - North of 60 claim	1,108,408	591,861
ISC - New Housing Division	997,323	280,639
ISC - Covid Basic needs	-	173,264
ISC - Waste Diversion	137,493	42,783
ISC - Waste Diversity	501,143	-
ISC - Covid	55,289	-
ISC - Covid ADI	16,684	-
ISC - Health management - Covid	64,512	-
ISC - Health Covid planning	363,833	-
ISC - Health Covid O&M	18,000	-
ISC - Health management - wages	19,098	-
ISC - Health Covid facility	33,808	-
ISC - Covid Mental Wellness	112,218	-
ISC - Mental Wellness	56,449	-
	4,217,551	4,819,691

7. Due to Indigenous Services Canada (ISC)

	2021	2020
ISC recovery for negotiation preparedness	67,500	67,500
ISC recovery for regulatory improvement initiative	15,750	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	70,007
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
ISC recovery for band operated school 2020-21	11,398	-
ISC recovery for basic needs 2020-21	37,105	-
	1,014,127	965,624

Northlands Denesuline First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

8. Long-term debt

	2021	2020
Demand loan payable to Royal Bank of Canada in 60 installments, with monthly payments of \$8,200 including interest at a rate of prime (2.45%) plus 3.87% (2020 - prime of 2.45% plus 3.87%), due July 2022, secured by a general security agreement constituting a first ranking security interest in all property.	34,191	127,130
CMHC mortgage with payments of \$4,049 per month including interest at 0.46%, maturing August 2035 with a scheduled renewal date of July 2021, secured by a ministerial guarantee and an assignment of fire insurance.	677,710	721,031
CMHC mortgage with payments of \$4,664 per month including interest at 0.49%, maturing December 2021, secured by a ministerial guarantee and an assignment of fire insurance.	41,893	97,284
CMHC mortgage with payments of \$1,694 per month including interest at 0.27%, maturing January 2041 with a scheduled renewal date of October 2021, secured by a ministerial guarantee and an assignment of fire insurance.	397,109	414,678
CMHC mortgage with payments of \$6,182 per month including interest at 0.79%, maturing January 2036 with a scheduled renewal date of January 2026, secured by a ministerial guarantee and an assignment of fire insurance.	1,038,102	-
	2,189,005	1,360,123

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:

2022	207,153
2023	131,856
2024	132,648
2025	133,446
2026	134,249

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

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, 2021 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, 2021. 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, 2021

11. Inventories held for 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:

	2021	2020 <i>(restated)</i>
Equity in tangible capital assets	67,466,963	61,007,690
Replacement reserve	328,978	245,628
Operating reserve	8,899	9,600
Ottawa trust funds	10,113	9,996
Operating surplus (deficit)	(2,778,010)	(2,838,430)
	65,036,943	58,434,484

13. ISC and FNIH Revenue reconciliation

	2021	2020 <i>(restated)</i>
ISC revenue reconciliation		
ISC revenue per funding agreement	27,645,146	28,487,345
ISC revenue per consolidated financial statement	(20,972,308)	(23,208,977)
ISC revenue per consolidated financial statement - land claim	(1,932,551)	(1,364,461)
ISC revenue per consolidated financial statement - Health	(4,740,287)	(3,913,907)
	-	-

14. Consolidated expenses by object

	2021	2020 <i>(restated)</i>
Amortization	2,772,048	3,435,562
Bank charges and interest	44,754	61,896
Professional fees	1,494,069	1,445,199
Purchased goods and services	10,769,871	8,768,633
Salaries and benefits	6,314,584	5,716,833
Social assistance	2,205,321	1,878,008
Training	93,246	73,644
Travel	396,628	996,597
	24,090,521	22,376,372

15. Economic dependence

The Nation receives substantially all of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon ISC continued financial commitments as guaranteed by these Treaties.

16. 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, long-term debt, CMHC accountable advance and Barrenlands First Nation approximate their carrying values due to their short-term nature.

17. Budget information

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

18. Correction of an error

During the year, the Nation determined that it had incorrectly accrued revenue of \$1,076,542 related to the Lagoon capital project as well as recorded excessive costs of \$511,240. As a result of correcting this error retroactively, the prior year accrued revenue from ISC decreased by \$1,076,542, expenses decreased by \$511,240 and annual surplus and accumulated surplus end of year both decreased by \$565,302 for the year ended March 31, 2020. Similarly, accounts receivable decreased by \$1,076,542 and accounts payable decreased by \$511,240 as at March 31, 2020.

