

**Hatchet Lake Denesuline Nation
Consolidated Financial Statements
March 31, 2020**

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Hatchet Lake Denesuline Nation
Management's Responsibility for Financial Reporting
March 31, 2020

To the Members of Hatchet Lake Denesuline Nation:

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

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

Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities and for approving the consolidated financial statements. Chief and Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

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

On behalf of Hatchet Lake Denesuline Nation:

signature on file
Hatchet Lake Denesuline Nation

July 5, 2021
Date



Chalupiak & Associates CPA Professional Corporation

Chartered Professional Accountants
3261 Saskatchewan Drive
Regina, Saskatchewan S4T 6S4
Phone: 306-359-3711 Fax: 306-569-3030

Independent Auditors' Report

To the Members of
Hatchet Lake Denesuline Nation

Qualified Opinion

We have audited the consolidated financial statements of Hatchet Lake Denesuline Nation, which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the as at and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

Canadian public sector accounting standards require the disclosure and ratification of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue, expenses and surplus were not available and have not been reported in these financial statements. While having no effect on reporting actual revenue, expenses and surplus, omission of this information is considered a departure from Canadian public sector accounting standards.

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

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

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

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

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

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

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

We also:

- ◆ Identify and assess the risks of material misstatement of the 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 First Nation's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ 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.

Regina, Saskatchewan
July 5, 2021

Chalupiak & Associates
Chartered Professional Accountants

Hatchet Lake Denesuline Nation
Consolidated Statement of Financial Position
March 31, 2020

	2020	2019
		Restated
Financial Assets		
Cash (Note 3)	\$ 300,501	\$ 182,157
Restricted cash - capital projects (Note 3)	7,910,331	351,823
Restricted cash - CMHC (Note 3)	174,634	95,308
Trust funds held by federal government (Notes 3 and 4)	22,949	22,586
Accounts receivable (Notes 5 and 6)	1,536,641	1,272,929
Investments in related business entities (Notes 7 and 8)	33,279,757	32,835,185
	43,224,813	34,759,988
Liabilities		
Bank indebtedness (Note 9)	413,913	449,172
Short-term financing (Note 9)	144,491	628,953
Accounts payable (Note 10)	1,711,999	2,020,939
Deferred revenue - unexpended funds - ISC (Note 11)	1,020,405	358,302
Deferred revenue - unexpended funds - FNIHB (Note 12)	5,210	42,017
Deferred revenue - unexpended funds - other (Note 13)	351,101	79,296
Deferred revenue (Note 14)	8,305,968	497,914
Due to Hatchet Lake Development LP (Note 15)	224,152	453,725
Current portion of long-term debt (Note 16)	402,222	315,714
Current portion of CMHC housing mortgage (Note 17)	366,406	287,426
Long-term debt (Note 16)	2,338,194	765,416
CMHC mortgages (Note 17)	4,767,284	3,953,713
	20,051,345	9,852,587
Net financial assets	23,173,468	24,907,401
Non-financial Assets		
Capital assets (Note 18)	31,766,713	29,131,716
Prepaid expenses (Note 19)	29,175	43,239
Inventory (Note 20)	191,159	294,887
	31,987,047	29,469,842
Accumulated Surplus (Note 21)	\$ 55,160,515	\$ 54,377,243

Approved on behalf of the Hatchet Lake Denesuline Nation:

signature on file

signature on file

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Consolidated Statement of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Restated
Revenue			
Indigenous Services Canada (ISC)	\$ 85,000	\$ 19,989,616	\$ 12,253,385
ISC - First Nations & Inuit Health Branch (FNIHB)	-	287,617	368,582
Canada Mortgage and Housing Corporation (CMHC)	-	438,890	361,366
Prince Albert Grand Council (PAGC)	-	2,056,853	2,790,563
First Nations Trust	-	570,084	578,071
Athabasca Dene Education Corp	-	4,290,527	-
Northern Lights School Division	-	90,887	356,997
Athabasca Denesuline Child & Family Services Inc.	-	5,000	175,000
Northern Lights Community Development Corp (NLCDC)	-	140,974	145,425
Northern Sport Culture & Recreation District	-	52,900	42,354
Hatchet Lake Store	-	-	123,413
Equity pickup (losses) - related business entities (Note 7)	-	511,072	(727,208)
Impact Benefit Agreement	-	276,589	454,802
User fees	-	11,825	10,291
Rental revenue	-	245,060	186,143
Other revenue	-	921,182	505,304
Administration fees - internal allocation	-	99,207	295,622
Unexpended funds transferred - prior year	-	484,533	45,726
Deferred revenue - prior period	-	497,914	2,311,964
Deferred revenue - current period	-	(8,305,968)	(497,914)
	85,000	22,664,762	19,779,886
Expenses			
Claims and Indian Government (Schedule 1)	-	-	52,648
Community Infrastructure (Schedule 2)	-	1,104,928	1,618,029
Economic Development (Schedule 3)	-	10,424	57,650
Education (Schedule 4)	-	8,245,274	7,276,313
Indian Government Support (Schedule 5)	-	1,584,065	2,120,241
Social Services (Schedule 6)	-	3,854,129	4,042,521
Indian Registration (Schedule 7)	-	30,801	13,815
Governance and Institutions of Governance (Schedule 8)	86,113	170,380	170,219
Health (Schedule 9)	-	1,243,883	1,038,328
CMHC Housing (Schedule 10)	-	228,172	226,321
Other Band Programs (Schedule 11)	-	2,023,834	1,925,431
Depreciation (Schedule 12)	-	2,003,964	1,866,028
	86,113	20,499,854	20,407,544
Current surplus (deficit) before unexpended transfers	(1,113)	2,164,908	(627,661)

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Consolidated Statement of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Restated
Unexpended transfers			
Prior period unrecorded unexpended funds	-	(4,918)	-
Unexpended funds transferred to deferred revenue	-	(1,376,716)	(479,615)
	-	<u>(1,381,634)</u>	<u>(479,615)</u>
Current surplus (deficit)	\$ (1,113)	\$ 783,274	\$ (1,107,276)

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2020

	2020	2019
		Restated
Surplus at beginning of year	\$ 54,377,243	\$ 55,484,519
Current surplus (deficit)	783,274	(1,107,276)
Surplus at end of year	<u>\$ 55,160,517</u>	<u>\$ 54,377,243</u>

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Restated
<u>Current surplus (deficit)</u>	\$ (1,113)	\$ 783,274	\$ (1,107,276)
Acquisition of tangible capital assets	-	(4,638,963)	(3,059,327)
Depreciation of tangible capital assets	-	2,003,964	1,866,029
	-	(2,634,999)	(1,193,298)
Acquisition of prepaid asset	-	(29,175)	(43,239)
Use of prepaid asset	-	43,239	49,961
	-	14,064	6,722
Acquisition of inventory	-	(191,159)	(294,887)
Use of inventory	-	294,887	274,182
	-	103,728	(20,705)
Decrease in net financial assets	(1,113)	(1,733,933)	(2,314,557)
Net financial assets at beginning of year	24,907,401	24,907,401	27,221,958
<u>Net financial assets at end of year</u>	\$ 24,906,288	\$ 23,173,468	\$ 24,907,401