19. Significant event

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Nation's operation and financial condition.

20. Comparative figures

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

Northlands Denesuline First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<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	22,598,595	3,708,976	1,311,901	21,988,109	7,752,103	2,969,353	60,329,037
Acquisition of tangible capital assets	232,698	1,004,330	-	-	-	99,618	1,336,646
Construction-in-progress	-	-	-	-	-	-	-
Transfer of construction-in-progress	-	-	-	-	-	1,181,607	1,181,607
Balance, end of year	22,831,293	4,713,306	1,311,901	21,988,109	7,752,103	4,250,578	62,847,290
Accumulated amortization							
Balance, beginning of year	8,292,516	2,384,901	412,684	21,740,280	5,500,924	1,782,167	40,113,472
Annual amortization	1,135,747	898,791	32,798	247,829	310,084	144,399	2,769,648
Balance, end of year	9,428,263	3,283,692	445,482	21,988,109	5,811,008	1,926,566	42,883,120
Net book value of tangible capital assets	13,403,030	1,429,614	866,419	-	1,941,095	2,324,012	19,964,170
2020 Net book value of tangible capital assets	14,306,079	1,324,075	899,217	247,829	2,251,179	1,187,186	20,215,565

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

For the year ended March 31, 2021

	<i>Subtotal</i>	<i>Construction in progress</i>	<i>Boat</i>	<i>2021</i>	<i>2020</i>
Cost					
Balance, beginning of year	60,329,037	42,551,006	-	102,880,043	90,921,517
Acquisition of tangible capital assets	1,336,646	-	16,000	1,352,646	1,417,352
Construction-in-progress	-	8,784,379	-	8,784,379	10,541,174
Transfer of construction-in-progress	1,181,607	(1,181,607)	-	-	-
Balance, end of year	62,847,290	50,153,778	16,000	113,017,068	102,880,043
Accumulated amortization					
Balance, beginning of year	40,113,472	-	-	40,113,472	36,677,910
Annual amortization	2,769,648	-	2,400	2,772,048	3,435,562
Balance, end of year	42,883,120	-	2,400	42,885,520	40,113,472
Net book value of tangible capital assets	19,964,170	50,153,778	13,600	70,131,548	62,766,571
2020 Net book value of tangible capital assets	20,215,565	42,551,006	-	62,766,571	

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

For the year ended March 31, 2021

	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit) (restated)</i>
Governance and Administration	4,306,751	2,988,981	556,930	1,874,700	1,303,589
Social Assistance	3,897,416	3,796,016	-	101,400	163,081
Health	4,062,671	3,528,864	(446,830)	86,977	355,065
Capital and Housing	7,983,897	1,241,183	(15,200)	6,727,514	8,724,555
Education	6,506,931	5,816,460	(600,000)	90,471	(33,641)
Operations and Maintenance	2,275,012	4,582,495	-	(2,307,483)	(3,287,274)
Land Claim	1,416,004	1,326,004	(90,000)	-	-
Other Programs	155,309	188,456	(4,900)	(38,047)	65,559
Community Economic Development	88,989	33,744	-	55,245	-
Business Enterprises	-	588,318	600,000	11,682	(206,822)
	30,692,980	24,090,521	-	6,602,459	7,084,112

Northlands Denesuline First Nation
Governance and Administration
Schedule 3 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	2,942,468	1,514,982
Province of Manitoba	597,175	536,043
Other revenue	201,381	325,970
Rental income	386,914	432,413
Keewatin Tribal Council	355,899	116,340
Deferred revenue - current year	(165,688)	-
ISC revenue recovery	(11,398)	-
	4,306,751	2,925,748
Expenses		
Administration	15,000	4,500
Amortization	15,000	10,300
Bad debts	40	40,600
Bank charges and interest	10,575	20,783
Community activities	49,750	26,976
Community assistance	197,766	196,725
Contracted services	316,633	199,508
Equipment and vehicles	13,990	9,150
Freight and courier	222,683	12,938
Fuel	12,800	9,841
Funeral	56,777	12,504
Honouraria	346,635	309,050
Insurance	1,630	2,034
Office supplies	6,826	6,521
Professional development	78,297	-
Professional fees	457,873	378,881
Repairs and maintenance	56,177	13,545
Salaries and benefits	485,544	171,138
Supplies and program materials	440,385	110,910
Telephone, fax, and internet	23,640	26,390
Travel	106,222	272,585
Utilities	74,738	51,409
	2,988,981	1,886,288
Surplus before transfers	1,317,770	1,039,460
Transfers between programs	556,930	264,129
Surplus	1,874,700	1,303,589