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2020

	2020	2019
		Restated
Cash flows from Operating activities		
Current surplus (deficit)	\$ 783,274	\$ (1,107,276)
Items not affecting cash		
Depreciation	2,003,964	1,866,029
Loss (earnings) from investment in Nation business entities	(511,072)	727,208
	2,276,166	1,485,961
Change in non-cash operating working capital		
Accounts receivable	(263,712)	(483,473)
Inventory	103,728	(20,705)
Prepaid expenses	14,064	6,722
Accounts payable	(308,943)	576,889
Deferred revenue - unexpended funds - ISC	662,103	312,576
Deferred revenue - unexpended funds - FNIHB	(36,807)	42,017
Deferred revenue - unexpended funds - other	271,805	79,296
Deferred revenue	7,808,054	(1,814,050)
	10,526,458	185,233
Capital activities		
Purchase of capital assets	(4,638,960)	(3,059,327)
Restricted cash - capital projects	(7,558,508)	1,977,090
	(12,197,468)	(1,082,237)
Financing activities		
Due to Hatchet Lake Development LP	(229,573)	224,968
Repayment of long term debt	(390,714)	(467,802)
Advances of long term debt	2,050,000	-
Repayment of CMHC mortgages	(289,817)	(246,460)
Advances of CMHC mortgages	1,182,368	1,023,868
Short-term financing	(484,462)	227,167
	1,837,802	761,741
Investing activities		
Withdrawals from Nation business partnerships	66,500	130,000
Restricted cash - CMHC	(79,326)	24,739
Trust funds held by federal government	(363)	(755)
	(13,189)	153,984
Increase in cash and cash equivalents	153,603	18,721
Cash and cash equivalents, beginning of year	(267,015)	(285,736)
Cash and cash equivalents, end of year	\$ (113,412)	\$ (267,015)

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

1. Operations

The Hatchet Lake Denesuline Nation (the "First Nation") is located at 1 Ave, Wollaston Lake, Saskatchewan S0J 3C0, Canada. The First Nation provides various services to its members. Hatchet Lake Denesuline Nation includes the First Nation's government and all related entities that are accountable to the Nation and are either owned or controlled by the First Nation.

2. Basis of presentation and significant accounting policies

These financial statements are prepared in accordance with Canadian public sector accounting standards for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting entity

The Hatchet Lake Denesuline Nation reporting entity includes the Hatchet Lake Denesuline Nation government and all related entities that are controlled by the First Nation.

(b) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Under the modified equity method of accounting, only Hatchet Lake Denesuline Nation's investment in the government business enterprise and the enterprise's net income and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Hatchet Lake Denesuline Nation.

Organizations consolidated in Hatchet Lake Denesuline Nation's financial statements include:
Hatchet Lake Denesuline Nation CMHC Housing

Organizations accounted for on a modified equity basis include:
Hatchet Lake Denesuline First Nation Economic Development Corporation
Hatchet Lake Development Limited Partnership
Waterfound Development LP
Waterfound Development Corp

(c) Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or to finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible assets, prepaid expenses and inventory of supplies.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

2. Basis of presentation and significant accounting policies, continued

(d) Net debt or net financial assets

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt or net financial asset is determined by its financial assets less liabilities. Net debt or net financial assets, is comprised of two components, non-financial assets and accumulated surplus.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(f) Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amounts required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2020.

At each financial reporting date, the First 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 First Nation continues to recognize the liability until it's settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

2. Basis of presentation and significant accounting policies, continued

(g) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Hatchet Lake Denesuline Nation's incremental cost of borrowing.

Depreciation is provided for on a straight-line basis over their estimated useful lives.

Buildings	25 years Straight line
Housing	25 years Straight line
Infrastructure	40 years Straight line
Heavy Equipment	5-10 years Straight line
Equipment and furnishings	5 years Straight line
Computer equipment	2-5 years Straight line
Vehicles	3-10 years Straight line

Tangible capital assets are written down when conditions indicate that they no longer contribute to Hatchet Lake Denesuline Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets. Assets under construction are not depreciated until the asset is available to be put into service.

(h) Trust funds

Funds earned and held in trust on behalf of First Nation members by the Government of Canada. Trust moneys consist of:

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

Revenues from Trust moneys are recognized when measurable, earned and collection is reasonably assured. These moneys are reported on by the Government of Canada.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

2. Basis of presentation and significant accounting policies, continued

(i) Use of estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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. Actual results could differ from those estimates.

(j) Segments

The First Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives, aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenues and expenses represent both amounts that are directly attributed 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.

(k) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services a corresponding revenue and expense is recorded and referred to as "Administration fees - internal allocation."

(l) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or the service is performed.

(m) Expense recognition

Expenses are accounted for in the period the goods or services are acquired and a liability is incurred or transfers are due.

(n) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to current presentation.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

3. Cash and cash equivalents

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Hatchet Lake Denesuline Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Apartment Replacement and Subsidy Fund. Cash and cash equivalents is comprised of the following:

Cash received to complete capital projects is held in separate bank accounts or guaranteed investment certificates.

Funds held in trust are held by the federal government in trust for the First Nation.

	2020	2019
Unrestricted cash		
General operations	\$ 30,069	\$ 17,898
Health operations	151,235	35,818
First Nations Bank	119,197	128,441
	<hr/> 300,501	<hr/> 182,157
Restricted cash - capital projects		
School renovations	(17)	105,937
Subdivision	1,010,408	146,923
Impact Benefit Agreement (IBA) account	35	39
Lagoon upgrade	113,129	64,486
Propane system study	2,547	34,438
School assessment	25,838	-
Solid waste new landfill	758,394	-
Seasonal road	5,999,997	-
	<hr/> 7,910,331	<hr/> 351,823
Restricted cash - CMHC		
CMHC Replacement Reserve	174,634	95,308
Restricted cash - funds held in trust by the federal government		
Capital funds	87	87
Revenue funds	22,862	22,499
	<hr/> 22,949	<hr/> 22,586
	<hr/> <hr/> \$ 8,408,415	<hr/> <hr/> \$ 651,874

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

4. Trust funds held by federal government

	2020	2019
Capital funds held in trust	\$ 87	\$ 87
Revenue funds held in trust	22,862	22,499
	<hr/>	<hr/>
	\$ 22,949	\$ 22,586
	<hr/>	<hr/>
	2020	2020
	Revenue	Capital
Surplus, beginning of year	\$ 22,499	\$ 87
Interest earnings	363	-
	<hr/>	<hr/>
Surplus, end of year	\$ 22,862	\$ 87
	<hr/>	<hr/>
	\$ 22,949	\$ 22,586
	<hr/>	<hr/>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

5. Accounts receivable

	2020	2019
Due from members		
Loans and advances to members - band general	\$ 64,439	\$ 72,854
Loans and advances to members - social development	275,621	274,923
Total due from members	340,060	347,777
Due from others		
Prince Albert Grand Council	893,656	732,278
Social development - rent	41,250	40,260
Social development - wood hauling	84,147	58,016
Northern Lights School Division	115,155	212,069
NLCDC	60,810	35,106
Other receivables	14,312	18,044
Total due from others	1,209,330	1,095,773
Due from Government and other government organizations		
Indigenous Services Canada	209,763	52,106
CMHC - subsidy	32,064	30,424
CMHC - mortgage funds	19,777	19,777
Total due from government and other government organizations	261,604	102,307
Less: allowance for doubtful accounts	1,810,994	1,545,857
Total accounts receivable	\$ 1,536,641	\$ 1,272,929

6. Accounts receivable - ISC

	2020	2019
Band Employee Benefits - statutory	\$ -	\$ 11,594
Institutional Care	3,926	40,512
Special Needs	200,000	-
Medical Transportation	5,837	-
	\$ 209,763	\$ 52,106

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

7. Investments in government business entities

Commercial enterprises are those organizations that meet the definition of government business enterprises as described by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Government business enterprises have the power to contract in their own name, have the financial and operating authority to carry on a business, sell goods and services to customers outside the First Nation government as their principal activity, and that can, in the normal course of their operations, maintain operations and meet liabilities from revenues received from outside the First Nation government.

	2020	2019
		Restated
Hatchet Lake Denesuline FN ED Corp - 100%	\$ 198,650	\$ 198,645
Waterfound Development Corp. - 33.33%	1,943	1,985
Hatchet Lake Development LP - 99.99%	32,016,898	31,517,081
Waterfound Development LP - 33.33%	1,062,266	1,117,474
	<hr/> <u>\$ 33,279,757</u>	<hr/> <u>\$ 32,835,185</u>

	Investment, start of year Restated		Share of Withdrawals	earnings (loss)		Investment, end of year
HLFN Economic Development Corp	\$ 198,645	\$ -	\$ 5	\$ 198,650		
Waterfound Development Corp.	1,985	-	(42)	1,943		
HL Development LP	31,517,081	-	499,817	32,016,898		
Waterfound Development LP	1,117,474	(66,500)	11,292	1,062,266		
	<hr/> <u>\$ 32,835,185</u>	<hr/> <u>\$ (66,500)</u>	<hr/> <u>\$ 511,072</u>	<hr/> <u>\$ 33,279,757</u>		

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

8. Investments in government business entities

The tables below do not include information on the Hatchet Lake Denesuline FN ED Corp which in the current year reported revenue of \$5 (2019 - \$(6)), investments of \$198,735 (2019 - \$198,730) and equity of \$198,735 (2019 - \$198,730).

	Hatchet Lake Developments Mar 31, 2020	Waterfound Development LP Dec 31, 2019	Waterfound Development Corp Dec 31, 2019	2020 Total	2019 Total Restated
Cash	\$ 702,381	\$ 9,294	\$ -	\$ 711,675	\$ 802,565
Marketable Securities	31,191	-	-	31,191	31,065
Accounts Receivable	1,376,575	-	150	1,376,725	1,356,846
Inventory	1,387,795	-	-	1,387,795	1,660,046
Prepaid expenses	27,513	-	-	27,513	28,513
Tangible capital assets	5,405,901	-	-	5,405,901	5,465,945
Investments	25,600,746	3,187,069	7,280	28,795,095	28,240,932
Advances to related parties	<u>48,777</u>	<u>-</u>	<u>-</u>	<u>48,777</u>	<u>232,858</u>
Total assets	\$ 34,580,879	\$ 3,196,363	\$ 7,430	\$ 37,784,672	\$ 37,818,770
Bank indebtedness	\$ 342,428	\$ -	\$ -	\$ 342,428	\$ 94,982
Accounts payable and accruals	816,457	7,905	344	824,706	1,074,767
Deferred revenue	47,520	-	-	47,520	61,151
Current portion of long term debt	343,674	-	-	343,674	360,420
Term loans due on demand	815,252	-	-	815,252	1,142,821
Long-term debt	-	-	-	-	8,189
Advances to related parties	<u>-</u>	<u>-</u>	<u>1,250</u>	<u>1,250</u>	<u>900</u>
Total liabilities	2,365,331	7,905	1,594	2,374,830	2,743,230
Share capital	-	-	-	-	150
Equity	32,215,548	3,188,458	-	35,404,006	35,075,390
Total equity	32,215,548	3,188,458	-	35,404,006	35,075,540
Total liabilities and equity	<u>\$ 34,580,879</u>	<u>\$ 3,196,363</u>	<u>\$ 1,594</u>	<u>\$ 37,778,836</u>	<u>\$ 37,818,770</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

8. Investments in government business entities, continued

	Hatchet Lake Developments Mar 31, 2020	Waterfound Development LP Dec 31, 2019	Waterfound Development Corp Dec 31, 2019	2020 Total	2019 Total Restated
Revenue	\$ 2,543,651	\$ 40,559	\$ 225	\$ 2,584,435	\$ 1,043,140
<u>Retail revenue</u>	<u>10,456,734</u>	<u>-</u>	<u>-</u>	<u>10,456,734</u>	<u>12,276,548</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	13,000,385	40,559	225	13,041,169	13,319,688
Expenses	4,569,166	6,459	350	4,575,975	4,935,410
<u>Cost of sales</u>	<u>7,931,397</u>	<u>-</u>	<u>-</u>	<u>7,931,397</u>	<u>8,965,896</u>
<u>Total expenses</u>	<u>12,500,563</u>	<u>6,459</u>	<u>350</u>	<u>12,507,372</u>	<u>13,901,306</u>
<u>Net income</u>	<u>\$ 499,822</u>	<u>\$ 34,100</u>	<u>\$ (125)</u>	<u>\$ 533,797</u>	<u>\$ (581,618)</u>

9. Bank indebtedness

Bank indebtedness includes balances and cheques issued in excess of deposits and approved operating lines of credit.

The First Nation has operating lines of credit with the Canadian Imperial Bank of Commerce (CIBC) authorized to \$385,000 on four accounts of the First Nation at an interest rate of prime plus 1%. Any amounts overdrawn in excess of the approved lines of credit are charged interest at a rate of 21%. The operating lines are secured by a general security agreement on all property and Band Council Resolution directing all present and future funding to CIBC for deposit to the Nation's various accounts.

- Housing: \$50,000
- General: \$210,000
- Social: \$100,000
- Health: \$25,000

As of March 31, 2020 the First Nation had drawn on the lines of credit as follows:

General account - \$nil (2019 - \$523,578) and had issued cheques in excess of deposits totalling \$325,442 (2019 - \$158,485) for a combined reported amount of short term financing and bank indebtedness totalling \$256,777 (2019 - \$682,063).

Social account - \$98,889 (2019 - \$105,375) and had issued cheques in excess of deposits totalling \$157,137 (2019 - \$290,687) for a reported amount of short term financing and bank indebtedness totalling \$256,025 (2019 - \$396,062).