Northlands Denesuline First Nation
Social Assistance
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	3,761,257	3,200,653
Deferred revenue - prior year	173,264	-
Deferred revenue - current year	-	(173,264)
ISC revenue recovery	(37,105)	-
	3,897,416	3,027,389
Expenses		
Bank charges and interest	2,168	9,715
Community assistance	405,101	-
Contracted services	16,806	-
Equipment and vehicles	5,000	-
Freight and courier	32,184	7,575
Honouraria	-	968
Office supplies	1,074	2,445
Professional development	-	1,000
Repairs and maintenance	7,068	-
Salaries and benefits	245,338	134,219
Social assistance	2,205,321	1,878,008
Supplies and program materials	227,507	108,819
Travel	-	5,596
Utilities	648,449	715,963
	3,796,016	2,864,308
Surplus	101,400	163,081

Northlands Denesuline First Nation
Health
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada (ISC) - Health	4,740,287	3,913,907
Other revenue	6,986	2,113
Deferred revenue - current year	(684,602)	-
	4,062,671	3,916,020
Expenses		
Amortization	22,600	21,100
Bank charges and interest	4,311	5,793
Community activities	53,012	253,027
Community assistance	12,125	6,237
Contract wages	118,290	62,001
Equipment and vehicles	137,769	44,214
Equipment rental	531	-
Freight and courier	54,610	2,119
Fuel	23,262	36,315
Honouraria	13,112	12,735
Insurance, licenses and fees	9,861	6,225
Office supplies	89,722	35,360
Professional development	-	11,805
Professional fees	3,211	-
Repairs and maintenance	108,314	30,987
Salaries and benefits	1,682,196	1,555,344
Supplies and program materials	506,108	168,997
Telephone, fax, and internet	34,077	49,610
Travel	22,554	297,988
Utilities	633,199	695,359
	3,528,864	3,295,216
Surplus before transfers	533,807	620,804
Transfers between programs	(446,830)	(265,739)
Surplus	86,977	355,065

Northlands Denesuline First Nation
Capital and Housing
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020 <i>(restated)</i>
Revenue		
Indigenous Services Canada	5,222,761	10,872,626
Canada Mortgage and Housing Corporation (CMHC)	242,948	130,400
Other revenue	196,332	236,259
Deferred revenue - prior year	4,054,566	3,222,120
Deferred revenue - current year	(1,732,710)	(4,054,566)
	7,983,897	10,406,839
Expenses		
Amortization	144,399	118,774
Bank charges and interest	1,356	167
Contracted services	333,581	464,506
Equipment rental	30,192	1,821
Food and beverage	266	-
Freight and courier	82,197	52,246
Fuel	247	-
Insurance, licenses and fees	30,360	33,952
Interest on long-term debt	17,204	14,900
Office supplies	212	232
Professional development	10,362	2,671
Professional fees	83,814	110,501
Repairs and maintenance	153,414	194,988
Salaries and benefits	25,535	98,109
Supplies and program materials	258,179	223,304
Travel	5,052	56,454
Utilities	64,813	295,059
	1,241,183	1,667,684
Surplus before transfers	6,742,714	8,739,155
Transfers between programs	(15,200)	(14,600)
Surplus	6,727,514	8,724,555