Housing - \$45,602 (2019 - \$nil)

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

10. Accounts payable

	2020	2019
Due to members		
Wages payable	\$ 272,726	\$ 231,644
Due to others		
Prince Albert Grand Council	-	53,760
Trade payables	987,977	1,297,705
Accrued liabilities	100,450	79,950
Pension plan	92,028	82,800
Group insurance	41,259	-
Accrued interest	15,488	10,616
Total due to others	1,237,202	1,524,831
Due to government and other government organizations		
Indigenous Services Canada	38,374	55,064
Canada Revenue Agency - payroll remittance	163,697	209,400
Total due to government and other government organizations	202,071	264,464
	\$ 1,711,999	\$ 2,020,939

11. Deferred revenue - unexpended funds - ISC

	2020	2019
Solid Waste	\$ 27,020	\$ -
Climate change adaptation	30,056	40,480
Post secondary	105,287	67,797
BEB - Statutory	3,005	-
BEB - Non Statutory	9,912	-
Recovery - COVID-19	138,861	-
Service delivery	2,442	986
Basic needs	213,257	132,351
Special needs	114,200	18,551
Employment & training	22,194	2,523
Special needs - COVID-19	140,604	-
Community involvement - navigator	78,853	36,330
P&ID - DPMP financial management	134,714	59,284
	\$ 1,020,405	\$ 358,302

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

12. Deferred revenue - unexpended funds - FNIHB

	2020	2019
Prenatal	\$ -	\$ 665
Patient transportation	210	2,978
Building healthy communities	-	14,169
Jordan's Principle	-	24,205
HIV/AIDS prevention	5,000	-
	<hr/>	<hr/>
	\$ 5,210	\$ 42,017
	<hr/>	<hr/>

13. Deferred revenue - unexpended funds - other

	2020	2019
Daycare	\$ -	\$ 24,400
Headstart	72,957	54,896
CDE pandemic control	28,144	-
Nutrition north	250,000	-
	<hr/>	<hr/>
	\$ 351,101	\$ 79,296
	<hr/>	<hr/>

14. Deferred revenue

	March 31, 2019	Funding received, 2020	Revenue recognized, 2020	March 31, 2020
Federal government				
ISC - Water Treatment Plant Upgrade	\$ 171,076	\$ -	\$ (70,657)	\$ 100,419
ISC - School repairs	-	50,000	(47,852)	2,148
ISC - Propane Study	17,352	-	(17,352)	-
ISC - Lagoon Upgrade	64,486	200,000	(151,357)	113,129
ISC - Solid Waste Feasibility	145,000	1,000,000	(156,606)	988,394
ISC - School Assessment	100,000	-	(74,162)	25,838
ISC - Subdivision	-	3,000,000	(1,923,960)	1,076,040
ISC - Seasonal Road	-	6,000,000	-	6,000,000
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 497,914	\$ 10,250,000	\$ (2,441,946)	\$ 8,305,968
	<hr/>	<hr/>	<hr/>	<hr/>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

15. Due from Hatchet Lake Development LP

During the year, the First Nation conducted purchases with related entities that are under the control of Hatchet Lake Denesuline Nation. All purchases were undertaken at normal market prices for similar goods and services and have been reported as expenses in the financial statements at the exchange amounts. The First Nation had amounts due to and from these related entities at March 31, 2020 and 2019 as follows (no terms for repayment, unsecured, and no interest charged on amounts owing or receivable):

	2020	2019
Hatchet Lake Development Limited Partnership	\$ 224,152	<u>\$ 453,725</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

16. Long-term debt

	2020	2019
CIBC Demand Installment Loan. Annual regular payments of \$185,714 plus monthly interest payments at prime plus 1.25%, secured by general security agreement over all Nation assets, due April 1, 2019.	\$ -	\$ 185,714
First Nations Bank of Canada Loan. Quarterly payments of \$18,750 with interest paid monthly, interest calculated at prime plus 1.00%, secured by general security agreement and assignment of dividends from Waterfound Development LP, due July 1, 2025.	412,500	487,500
CIBC Interim Construction Facility #3790754 - Band hall and lot servicing. Annual principle payment of \$172,222 plus monthly interest payments at prime plus 1.00%, secured by general security agreement over all Nation assets, due April 1, 2028.	1,550,000	-
CIBC Term Facility #3790657 - Housing. Quarterly principle payments of \$25,000 plus monthly interest payments at prime plus 1.00%, secured by general security agreement over all Nation assets, due April 1, 2024.	425,000	-
CIBC Term Facility #3794253 - Duplex - teacher housing. Monthly principle payments of \$4,583 plus interest calculated at prime plus 1.50%, secured by general security agreement over all Nation assets, due October 1, 2026.	<u>352,916</u>	<u>407,916</u>
 <u>Current portion</u>	 <u>2,740,416</u>	<u>1,081,130</u>
	<u>402,222</u>	<u>315,714</u>
 <u></u>	 <u>\$ 2,338,194</u>	<u>\$ 765,416</u>

Principal portion of long-term debt due within the next five years:

2021	\$ 402,222
2022	402,222
2023	402,222
2024	402,222
<u>2025 and thereafter</u>	<u>1,131,528</u>
 <u></u>	 <u>\$ 2,740,416</u>

	2020	2019
<u>Interest expense for the year on long-term debt</u>	<u>\$ 112,830</u>	<u>\$ 66,579</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

17. CMHC mortgages

	Phase number	Renewal date	Interest rate	Monthly payment	2020	2019
CMHC	1	01-Apr-20	1.05	\$ 1,544	\$ 72,529	\$ 90,188
CMHC	2	01-May-20	1.12	319	17,091	20,705
CMHC	3	01-Feb-21	1.01	1,413	95,982	111,876
CMHC	4	01-Mar-23	2.39	1,435	122,980	137,086
CMHC	5	01-Dec-24	1.83	6,203	664,449	726,132
CMHC	6	01-Feb-22	1.44	3,368	442,356	476,138
CMHC	7	01-Jun-23	2.50	3,636	492,116	523,061
CMHC	8	01-Apr-20	1.05	2,218	371,153	393,739
CMHC	9	01-Oct-20	1.04	2,761	331,906	361,415
CMHC	10	01-Jun-21	1.14	2,006	357,049	376,931
CMHC	11	01-Dec-23	2.61	5,527	983,712	1,023,868
CMHC	12	01-Apr-25	0.98	7,136	1,182,367	-
					5,133,690	4,241,139
<u>Current portion</u>					366,406	287,426
					<u><u>\$ 4,767,284</u></u>	<u><u>\$ 3,953,713</u></u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

18. Tangible capital assets

	Cost	Additions	Accumulated depreciation	Net book value
Buildings	\$ 23,108,879	\$ 1,459,732	\$ 18,031,662	\$ 6,536,950
Housing	11,046,556	164,611	7,437,403	3,773,764
Infrastructure	4,597,577	-	2,186,467	2,411,110
Heavy Equipment	722,320	64,530	592,374	194,476
Equipment and furnishings	117,334	105,450	111,568	111,217
Computer equipment	224,735	3,920	195,072	33,583
Vehicles	1,126,981	13,500	1,097,927	42,554
CMHC	8,055,056	1,194,311	2,886,231	6,363,136
Assets under construction	<u>10,667,018</u>	<u>1,632,906</u>	<u>-</u>	<u>12,299,924</u>
	<hr/> <u>\$ 59,666,456</u>	<hr/> <u>\$ 4,638,960</u>	<hr/> <u>\$ 32,538,704</u>	<hr/> <u>\$ 31,766,714</u>
				2019
	Cost	Additions	Accumulated depreciation	Net book value
Buildings	\$ 21,810,610	\$ 1,298,269	\$ 17,046,131	\$ 6,062,749
Housing	11,046,556	-	7,062,282	3,984,274
Infrastructure	4,597,577	-	2,054,028	2,543,549
Heavy Equipment	722,320	-	539,694	182,626
Equipment and furnishings	111,631	5,703	74,435	42,899
Computer equipment	173,709	51,026	155,418	69,317
Vehicles	1,126,981	-	1,046,432	80,549
CMHC	8,055,056	-	2,556,320	5,498,736
Assets under construction	<u>8,962,689</u>	<u>1,704,329</u>	<u>-</u>	<u>10,667,018</u>
	<hr/> <u>\$ 56,607,129</u>	<hr/> <u>\$ 3,059,327</u>	<hr/> <u>\$ 30,534,740</u>	<hr/> <u>\$ 29,131,717</u>

19. Prepaid expenses

	2020	2019
Post secondary living allowance	<u>\$ 29,175</u>	<u>\$ 43,239</u>

20. Inventory

	2020	2019
Propane	<u>\$ 191,159</u>	<u>\$ 294,887</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

21. Accumulated surplus

	2020	2019
Restricted operating surplus		
Equity in Ottawa Trust Funds		
Balance beginning of year	\$ 22,586	\$ 21,830
Contributions	363	756
	<hr/> 22,949	<hr/> 22,586
Equity in CMHC reserves		
Balance beginning of year	741,058	661,261
Contributions	17,039	79,797
	<hr/> 758,097	<hr/> 741,058
Equity in tangible capital assets		
Balance beginning of year	23,809,448	23,075,757
Depreciation	(2,003,964)	(1,866,029)
Purchases	4,639,660	3,059,327
Loan advances	(3,232,368)	(1,023,868)
Loan repayment	680,531	564,261
	<hr/> 23,893,307	<hr/> 23,809,448
Equity in business investments		
Balance beginning of year	32,835,185	33,692,393
Share of earnings	511,072	(727,208)
Withdrawals	(66,500)	(130,000)
	<hr/> 33,279,757	<hr/> 32,835,185
Unrestricted Operating Surplus (Deficit)		
Balance, beginning of year	(3,031,034)	(1,966,725)
Current year surplus	783,484	(1,107,276)
Transfer to Ottawa Trust Funds	(363)	(756)
Transfer to CMHC reserves	(17,039)	(79,797)
Transfer to tangible capital assets	(83,859)	(733,691)
Transfer to business investments	(444,572)	857,208
	<hr/> (2,793,383)	<hr/> (3,031,037)
	<hr/> <hr/> \$ 55,160,727	<hr/> <hr/> \$ 54,377,240

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

22. Prior period restatement

In the prior year the Hatchet Lake Economic Development LP statements were not available for inclusion in the Hatchet Lake Denesuline Nation Consolidated Financial Statements. The prior year balances have been restated to include the 2019 information.

	As previously stated in 2019	Adjustments Increase (Decrease) Actual	Restated 2019 Actual
Consolidated Statement of Financial Position			
Financial assets			
Investments in related business entities	\$ 33,637,892	\$ (802,707)	\$ 32,835,185
Accumulated surplus	55,179,950	(802,707)	54,377,243
Consolidated Statement of Operations			
Revenue			
Equity pickup (losses) - related business entities	-	(802,707)	(802,707)
Current year surplus (deficit)	(304,566)	(802,707)	(1,107,273)
Consolidated Statement of Accumulated surplus			
Accumulated surplus	55,179,950	(802,707)	54,377,243
Consolidated Statement of Net Debt			
Net financial assets at end of year	25,710,108	(802,707)	24,907,401
Consolidated Statement of Cash Flows			
Items not affecting cash			
Loss (earnings) from investment in Nation business entities	\$ (75,499)	\$ 802,707	\$ 727,208

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

23. ISC contributions

	2020	2019
ISC revenue per agreement - ISC	\$ 20,037,796	\$ 12,228,265
ISC revenue per agreement - FNIHB	325,991	368,582
 Prior period revenue (recovery)		
Basic needs	-	37,958
P&ID	-	(13,492)
Band employee benefits	(11,594)	-
Institutional Care	(40,512)	-
 Prior period payable (receivable) - 17/18		
Band employee benefits	-	(9,878)
 Current year receivable (payable) - ISC		
Band employee benefits	-	11,594
Institutional Care	3,926	40,512
CORP	-	(41,572)
Service delivery - PAYE	-	(1)
Water > 1.5M	-	(1)
Reno/Additions < 1.5M	-	(1)
 Current year receivable (payable) - FNIHB		
Building healthy communities - PAYE	(14,169)	-
Mental Health	(24,205)	-
 <hr/>	<hr/>	<hr/>
	<hr/>	<hr/>
Indigenous Services Canada (ISC)	19,989,616	12,253,385
ISC - First Nations & Inuit Health Branch (FNIHB)	287,617	368,582
 <hr/>	<hr/>	<hr/>
	<hr/>	<hr/>
	20,277,233	12,621,967
 <hr/>	<hr/>	<hr/>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

24. Government Transfers

	2020		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada	\$ 9,280,824	\$ 10,708,792	\$ 19,989,616
FNIHB - ISC	287,617	-	287,617
Canada Mortgage and Housing Corporation	374,221	64,669	438,890
Total	9,942,662	10,773,461	20,716,123
Provincial government transfers			
Total	\$ 9,942,662	\$ 10,773,461	\$ 20,716,123
	2019		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada	\$ 11,329,590	\$ 923,794	\$ 12,253,384
FNIHB - ISC	368,582	-	368,582
Canada Mortgage and Housing Corporation	361,366	-	361,366
Total	12,059,538	923,794	12,983,332
Provincial government transfers			
Total	\$ 12,059,538	\$ 923,794	\$ 12,983,332

25. CMHC Operating Agreement

The CMHC funding agreements require that the First Nation set aside cash in specially funded reserve bank accounts. On March 31, 2020 the CMHC reserves required an amount of \$764,759 to be set aside; the reserves were underfunded by \$590,125 (2019 - \$637,849).

The CMHC operating agreement sets a minimum rent contribution for each unit. The First Nation is responsible for any shortfalls in rent; in 2020 the rent shortfall was \$51,675 (2019 - \$77,505).