Northlands Denesuline First Nation
Education
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	6,439,187	5,886,020
Rental income	67,744	50,525
	6,506,931	5,936,545
Expenses		
Amortization	168,600	157,600
Bank charges and interest	8,098	9,439
Contracted services	351,869	173,857
Equipment and vehicles	15,495	26,600
Equipment rental	-	5,000
Freight and courier	150,938	145,490
Fuel	33,635	49,534
Honouraria	23,650	22,630
Insurance, licenses and fees	8,801	8,556
Office supplies	15,369	54,781
Professional development	250	29,648
Repairs and maintenance	325,684	325,748
Salaries and benefits	2,925,969	2,645,168
Student expenses	10,666	98,739
Supplies and program materials	756,352	443,184
Telephone, fax, and internet	8,632	8,609
Travel	138,500	125,669
Utilities	873,952	1,039,934
	5,816,460	5,370,186
Surplus before transfers	690,471	566,359
Transfers between programs	(600,000)	(600,000)
Surplus (deficit)	90,471	(33,641)

Northlands Denesuline First Nation
Operations and Maintenance
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	2,517,646	1,645,707
Province of Manitoba - winter roads	268,442	80,000
Other revenue	15,067	-
Deferred revenue - current year	(526,143)	-
	2,275,012	1,725,707
Expenses		
Amortization	2,399,158	3,126,288
Bank charges and interest	128	108
Community assistance	-	23,209
Contracted services	216,100	308,251
Equipment and vehicles	41,956	3,861
Equipment rental	400	264
Freight and courier	75,852	60,045
Fuel	57,098	80,303
Honouraria	1,800	1,450
Insurance, licenses and fees	134,934	94,642
Professional development	1,838	22,130
Professional fees	-	300
Repairs and maintenance	331,328	392,871
Salaries and benefits	201,872	350,390
Supplies and program materials	184,773	161,633
Telephone, fax, and internet	12,988	8,976
Travel	27,252	52,706
Utilities	895,018	325,554
	4,582,495	5,012,981
Deficit	(2,307,483)	(3,287,274)

Northlands Denesuline First Nation
Land Claim
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Government of Canada - land claim	1,932,551	1,364,461
Deferred revenue - prior year	591,861	441,330
Deferred revenue - current year	(1,108,408)	(591,861)
	1,416,004	1,213,930
Expenses		
Bank charges and interest	150	346
Office supplies	3,891	4,387
Professional fees	940,970	842,052
Salaries and benefits	289,210	260,835
Telephone, fax, and internet	3,385	4,009
Travel	88,398	123,511
	1,326,004	1,235,140
Surplus (deficit) before transfers	90,000	(21,210)
Transfers between programs	(90,000)	21,210
Surplus (deficit)	-	-

Northlands Denesuline First Nation
Other Programs
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Keewatin Tribal Council	107,522	164,325
Treaty Land Entitlement	47,787	51,592
	155,309	215,917
Expenses		
Bank charges and interest	20	20
Community activities	1,000	-
Insurance	1,635	-
Office supplies	1,220	80
Professional development	2,500	-
Repairs and maintenance	11,939	-
Salaries and benefits	134,798	96,626
Supplies and program materials	14,424	3,400
Telephone, fax, and internet	2,983	1,779
Travel	2,487	18,703
Utilities	15,450	24,750
	188,456	145,358
Surplus (deficit) before transfers	(33,147)	70,559
Transfers between programs	(4,900)	(5,000)
Surplus (deficit)	(38,047)	65,559

Northlands Denesuline First Nation
Community Economic Development
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	88,989	88,989
Expenses		
Freight and courier	13,344	-
Insurance	400	398
Professional fees	-	31,000
Repairs and maintenance	20,000	-
Salaries and benefits	-	172
Supplies and program materials	-	57,419
	33,744	88,989
Surplus (deficit)	55,245	-

Northlands Denesuline First Nation
Business Enterprises
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2021

	2021	2020
Revenue		
Rental income	-	3,400
Expenses		
Amortization	22,292	1,500
Bank charges and interest	744	626
Equipment	-	8,195
Insurance	3,337	8,052
Internet	2,352	2,244
Meals and entertainment	-	236
Office supplies	1,704	873
Overhead cost	58,258	75,140
Professional and consulting fees	8,200	82,466
Repairs and maintenance	5,481	728
Salaries and benefits	324,123	404,830
Shipping and delivery	6	3,307
Supplies	134,664	87,189
Telephone	2,803	1,672
Training	-	6,390
Travel	6,156	40,077
Vehicles	18,198	24,758
Work experience initiatives	-	61,939
	588,318	810,222
Deficit before transfers	(588,318)	(806,822)
Transfers between programs	600,000	600,000
Surplus (deficit)	11,682	(206,822)