26. Payments made on behalf of HLDN paid directly by PAGC

Prince Albert Grand Council (PAGC) pays expenses directly on behalf of the Hatchet Lake Denesuline Nation (HLDN). These transactions are not recorded in detail in the records of HLDN. Payments are made to PAGC on a periodic basis and some revenue allocations are applied against the amount owing to PAGC. In the current year PAGC paid \$169,751 on behalf of HLDN (2019 - \$163,998).

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

27. Subsequent events

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the First Nation's environment and in the global markets due to the possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the First Nation's operations.

The extent of the impact of this outbreak and related containment measures on the First Nation's operations cannot be reliably estimated at this time we anticipate this outbreak may cause increased demand, supply chain disruptions, staff shortages, and increase regulations, all of which may negatively impact the First Nation's financial condition.

28. Denesuline Ne Ne Land Corp.

The First Nation is party to a government partnership operating as a non-profit corporation (Denesuline Ne Ne Land Corp.) with two other First Nations. The government partnership has not been reported in these financial statements on a proportionate basis as a result of the First Nations not agreeing to an allocation of the potential settlement payout, and as a result the 'ownership' of the government partnership.

29. Contingent liabilities

Hatchet Lake Denesuline Nation has the following contingent liabilities:

- a) Hatchet Lake Denesuline Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.
- b) In addition, in the normal course of its operations, Hatchet Lake Denesuline Nation becomes involved in legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded on Hatchet Lake Denesuline Nation's financial statements.
- c) Hatchet Lake First Nation is contingently liable for approximately \$700,000 of a loan issued to the Athabasca Denesuline Child & Family Services Inc for the construction of the group home.
- d) Hatchet Lake Denesuline Nation (HLDN) and Hatchet Lake Development LP (HLDLP) are in a shared credit facility arrangement with CIBC, in which both entities are held as security for loans in their name as well as those in the name of the other entity. The assets of HLDN are held as part of the security on the HLDLP revolving line of credit which had a balance of \$300,386 as of March 31, 2020 and the term loans of approximately \$1,159,000.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

30. Employee benefit obligations

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits or are entitled to these benefits within the next budgetary year.

Post-employment benefits

Hatchet Lake Denesuline Nation does not provide extended health, dental and life insurance benefits to retired employees and therefore has no obligations with regards to post employment benefits.

Pension plan

Hatchet Lake Denesuline Nation provides a defined contribution plan for eligible members of its staff. Members are required to contribute 3.0% to 7.0% of their basic salary; Hatchet Lake Denesuline Nation contributes a matching portion which is directed to the member's contribution account. Hatchet Lake Denesuline Nation does not have any other obligations with regards to the pension plan as at March 31, 2020.

31. Fair value

The fair value of the financial assets (except the investments), and current liabilities approximates their carrying value due to their short term nature. It is not practical to determine fair value for the investments with sufficient reliability because of the limited market for them. The fair value of the First Nation's long-term debt approximates cost due to either the short-term nature (either to term or to renewal) or has interest floating at market rates.

32. Budgeted figures

Budget figures were not available and the audit has been qualified as ratified budget figures are a requirement.

33. Interest rate risk

The First Nation is not exposed to significant interest rate risk on its monetary assets and current liabilities, due to their short term maturity. The First Nation is exposed to interest rate price risk on its long term debt that has a fixed interest rate.

34. Economic dependence

Hatchet Lake Denesuline Nation receives a significant portion of its revenue pursuant to a funding agreement with Indigenous Services Canada (ISC) as a result of treaties entered into with the Government of Canada. These treaties are administered by the Government of Canada under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

35. Related party transactions

Transactions with related parties, if any, are in the normal course of business, and are for fair consideration that is mutually agreed upon by the related parties.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2020

36. Expenses by object

	2020 Budget	2020 Actual	2019 Actual
Administration	\$ 8,500	\$ 160,819	\$ 295,622
Assistance to band members	-	307,825	398,865
Bad debts (recovery)	-	(6,192)	82,268
Bank charges and interest	-	52,733	39,738
Community engagement	15,000	1,993	-
Community events	-	289,074	217,277
Consultants and contractors	-	2,398,306	3,361,445
Cultural programs	-	39,718	66,426
Depreciation	-	2,003,964	1,866,028
Economic - landfill management	-	27,480	54,500
Election	-	6,717	54,251
Equipment lease	-	75,527	47,660
Equipment purchases	3,000	89,414	(3,013)
Honorariums	-	29,371	42,211
Insurance	-	174,041	155,732
Interest on long-term debt	-	205,387	139,897
Materials and supplies	-	247,225	-
Office supplies	2,000	46,304	36,370
PAGC paid expenses directly (Note 26)	-	169,751	163,998
Post Secondary - administration	-	59,428	68,129
Post Secondary - entrance preparation	-	51,399	76,213
Post Secondary - student expenses	-	589,493	517,115
Postage and freight	-	156,895	71,015
Prevention programs	-	138,943	-
Professional fees	-	249,199	80,042
Program expenses	-	73,936	30,279
Rent - office	-	6,000	1,350
Repairs and maintenance	-	1,585,318	364,309
Senior and youth programs	-	131,889	47,955
Social assistance - basic needs	-	2,980,034	3,094,961
Social assistance - special needs	-	165,511	202,212
Social assistance - employment & training	-	313,562	282,910
Student expenses	-	14,574	66,266
Supplies	-	1,161,164	1,216,010
Telephone	-	80,899	56,825
Training & workshops	-	114,936	107,065
Travel, meetings, per diems	15,000	729,102	875,218
Treaty Land Entitlement	-	94,060	-
Utilities	-	893,472	733,823
Vehicles	-	277,553	334,938
Wages and benefits	42,613	8,951,990	8,220,961
Transfer to capital assets	-	(4,638,960)	(3,059,327)
	<hr/>	<hr/>	<hr/>
	\$ 86,113	\$ 20,499,854	\$ 20,407,544

Schedule #1
Hatchet Lake Denesuline Nation
Claims and Indian Government
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Prince Albert Grand Council (PAGC)	\$ -	\$ -	\$ 15,756
Other revenue	- -	- -	15,100
	- -	- -	30,856
Expenses			
Supplies	- -	- -	7,518
Travel, meetings, per diems	- -	- -	14,140
Vehicles	- -	- -	1,237
Wages and benefits	- -	- -	29,753
	- -	- -	52,648
Current deficit	\$ -	\$ -	\$ (21,792)

The accompanying notes are an integral part of the financial statements

Schedule #2
Hatchet Lake Denesuline Nation
Community Infrastructure
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ 481,953	\$ 490,944
Indigenous Services Canada - flexible	-	10,727,407	923,792
Canada Mortgage and Housing Corporation (CMHC)	-	64,669	-
User fees	-	11,825	10,291
Other revenue	-	97,259	11,929
Deferred revenue - prior period	-	497,914	2,311,964
Deferred revenue - current period	- (8,305,968)	(497,914)	
	- 3,575,059	3,251,006	
Expenses			
Administration	- 61,612	-	
Bank charges and interest	- 287	-	
Consultants and contractors	- 2,340,093	3,104,080	
Economic - landfill management	- 27,480	54,500	
Insurance	- 102,914	89,331	
Materials and supplies	- 247,225	-	
Postage and freight	- 20,445	29,005	
Professional fees	- 145,532	5,500	
Repairs and maintenance	- 1,534,919	261,270	
Supplies	- 119,804	151,241	
Telephone	- 13,594	13,624	
Training & workshops	- 4,377	-	
Travel, meetings, per diems	- 65,649	66,079	
Utilities	- 133,455	260,641	
Vehicles	- 32,994	37,975	
Wages and benefits	- 687,358	547,380	
Transfer to capital assets	- (4,432,810)	(3,002,598)	
	- 1,104,928	1,618,028	
Current surplus before unexpended transfers	- 2,470,131	1,632,978	
Unexpended transfers			
Unexpended funds transferred to deferred revenue	- (27,020)	-	
Current surplus before transfers	- 2,443,111	1,632,978	
Transfers			
Transfer - Depreciation	- (567,661)	(504,663)	
Current surplus	\$ - \$ 1,875,450	\$ 1,128,315	

The accompanying notes are an integral part of the financial statements

Schedule #3
Hatchet Lake Denesuline Nation
Economic Development
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ -	\$ 139,702
ISC - current year receivable (payable)	- -	- -	(41,572)
Unexpended funds transferred - prior year	- -	40,480	-
	- -	40,480	98,130
Expenses			
Consultants and contractors	- -	- -	53,650
Travel, meetings, per diems	- -	10,424	4,000
	- -	10,424	57,650
Current surplus before unexpended transfers	- -	30,056	40,480
Unexpended transfers			
Unexpended funds transferred to deferred revenue	- -	(30,056)	(40,480)
Current surplus	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

Schedule #4
Hatchet Lake Denesuline Nation
Education
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ 3,018,758	\$ 5,075,042
Prince Albert Grand Council (PAGC)	-	800,229	1,793,804
Athabasca Dene Education Corp	-	4,290,527	-
Northern Sport Culture & Recreation District	-	52,900	42,354
Unexpended funds transferred - prior year	-	67,797	-
	<hr/>	<hr/>	<hr/>
	- 8,230,211	6,911,200	
Expenses			
Administration	- -	43,724	
Community events	- 40,901	-	
Consultants and contractors	- -	72,866	
Cultural programs	- -	66,426	
Equipment lease	- 47,710	25,104	
Equipment purchases	- 89,414	(3,013)	
Honorariums	- 16,054	29,800	
Office supplies	- 12,795	3,681	
Post Secondary - administration	- 59,428	68,129	
Post Secondary - entrance preparation	- 51,399	76,213	
Post Secondary - student expenses	- 589,493	517,115	
Postage and freight	- 61,139	12,586	
Repairs and maintenance	- 49,382	70,606	
Senior and youth programs	- -	33,081	
Student expenses	- 14,574	66,266	
Supplies	- 416,637	492,387	
Telephone	- 25,950	15,308	
Training & workshops	- 19,003	16,208	
Travel, meetings, per diems	- 97,512	175,425	
Utilities	- 652,058	428,807	
Vehicles	- 59,230	101,799	
Wages and benefits	- 6,024,823	5,020,524	
Transfer to capital assets	- (82,229)	(56,729)	
	<hr/>	<hr/>	<hr/>
	- 8,245,273	7,276,313	
Current deficit before unexpended transfers	- (15,062)	(365,113)	
Unexpended transfers			
Unexpended funds transferred to deferred revenue	- (105,287)	(67,797)	
Current deficit before transfers	- (120,349)	(432,910)	
Transfers			
Transfer - Depreciation	- (1,034,289)	(1,016,556)	
Current deficit	\$ -	\$ (1,154,638)	\$ (1,449,466)

The accompanying notes are an integral part of the financial statements

Schedule #5
Hatchet Lake Denesuline Nation
Indian Government Support
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - grant	\$ -	\$ 1,013,184	\$ 1,102,503
Indigenous Services Canada - fixed	- -	- -	102,328
Indigenous Services Canada - set	- -	- -	220,705
Indigenous Services Canada - flexible	- -	248,280	- -
ISC - current year receivable (payable)	- -	- -	11,594
Unexpended funds transferred - prior year	- -	4,918	- -
	- -	1,266,382	1,437,130
Expenses			
Administration	- -	- -	85,797
Bank charges and interest	- -	44,179	29,779
Community events	- -	3,813	24,287
Consultants and contractors	- -	13,125	- -
Election	- -	6,717	54,251
Equipment lease	- -	21,107	22,556
Honorariums	- -	9,167	12,411
Interest on long-term debt	- -	112,830	66,579
Office supplies	- -	15,428	21,253
Postage and freight	- -	11,634	12,318
Professional fees	- -	93,717	64,592
Supplies	- -	62,969	70,437
Telephone	- -	31,681	20,275
Travel, meetings, per diems	- -	386,275	463,401
Utilities	- -	4,308	- -
Vehicles	- -	16,165	11,230
Wages and benefits	- -	750,949	1,161,075
	- -	1,584,064	2,120,241
Current deficit before unexpended transfers	- -	(317,682)	(683,111)
Unexpended transfers			
Unexpended funds transferred to deferred revenue	- -	(151,778)	- -
Current deficit before transfers	- -	(469,460)	(683,111)
Transfers			
Transfer - Other Band Programs	- -	567,709	627,722
Transfer - Depreciation	- -	(12,936)	(12,936)
Current surplus (deficit)	\$ -	\$ 85,313	\$ (68,325)

The accompanying notes are an integral part of the financial statements

Schedule #6
Hatchet Lake Denesuline Nation
Social Services
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ 209,133	\$ 208,723
Indigenous Services Canada - set	- -	116,160	96,160
Indigenous Services Canada - flexible	- -	3,868,703	3,578,837
ISC - prior period revenue (recovery)	- -	- -	37,958
ISC - current year receivable (payable)	- -	3,926	40,512
Unexpended funds transferred - prior year	- -	154,411	45,726
	- -	4,352,333	4,007,916
Expenses			
Administration	- -	17,687	17,666
Assistance to band members	- -	120,086	136,672
Bank charges and interest	- -	4,449	3,791
Consultants and contractors	- -	7,200	6,600
Office supplies	- -	8,550	10,350
Postage and freight	- -	14,840	10,119
Rent - office	- -	6,000	1,350
Social assistance - basic needs	- -	2,980,034	3,094,961
Social assistance - special needs	- -	165,511	202,212
Social assistance - employment & training	- -	313,562	282,910
Supplies	- -	7,355	10,266
Telephone	- -	1,600	2,414
Training & workshops	- -	2,400	4,500
Travel, meetings, per diems	- -	13,500	35,615
Utilities	- -	6,456	25,623
Vehicles	- -	29	153
Wages and benefits	- -	190,370	197,320
Transfer to capital assets	- -	(5,500)	- -
	- -	3,854,129	4,042,522
Current surplus (deficit) before unexpended transfers	- -	498,204	(34,606)
Unexpended transfers			
Unexpended funds transferred to deferred revenue	- -	(492,697)	(154,411)
Current surplus (deficit)	\$ -	\$ 5,507	\$ (189,017)

The accompanying notes are an integral part of the financial statements

Schedule #7
Hatchet Lake Denesuline Nation
Indian Registration
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ 13,779	\$ 13,815
Expenses			
Wages and benefits	- -	30,801	13,815
Current deficit	\$ -	\$ (17,022)	\$ -

The accompanying notes are an integral part of the financial statements

Schedule #8
Hatchet Lake Denesuline Nation
Governance and Institutions of Governance
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 85,000	\$ 288,333	\$ 223,333
Indigenous Services Canada - flexible	-	-	42,500
ISC - prior period revenue (recovery)	-	-	(13,492)
Unexpended funds transferred - prior year	-	95,614	-
	<hr/> 85,000	<hr/> 383,947	<hr/> 252,341
Expenses			
Administration	8,500	8,500	4,250
Community engagement	15,000	1,993	-
Consultants and contractors	-	37,888	105,499
Equipment purchases	3,000	-	-
Office supplies	2,000	845	-
Supplies	-	-	20,000
Telephone	-	100	-
Training & workshops	-	75,520	28,868
Travel, meetings, per diems	15,000	24,208	9,682
Wages and benefits	42,613	21,326	1,920
	<hr/> 86,113	<hr/> 170,380	<hr/> 170,219
Current surplus before unexpended transfers	(1,113)	213,567	82,122
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(213,567)	(95,614)
Current deficit	\$ (1,113)	\$ -	\$ (13,492)

The accompanying notes are an integral part of the financial statements

Schedule #9
Hatchet Lake Denesuline Nation
Health
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
ISC - First Nations & Inuit Health Branch (FNIHB)	\$ -	\$ 287,617	\$ 368,582
Prince Albert Grand Council (PAGC)	-	1,134,972	774,535
Other revenue	-	700	7,822
Unexpended funds transferred - prior year	-	121,313	-
	-	1,544,602	1,150,939
Expenses			
Administration	-	73,020	102,299
Bank charges and interest	-	604	3,833
Community events	-	983	-
Cultural programs	-	24,921	-
Equipment lease	-	6,710	-
Honorariums	-	350	-
Office supplies	-	8,686	1,086
Postage and freight	-	11,192	4,236
Program expenses	-	560	20,673
Senior and youth programs	-	93,993	14,874
Supplies	-	155,662	95,581
Telephone	-	4,192	2,567
Training & workshops	-	13,636	57,488
Travel, meetings, per diems	-	63,411	72,109
Utilities	-	60,739	4,218
Vehicles	-	11,508	50,118
Wages and benefits	-	733,313	609,245
Transfer to capital assets	-	(19,596)	-
	-	1,243,884	1,038,327
Current surplus before unexpended transfers	-	300,718	112,612
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(356,311)	(121,313)
Current deficit before transfers	-	(55,593)	(8,701)
Transfers			
Transfer - Depreciation	-	(3,919)	-
Current deficit	\$ -	\$ (59,512)	\$ (8,701)

The accompanying notes are an integral part of the financial statements

Schedule #10
Hatchet Lake Denesuline Nation
CMHC Housing
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue			
CMHC - subsidy	\$ -	\$ 365,082	\$ 334,273
CMHC - HIIFNHY	- -	9,139	27,093
Rental revenue	- -	153,035	111,543
	- -	527,256	472,909
Expenses			
Administration	- -	- -	41,886
Bank charges and interest	- -	3,140	2,335
Insurance	- -	71,127	66,401
Interest on long-term debt	- -	92,556	73,317
Professional fees	- -	9,950	9,950
Repairs and maintenance	- -	1,017	32,432
Wages and benefits	- -	50,382	- -
	- -	228,172	226,321
Current surplus before transfers	- -	299,084	246,588
Transfers			
Transfer - Depreciation	- -	(329,911)	(282,139)
Current deficit	\$ -	\$ (30,827)	\$ (35,551)

The accompanying notes are an integral part of the financial statements

Schedule #11
Hatchet Lake Denesuline Nation
Other Band Programs
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Restated
Revenue			
Prince Albert Grand Council (PAGC)	\$ -	\$ 121,652	\$ 206,468
First Nations Trust	-	570,084	578,071
Northern Lights School Division	-	90,887	356,997
Northern Lights Community Development Corp (NLCDC)	-	140,974	145,425
Equity pickup (losses) - related business entities (Note 7)	-	511,072	(727,208)
Impact Benefit Agreement	-	276,589	454,802
Rental revenue	-	92,025	74,600
Athabasca Denesuline Child & Family Services Inc.	-	5,000	175,000
Hatchet Lake Store	-	-	123,413
Other revenue	-	823,222	470,451
Administration fees - internal allocation	-	99,207	295,622
	-	2,730,712	2,153,641
Expenses			
Assistance to band members	-	187,739	262,193
Bad debts (recovery)	-	(6,192)	82,268
Bank charges and interest	-	74	-
Canoe Quest	-	9,710	450
Community events	-	243,377	192,990
Consultants and contractors	-	-	18,750
Cultural enrichment	-	50,645	9,156
Cultural programs	-	14,797	-
Honorariums	-	3,800	-
Life skills	-	13,021	-
PAGC paid expenses directly (Note 26)	-	169,751	163,998
Postage and freight	-	37,644	2,752
Prevention programs	-	138,943	-
Senior and youth programs	-	37,896	-
Supplies	-	398,737	368,581
Telephone	-	3,785	2,639
Travel, meetings, per diems	-	68,122	34,767
Treaty Land Entitlement	-	94,060	-
Utilities	-	36,457	14,533
Vehicles	-	157,627	132,425
Wages and benefits	-	462,666	639,929
Transfer to capital assets	-	(98,825)	-
	-	2,023,834	1,925,431
Current surplus before unexpended transfers	-	706,878	228,210
Unexpended transfers			
Prior period unrecorded unexpended funds	-	(4,918)	-
Current surplus before transfers	-	701,960	228,210

The accompanying notes are an integral part of the financial statements

Schedule #11, continued
Hatchet Lake Denesuline Nation
Other Band Programs
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Restated
Transfers			
Transfer - Indian Government Support	-	(567,709)	(627,722)
Transfer - Depreciation	-	(55,248)	(49,734)
Current surplus (deficit)	\$	\$	\$
	-	79,003	(449,246)

The accompanying notes are an integral part of the financial statements

Schedule #12
Hatchet Lake Denesuline Nation
Depreciation
Schedule of Operations
For the year ended March 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenue	\$ -	\$ -	\$ -
Expenses			
Community Infrastructure	-	567,661	504,663
Education	-	1,034,289	1,016,556
Indian Government Support	-	12,936	12,936
Health	-	3,919	-
CMHC Section 95	-	329,911	282,139
Other Band Programs	-	55,248	49,734
	-	2,003,964	1,866,028
Current deficit before transfers	-	(2,003,964)	(1,866,028)
Transfers			
Transfer - Programs	-	2,003,964	1,866,028
Current surplus	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements