

**Hatchet Lake Denesuline Nation
Consolidated Financial Statements
March 31, 2021**

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March 31, 2021

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Hatchet Lake Denesuline Nation
Management's Responsibility for Financial Reporting
March 31, 2021

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 fulfils 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

December 9, 2022
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

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, 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, its changes in its consolidated net financial assets, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *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 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
December 12, 2022**

Chalupiak & Associates

Chartered Professional Accountants

Hatchet Lake Denesuline Nation
Consolidated Statement of Financial Position
March 31, 2021

	2021	2020
Financial Assets		
Cash (Note 3)	\$ 2,275,029	\$ 300,501
Restricted cash - capital projects (Note 3)	8,876,277	7,910,331
Restricted cash - CMHC (Note 3)	861,496	174,634
Trust funds held by federal government (Notes 3 and 4)	23,217	22,949
Accounts receivable (Notes 5 and 6)	718,542	1,536,641
Investments in related business entities (Notes 7 and 8)	31,991,410	33,279,757
	<u>44,745,971</u>	<u>43,224,813</u>
Liabilities		
Bank indebtedness (Note 9)	97,022	413,913
Short-term financing	-	144,491
Accounts payable (Note 10)	1,182,709	1,711,999
Deferred revenue - unexpended funds - ISC (Note 11)	11,888,287	9,331,583
Deferred revenue - unexpended funds - other (Note 12)	631,429	452,101
Due to Hatchet Lake Development LP (Note 13)	28,804	123,152
Current portion of long-term debt (Note 14)	1,082,222	402,222
Current portion of CMHC housing mortgage (Note 15)	434,769	366,406
Long-term debt (Note 14)	2,335,972	2,338,194
CMHC mortgages (Note 15)	5,556,025	4,767,284
	<u>23,237,239</u>	<u>20,051,345</u>
Net financial assets	<u>21,508,732</u>	<u>23,173,468</u>
Non-financial Assets		
Capital assets (Note 16)	43,671,094	31,766,713
Prepaid expenses (Note 17)	11,902	29,175
Inventory (Note 18)	277,907	191,159
	<u>43,960,903</u>	<u>31,987,047</u>
Accumulated Surplus (Note 19)	<u>\$ 65,469,635</u>	<u>\$ 55,160,515</u>

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, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 6,784,115	\$ 24,248,587	\$ 19,989,616
ISC - First Nations & Inuit Health Branch (FNIHB)	461,833	900,281	287,617
Canada Mortgage and Housing Corporation (CMHC)	-	483,301	438,890
Prince Albert Grand Council (PAGC)	1,097,021	1,278,852	2,056,853
First Nations Trust (FNT)	415,278	415,278	570,084
Athabasca Denesuline Education Authority	-	340,217	4,290,527
Northern Lights School Division	-	-	90,887
Athabasca Denesuline Child & Family Services Inc.	-	-	5,000
Government of Saskatchewan	-	225,000	-
Northern Lights Community Development Corp (NLCD)	-	29,909	140,974
Northern Sport Culture & Recreation District	-	9,157	52,900
Equity pickup (losses) - related business entities (Note 7)	-	(1,278,347)	511,072
Impact Benefit Agreement (IBA)	152,726	152,726	276,589
User fees	-	10,423	11,825
Rental revenue	-	256,138	245,060
Other revenue	389,474	1,016,740	1,022,182
Unexpended funds transferred - prior year	5,000	9,783,684	982,447
	9,305,447	37,871,946	30,972,523
Expenses			
Community Infrastructure (Schedule 1)	959,965	1,275,270	1,104,928
Economic Development (Schedule 2)	101,812	101,812	10,424
Education (Schedule 3)	1,012,865	1,281,692	8,245,274
Indigenous Government Support (Schedule 4)	4,192,256	2,814,610	1,584,065
Social Services (Schedule 5)	274,792	5,157,651	3,854,129
Registration & Membership (Schedule 6)	-	30,472	30,801
Governance and Institutions of Governance (Schedule 7)	224,366	133,996	170,380
Health (Schedule 8)	1,339,585	1,261,344	1,243,883
CMHC Housing (Schedule 9)	-	185,243	228,172
Other Band Programs (Schedule 10)	741,133	324,973	1,924,627
Depreciation (Schedule 11)	-	2,476,046	2,003,964
	8,846,774	15,043,109	20,400,647
Current surplus before unexpended transfers	458,673	22,828,837	10,571,874
Unexpended transfers			
Prior period unrecorded unexpended funds	-	-	(4,918)
Unexpended funds transferred to deferred revenue	-	(12,519,716)	(9,783,684)
	-	(12,519,716)	(9,788,602)
Current surplus	\$ 458,673	\$ 10,309,121	\$ 783,272

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, 2021

	2021	2020
Surplus at beginning of year	\$ 55,160,515	\$ 54,377,243
Current surplus	10,309,121	783,272
Surplus at end of year	\$ 65,469,636	\$ 55,160,515

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, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Current surplus	\$ 458,673	\$ 10,309,121	\$ 783,272
Acquisition of tangible capital assets	-	(14,380,428)	(4,638,960)
Depreciation of tangible capital assets	-	2,476,046	2,003,964
	-	(11,904,382)	(2,634,996)
Acquisition of prepaid asset	-	(11,902)	(29,175)
Use of prepaid asset	-	29,175	43,239
	-	17,273	14,064
Acquisition of inventory	-	(277,907)	(191,159)
Use of inventory	-	191,159	294,887
	-	(86,748)	103,728
Increase (decrease) in net financial assets	458,673	(1,664,736)	(1,733,932)
Net financial assets at beginning of year	23,173,468	23,173,468	24,907,400
Net financial assets at end of year	\$ 23,632,141	\$ 21,508,732	\$ 23,173,468

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, 2021

	2021	2020
Cash flows from		
Operating activities		
Current surplus	\$ 10,309,121	\$ 783,272
Items not affecting cash		
Depreciation	2,476,046	2,003,964
Loss (earnings) from investment in Nation business entities	1,278,347	(511,072)
	14,063,514	2,276,164
Change in non-cash operating working capital		
Accounts receivable	818,099	(263,712)
Inventory	(86,748)	103,728
Prepaid expenses	17,273	14,064
Accounts payable	(529,290)	(308,941)
Deferred revenue - unexpended funds - ISC	2,556,704	8,475,367
Deferred revenue - unexpended funds - FNIHB	-	(42,017)
Deferred revenue - unexpended funds - other	179,328	372,805
	17,018,880	10,627,458
Capital activities		
Acquisition of capital assets	(14,380,428)	(4,638,960)
Financing activities		
Due to Hatchet Lake Development Limited Partnership	(94,348)	(330,573)
Long-term debt - repayment	(402,222)	(390,714)
Long-term debt - proceeds	1,080,000	2,050,000
CMHC mortgages - repayment	(363,789)	(289,817)
CMHC mortgages - advances	1,220,893	1,182,368
Short-term financing	(144,491)	(484,462)
	1,296,043	1,736,802
Investing activities		
Withdrawals from business partnerships	10,000	66,500
Restricted cash - CMHC	(686,862)	(79,326)
Trust funds held by federal government	(268)	(363)
	(677,130)	(13,189)
Increase in cash and cash equivalents	3,257,365	7,712,111
Cash and cash equivalents (bank indebtedness), beginning of year	7,796,919	84,808
Cash and cash equivalents (bank indebtedness), end of year	\$ 11,054,284	\$ 7,796,919
Represented by		
Cash	\$ 2,275,029	\$ 300,501
Restricted cash - capital projects	8,876,277	7,910,331
Bank indebtedness	(97,022)	(413,913)
	\$ 11,054,284	\$ 7,796,919

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation

Notes to Consolidated Financial Statements

March 31, 2021

1. Operations

The Hatchet Lake Denesuline Nation (the "First Nation") is located in the province of Saskatchewan and provides various services to its members. These financial statements include Hatchet Lake Denesuline Nation's government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

The band office of the First Nation is physically located on Lac la Hache I.R 220 and their mailing address is P.O. Box 183, Wollaston Lake, Saskatchewan, S0J 3C0, Canada.

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.

(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 Limited Partnership
Waterfound Development Corporation

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

2. Basis of presentation and significant accounting policies, continued

(c) Other economic interests

The First Nation does not share in the control or the profit or loss of the following entities. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of the Hatchet Lake Denesuline Nation.

The First Nation is a member of the Prince Albert Grand Council (PAGC Management Co. Ltd. or "PAGC"). The PAGC is an organization of twelve Nations. The PAGC is mandated to enhance the services provided to the member Nations.

The First Nation is a member of the Yuthe Dene Sekwi Chu L A Koe Betsedi Inc. (Athabasca Denesuline Child and Family Services Inc. "ADCFS"). ADCFS is an organization of three Nations. The mandate of ADCFS is to provide child and family protection and prevention services on reserve to the three member Nations.

(d) 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.

(e) 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.

(f) 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. Cash subjected to restrictions that prevent its use for current purposes is included in restricted cash.

(g) 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, 2021. No contaminated sites have been identified as at March 31, 2021.

2. Basis of presentation and significant accounting policies, continued

(h) 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	10-25 years Straight line
Vehicles	3-10 years Straight line
Computer equipment	2-5 years Straight line
Heavy Equipment	5-10 years Straight line
Equipment and furnishings	5 years Straight line
Infrastructure	25-40 years Straight line
Band housing	25 years Straight line
CMHC housing	25 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.

Assets under construction are not depreciated until the asset is available to be put into service.

(i) 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.

2. Basis of presentation and significant accounting policies, continued

(j) 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.

(k) 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.

(l) Internal charges and transfers

The central administration office provides services to other program areas. To recognize the cost of these services, some funding agreements allow for a percentage of revenue to be allocated to cover these expenses. At the discretion of the First Nation, a percentage of revenue may be allocated and recorded as "Administration fees - internal allocation."

(m) 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.

(n) Expense recognition

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

(o) Comparative figures

Comparative figures have been reclassified, where applicable, to conform to the current year's presentation.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

3. Cash and cash equivalents

Cash and cash equivalents is comprised of the following:

Unrestricted cash - bank accounts used to facilitate day to day normal operations.

Restricted cash - bank accounts that are restricted to a specific purpose as per the terms of a funding agreement or trust agreement. In some cases, these accounts are controlled by a project manager.

Restricted cash - CMHC - 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 Replacement Reserve Fund and the Operating Reserve.

Trust funds held by federal government - Revenues generated from land leases and/or head leases of reserve land are held in trust by the federal government for the benefit of the Hatchet Lake Denesuline Nation.

	2021	2020
Unrestricted cash		
General operations	\$ 1,845,189	\$ 30,069
Health operations	398,943	151,235
First Nations Bank	30,897	119,197
	<u>2,275,029</u>	<u>300,501</u>
Restricted cash - capital projects		
School renovations	-	(17)
Subdivision	2,403,530	1,010,408
Impact Benefit Agreement (IBA) account	35	35
Lagoon upgrade	1,768,384	113,129
Propane system study	665	2,547
School assessment	25,854	25,838
Solid waste new landfill	1,689,408	758,394
Seasonal road	2,988,401	5,999,997
	<u>8,876,277</u>	<u>7,910,331</u>
Restricted cash - CMHC		
CMHC Replacement Reserve	861,496	174,634
Restricted cash - funds held in trust by the federal government		
Capital funds	87	87
Revenue funds	23,130	22,862
	<u>23,217</u>	<u>22,949</u>
	<u>\$ 12,036,019</u>	<u>\$ 8,408,415</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

4. Trust funds held by federal government

The Trust funds held by federal government arise 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 are primarily governed by the Sections 63 to 69 of the Indian Act.

	2021		2020	
Capital funds held in trust	\$	87	\$	87
Revenue funds held in trust		23,130		22,862
	\$	23,217	\$	22,949

	2021		2021		2021		2020	
	Revenue		Capital		Total		Total	
Surplus, beginning of year	\$	22,862	\$	87	\$	22,949	\$	22,586
Interest earnings		268		-		268		363
Surplus, end of year	\$	23,130	\$	87	\$	23,217	\$	22,949

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

5. Accounts receivable

	2021	2020
Due from members		
Loans and advances to members - band general	\$ 100,123	\$ 64,439
Loans and advances to members - social development	205,098	275,621
Total due from members	305,221	340,060
Due from others		
Prince Albert Grand Council	487,433	893,656
Social development - rent	-	41,250
Social development - wood hauling	27,503	84,147
Northern Lights CDC	48,576	60,810
Other receivables	48,208	129,467
Total due from others	611,720	1,209,330
Due from Government and other government organizations		
Indigenous Services Canada	12,080	209,763
CMHC - subsidy	44,296	32,064
CMHC - mortgage funds	-	19,777
Total due from government and other government organizations	56,376	261,604
	973,317	1,810,994
Less: allowance for doubtful accounts	(254,775)	(274,353)
Total accounts receivable	\$ 718,542	\$ 1,536,641

6. Accounts receivable - ISC

	2021	2020
Institutional Care - PAYE 2019/2020	\$ 3,926	\$ -
Institutional Care	5,759	3,926
Special Needs	-	200,000
Medical Transportation	-	5,837
JP - Assisted Technology	2,395	-
	\$ 12,080	\$ 209,763

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

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.

	2021	2020
Hatchet Lake Denesuline FN ED Corp - 100%	\$ 198,721	\$ 198,650
Waterfound Development Corp. - 33.33%	1,857	1,943
Hatchet Lake Development LP - 99.99%	30,635,708	32,016,898
Waterfound Development LP - 33.33%	1,155,124	1,062,266
	<u>\$ 31,991,410</u>	<u>\$ 33,279,757</u>

	Investment, start of year	Withdrawals	Share of earnings (loss)	Investment, end of year
HLFN Economic Development Corp.	\$ 198,650	\$ -	\$ 71	\$ 198,721
Waterfound Development Corp.	1,943	-	(86)	1,857
HL Development LP	32,016,898	(10,000)	(1,371,190)	30,635,708
Waterfound Development LP	1,062,266	-	92,858	1,155,124
	<u>\$ 33,279,757</u>	<u>\$ (10,000)</u>	<u>\$ (1,278,347)</u>	<u>\$ 31,991,410</u>

Hatchet Lake Denesuline Nation

Notes to Consolidated Financial Statements

March 31, 2021

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 (loss) of (\$14) (2020 - \$5), investments of \$198,721 (2020 - \$198,735) and equity of \$198,721 (2020 - \$198,735). (Adjustment of \$85 in the current year to balance the investment to the amount reported on the 2020 T2.)

	March 31, 2021		December 31, 2020		
	Economic Development Corporation	Hatchet Lake Development LP	Waterfound Development LP	Waterfound Development Corp	Total 2021
	100%	99.99%	33.33%	33.33%	
Cash	\$ -	\$ 903,193	\$ 316	\$ -	\$ 903,509
Marketable securities	-	31,191	-	-	31,191
Accounts receivable	-	1,755,804	-	150	1,755,954
Inventory	-	1,319,536	-	-	1,319,536
Prepaid expenses	-	30,573	-	-	30,573
Property, plant and equipment	-	5,354,716	-	-	5,354,716
Investments	198,721	24,187,796	3,472,783	7,369	27,866,669
Advances to related parties	-	78,951	-	-	78,951
Total assets	\$ 198,721	\$ 33,661,760	\$ 3,473,099	\$ 7,519	\$ 37,341,099
Accounts payable and accruals	\$ -	\$ 1,119,886	\$ 5,788	\$ 351	\$ 1,126,025
Deferred revenue	-	79,782	-	-	79,782
Current portion of long-term debt	-	677,894	-	-	677,894
Term loans due on demand	-	949,854	-	-	949,854
Advances from related parties	-	-	-	1,600	1,600
Total liabilities	-	2,827,416	5,788	1,951	2,835,155
Equity	198,721	30,834,344	3,467,311	5,568	34,505,944
Total liabilities and equity	\$ 198,721	\$ 33,661,760	\$ 3,473,099	\$ 7,519	\$ 37,341,099

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

8. Investments in government business entities, continued

	March 31, 2021		December 31, 2020		
	Economic Development Corporation	Hatchet Lake Development LP	Waterfound Development LP	Waterfound Development Corp	Total 2021
	100%	99.99%	33.33%	33.33%	
Revenue					
Retail revenue	\$ -	\$ 14,058,404	\$ -	\$ -	\$ 14,058,404
Other revenue	-	1,388,215	-	-	1,388,215
Total revenue	-	15,446,619	-	-	15,446,619
Expenses					
Cost of sales	-	10,771,765	-	-	10,771,765
Expenses	-	3,916,329	6,860	-	3,923,189
Professional fees	-	-	-	350	350
Total expenses	-	14,688,094	6,860	350	14,695,304
Other income (expenses)					
Investment income (loss)	(14)	(922,950)	285,714	89	(637,161)
Loss on disposal (PPE)	-	(334,986)	-	-	(334,986)
Adjustment of prior year differences	85	(871,796)	-	-	(871,711)
Total other income (expenses)	71	(2,129,732)	285,714	89	(1,843,858)
Net income	\$ 71	\$ (1,371,207)	\$ 278,854	\$ (261)	\$ (1,092,543)

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

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, 2021 the First Nation had drawn on the lines of credit as follows:

General account - \$nil (2020 - \$nil);

Social account - \$nil (2020 - \$98,889) and had issued cheques in excess of deposits totalling \$240,130 (2020 - \$157,137) for a reported amount of short term financing and bank indebtedness totalling \$97,023 (2020 - \$256,025);

Housing - \$nil (2020 - \$45,602).

Health account - \$nil (2020 - \$nil);

10. Accounts payable

	2021	2020
Due to members		
Wages payable	\$ -	\$ 272,726
Due to others		
Trade payables	887,267	987,977
Accrued liabilities	103,250	100,450
Pension	20,229	92,028
Group insurance	-	41,259
Accrued interest on long-term debt	15,696	15,488
Total due to others	1,026,442	1,237,202
Due to government and other government organizations		
Indigenous Services Canada	38,374	38,374
Canada Revenue Agency - payroll remittance	117,893	163,697
Total due to government and other government organizations	156,267	202,071
	\$ 1,182,709	\$ 1,711,999

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

11. Deferred revenue - unexpended funds - ISC

	2021	2020
Sanitation systems	\$ 490,248	\$ -
Water systems	131,405	-
Solid waste	51,070	27,020
Subdivision	871,280	1,076,040
Seasonal road	3,013,405	6,000,000
Waste diversion program	46,640	-
Lagoon upgrade	1,842,101	113,129
School roof repair	2,148	2,148
WTP upgrade	-	100,419
Solid waste new landfill	2,963,992	988,394
School assessment	25,854	25,838
Climate change adaptation	30,056	30,056
Post secondary	137,608	105,287
BEB - statutory	11,270	3,005
BEB - non-statutory	13,692	9,912
COVID-19 - EMAP	89,473	-
COVID-19 - Food security	120,604	-
COVID-19 - Wave 2 UPIP	242,300	-
Response	26,971	-
Recovery - COVID-19	-	138,861
Service delivery	30,876	2,442
Service delivery - COVID-19	173,640	-
Basic needs	182,434	213,257
Basic needs - COVID-19	270,491	-
Special needs	84,676	254,804
In-home care	14,327	-
Employment & training	176,462	22,194
Community involvement - navigator	136,487	78,853
P&ID - DPMP financial management	203,650	134,714
Patient transportation	6,494	210
Public health NS & CHR - COVID-19	298,015	-
HIV/AIDS prevention	-	5,000
Mental wellness program - COVID-19	60,185	-
JP cultural activities & supplement	140,433	-
	<u>\$ 11,888,287</u>	<u>\$ 9,331,583</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

12. Deferred revenue - unexpended funds - other

	2021	2020
Dance program	\$ 131,785	\$ 101,000
Daycare	74,837	-
Headstart	118,519	72,957
CDE pandemic control	56,288	28,144
Nutrition north	250,000	250,000
	<u>\$ 631,429</u>	<u>\$ 452,101</u>

13. Due to 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, 2021 and 2020 as follows (no terms for repayment, unsecured, and no interest charged on amounts owing or receivable):

	2021	2020
Hatchet Lake Development Limited Partnership	\$ 28,804	\$ 123,152

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

14. Long-term debt

	2021	2020
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.	\$ 337,500	\$ 412,500
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.	1,377,778	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.	325,000	425,000
CIBC Demand Installment Loan. Payment of \$400,000 due April 15, 2021 and a payment of \$280,000 is due July 15, 2021. The remaining balance will be amortized over 3 years with quarterly payments of \$3,334 at prime plus 1.00%, secured from the Trust gaming revenue, due April 1, 2024.	1,080,000	-
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.	297,916	352,916
	3,418,194	2,740,416
Current portion	1,082,222	402,222
	\$ 2,335,972	\$ 2,338,194

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

2022	\$ 1,082,222	
2023	535,558	
2024	535,558	
2025	460,550	
2026 and thereafter	804,306	
	\$ 3,418,194	
	2021	2020
Interest expense for the year on long-term debt	\$ 100,705	\$ 112,830

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

15. CMHC mortgages

	Phase number	Renewal date	Interest rate	Monthly payment	2021	2020
CMHC	1	3/1/2024	0.62%	\$ 1,538	\$ 54,841	\$ 72,529
CMHC	2	10/1/2020	1.12%	319	13,435	17,091
CMHC	3	1/1/2026	0.74%	1,403	79,916	95,982
CMHC	4	3/1/2023	2.39%	1,435	108,520	122,980
CMHC	5	12/1/2024	1.83%	6,203	601,578	664,449
CMHC	6	2/1/2022	1.44%	3,368	408,058	442,356
CMHC	7	6/1/2023	2.50%	3,636	460,337	492,116
CMHC	8	10/1/2025	0.68%	2,159	347,905	371,153
CMHC	9	4/1/2026	1.30%	2,791	301,749	331,906
CMHC	10	6/1/2021	1.14%	2,006	336,920	357,049
CMHC	11	12/1/2023	2.61%	5,527	942,384	983,712
CMHC	12	4/1/2025	0.98%	7,136	1,126,201	1,182,367
CMHC Advance	13	4/1/2026	1.30%	3,064	495,930	-
CMHC Advance	14	4/1/2026	1.30%	3,441	713,020	-

	5,990,794	5,133,690
Current portion	434,769	366,406

\$ 5,556,025 \$ 4,767,284

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

2022	434,769
2023	441,260
2024	447,864
2025	434,763
2026 and thereafter	4,232,138
	<u>5,990,794</u>

	2021	2020
Interest expense for the year on CMHC mortgages	81,013	92,556

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

16. Tangible capital assets

	Cost				Accumulated depreciation			
	Balance, beginning of year	Additions	Disposals & Transfers	Balance, end of year	Balance, beginning of year	Depreciation	Balance, end of year	2021 net book value
Buildings	\$ 24,568,611	\$ 1,209,375	\$ 18,750	\$ 25,796,736	\$ 18,031,662	\$ 1,034,656	\$ 19,066,318	\$ 6,730,418
Vehicles	1,140,481	-	-	1,140,481	1,097,927	18,105	1,116,032	24,449
Computer equipment	228,655	7,313	-	235,968	195,072	29,155	224,227	11,741
Heavy Equipment	786,850	-	-	786,850	592,374	51,983	644,357	142,493
Equipment and furnishings	222,785	49,305	-	272,090	111,568	46,994	158,562	113,528
Infrastructure	4,597,577	-	9,707,975	14,305,552	2,186,467	503,046	2,689,513	11,616,039
Band housing	12,240,867	895,472	-	13,136,339	7,437,403	409,318	7,846,721	5,289,618
CMHC housing	8,219,667	985,294	336,672	9,541,633	2,886,231	382,790	3,269,021	6,272,612
Assets under construction	12,299,924	11,233,669	(10,063,397)	13,470,196	-	-	-	13,470,196
	\$ 64,305,417	\$ 14,380,428	\$ -	\$ 78,685,845	\$ 32,538,704	\$ 2,476,047	\$ 35,014,751	\$ 43,671,094

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

16. Tangible capital assets, continued

	Cost				Accumulated depreciation			
	Balance, beginning of year	Additions	Disposals & Transfers	Balance, end of year	Balance, beginning of year	Depreciation	Balance, end of year	2020 Net book value
Buildings	\$ 23,108,879	\$ 1,459,732	\$ -	\$ 24,568,611	\$17,046,131	\$ 985,531	\$18,031,662	\$ 6,536,949
Vehicles	1,126,981	13,500	-	1,140,481	1,046,432	51,495	1,097,927	42,554
Computer equipment	224,735	3,920	-	228,655	155,418	39,654	195,072	33,583
Heavy Equipment	722,320	64,530	-	786,850	539,694	52,680	592,374	194,476
Equipment and furnishings	117,334	105,451	-	222,785	74,435	37,133	111,568	111,217
Infrastructure	4,597,577	-	-	4,597,577	2,054,028	132,439	2,186,467	2,411,110
Band housing	11,046,556	1,194,311	-	12,240,867	7,062,282	375,121	7,437,403	4,803,464
CMHC housing	8,055,056	164,611	-	8,219,667	2,556,320	329,911	2,886,231	5,333,436
Assets under construction	10,667,018	1,632,906	-	12,299,924	-	-	-	12,299,924
	<u>\$ 59,666,456</u>	<u>\$ 4,638,961</u>	<u>\$ -</u>	<u>\$ 64,305,417</u>	<u>\$30,534,740</u>	<u>\$ 2,003,964</u>	<u>\$32,538,704</u>	<u>\$ 31,766,713</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

17. Prepaid expenses

	2021	2020
Post secondary living allowance	\$ -	\$ 29,175
Social Development	11,902	-
	<u>\$ 11,902</u>	<u>\$ 29,175</u>

18. Inventory

	2021	2020
Propane	\$ 277,907	\$ 191,159

19. Accumulated surplus

	2021	2020
<u>Restricted</u>		
Capital assets	\$ 34,599,606	\$ 24,305,107
Investments in related business entities	31,991,410	33,279,757
Trust funds held by federal government	23,217	22,949
CMHC reserves	854,145	764,761
	<u>67,468,378</u>	<u>58,372,574</u>
<u>Unrestricted</u>		
Operating surplus (deficit)	(1,998,743)	(3,212,059)
	<u>\$ 65,469,635</u>	<u>\$ 55,160,515</u>

Capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating capital assets that will be used to provide future services.

Investments in related entities represents amounts not readily available for operations as the investments are not likely to be liquidated within the next year.

CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.

Trust funds held by federal government are monies held by the federal government for use by the First Nation for specific purposes.

Operating deficit represents future revenue required for past operational activities.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

20. ISC contributions

	2021	2020
ISC revenue per agreement - ISC	\$ 24,248,587	\$ 20,037,796
ISC revenue per agreement - FNIHB	900,281	325,991
Prior period revenue (recovery)		
Band employee benefits	-	(11,594)
Institutional care	-	(40,512)
Current year receivable (payable) - ISC		
Institutional care	-	3,926
Current year receivable (payable) - FNIHB		
Building healthy communities - PAYE	-	(14,169)
Mental health	-	(24,205)
	<u>\$ 25,148,868</u>	<u>\$ 20,277,233</u>
Indigenous Services Canada (ISC)	24,248,587	19,989,616
ISC - First Nations & Inuit Health Branch (FNIHB)	900,281	287,617
	<u>25,148,868</u>	<u>20,277,233</u>

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

21. Government Transfers

	2021		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada (ISC)	\$ 12,206,373	\$ 12,042,214	\$ 24,248,587
FNIHB - ISC	900,281	-	900,281
Canada Mortgage and Housing Corporation (CMHC)	483,301	-	483,301
Total	13,589,955	12,042,214	25,632,169
Provincial government transfers	-	225,000	225,000
Total	\$ 13,589,955	\$ 12,267,214	\$ 25,857,169

	2020		
	Operating	Capital	Total
Federal government transfers			
Indigenous Services Canada (ISC)	\$ 9,280,824	\$ 10,708,792	\$ 19,989,616
FNIHB - ISC	287,617	-	287,617
Canada Mortgage and Housing Corporation (CMHC)	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

22. CMHC Operating Agreement

It is a requirement of the CMHC operating agreements that operating and replacement reserves be established and monies be set aside in separate bank accounts. On March 31, 2021 the reserve accounts were fully funded (2020 underfunded - \$590,125). The amount required to be set aside was \$854,145 and the amount held in GIC's and in the reserve bank account was \$861,496. (The reserve amount of \$854,145 is not reported separately on these financial statements, but is included in equity).

23. 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 \$55,826 on behalf of HLDN (2020 - \$169,751).

24. COVID-19

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.

25. 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 Denesuline Nation is contingently liable for \$700,000 of a loan issued to the Athabasca Denesuline Child & Family Services Inc for the construction of the group home. The loan balance outstanding as of March 31, 2021 was \$1,819,709. The loan bears interest at 4.84%, monthly payments of \$20,979 of combined principle and interest and matures February 1, 2030.
- 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 \$nil (March 31, 2020 - \$300,386) and the term loans of approximately \$1,628,000.

26. 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.

27. 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. There is no liability for vacation or overtime reported in these financial statements.

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, 2021.

28. Economic dependence

Hatchet Lake Denesuline Nation receives a substantial amount of its funding from 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.

29. 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.

30. 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.

31. Budgeted figures

Budgeted figures are unaudited and have been provided for comparison purposes and derived from the estimates approved by Hatchet Lake Denesuline Nation.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2021

32. Expenses by object

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Administration	\$ -	\$ 4,000	\$ 61,612
Assistance to band members	600,448	538,239	307,825
Bad debts (recovery)	-	(19,937)	(6,192)
Bank charges and interest	49,919	42,975	52,733
Community engagement	15,000	-	1,993
Community events	69,307	128,006	289,074
Consultants and contractors	261,285	11,846,573	2,458,436
Cultural programs	52,450	19,952	39,718
Depreciation	-	2,476,046	2,003,964
Economic - landfill management	49,050	25,000	27,480
Economic development	101,812	101,812	-
Election	5,485	4,513	6,717
Equipment lease	46,524	75,627	75,527
Equipment purchases	1,165,059	1,169,117	89,414
FMM expense	15,104	3,130	-
Hatchet Lake Development LP - sub-contract	-	470,000	-
Honorariums	8,000	2,200	29,371
IELCC expense	82,446	95,915	-
Insurance	23,271	167,118	174,041
Interest on long-term debt	112,950	181,718	205,387
Materials and supplies	71,504	51,204	247,225
Meeting updates - COVID-19	20,000	55,945	-
Office supplies	22,191	20,822	46,304
PAGC paid expenses directly (Note 23)	-	55,826	169,751
Post Secondary - administration	102,000	89,270	59,428
Post Secondary - entrance preparation	75,933	77,564	51,399
Post Secondary - student expenses	657,485	636,263	589,493
Postage and freight	50,198	69,255	156,894
Prevention programs	-	32,339	138,943
Professional fees	83,770	467,123	249,199
Program expenses	3,000	3,880	73,936
Rent - office	6,000	6,000	6,000
Repairs and maintenance	80,031	497,508	1,585,318
Senior and youth programs	132,740	19,841	131,889
Social assistance - basic needs	-	4,079,099	2,980,034
Social assistance - employment & training	-	133,490	313,562
Social assistance - special needs	-	560,587	165,511
Student expenses	-	-	14,574
Supplies	966,048	713,381	1,161,164
Telephone	75,761	69,046	80,900
Training & workshops	104,575	15,300	114,936
Travel, meetings, per diems	332,709	430,954	729,102
Treaty Land Entitlement	-	-	94,060
Utilities	209,550	443,045	893,472

Hatchet Lake Denesuline Nation

Notes to Consolidated Financial Statements

March 31, 2021

32. Expenses by object, continued

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Vehicles expenses	246,474	324,382	277,553
Wages and benefits	2,948,695	3,239,409	8,891,860
Transfer to capital assets	-	(14,380,428)	(4,638,960)
	\$ 8,846,774	\$ 15,043,109	\$ 20,400,647

33. Segmented information

As previously discussed in note 2 (k) the First Nation conducts its business through reportable segments as follows:

Community Infrastructure:

Costs to acquire, construct, operate and maintain basic community facilities and services such as water and sewage, roads, electrification, schools, community buildings and fire protection. Also, costs associated with ensuring that these facilities and community services meet recognized standards and are comparable to the services provided to nearby communities by provincial and municipal governments.

Economic Development:

Costs associated with economic development planning, proposal development, and planning and implementation of ongoing activities and one-time projects. Also, costs to pursue economic objectives in areas such as the employment of community members, the development of community-owned and community member businesses, the development of land and resources under community control, access to economic opportunities on land and resources beyond community control, investment promotion, and research and advocacy.

Education:

Costs to support First Nation and Inuit communities in expressing, preserving, developing and promoting their cultural heritage, through the establishment and operation of First Nation and Inuit cultural education centres and programs. Costs to provide eligible students living on reserve and eligible Inuit with elementary/secondary education programs and services including instructional services in federal, provincial, band-operated schools, or a private/independent school (recognized by the province in which the school is located as an elementary/secondary institution), and student support services such as transportation, accommodation, guidance and counselling services. Costs associated with ISC's First Nations and Inuit Youth Employment Strategy to develop and enhance essential employability skills, such as communication, problem solving, and working with others, expose youth to a variety of career options, and promote the benefits of education as being key to labor market participation. Also, costs to support eligible First Nation and Inuit students to access education opportunities at the post-secondary level and supports the development and delivery of college and university level courses for First Nation and Inuit students, and research and development on First Nation and Inuit education. Costs for the provision of special education services and programs and costs to provide internet access, information technology equipment, technical support and training to students and school staff.

33. Segmented information, continued

Indigenous Government Support:

Costs to support the further development of competent, stable, legitimate, and accountable community governments by strengthening First Nations and Inuit governance and by funding initiatives which address needs in the areas of professional and institutional development at the local level and at the level of emerging regional and national organizations. Also, costs to enable tribal councils to provide advisory services such as financial management, band government, economic development, community planning, technical services to the member First Nations and to defray the costs of administering programs on behalf of member communities and to provide funding for equivalent advisory services to large First Nations which are not affiliated with a tribal council.

Social Services:

First Nations people, like other Canadian citizens, are responsible for managing their own affairs and maintaining themselves to the extent that their resources permit. Some individuals and families are unable to provide for themselves and their dependents. Situations therefore exist in which assistance must be available to community members in need. Income Assistance is one type of income supplement available to eligible persons. Other income supports include Old Age Security, Child Tax Benefits, etc.

Registration and Membership:

Costs associated with the maintenance of the Indian Register, a record of everyone who is registered as a member of the First Nation under the Indian Act.

Governance and Institutions of Government:

Costs associated with Governance and Institution of Government activities.

Health:

Reports on costs associated with the development of safe and healthy communities.

Canada Mortgage and Housing Corporation (CMHC):

Non-Profit On-Reserve Housing Program (Section 95); Residential Rehabilitation Assistance Program (RRAP); Home Adaptations for Seniors' Independence Program (HASI); Shelter Enhancement Program; Housing Internship Initiative for First Nations and Inuit Youth.

Other Band Programs:

Other programs that vary based on own source revenue. These could include First Nations Trust, Tribal Council, CDC, Band Trust Funds and other business ventures. These outside revenue sources are used to fund programs such as recreational or cultural activities for the benefit of membership that are not funded by government agencies.

Schedule #1
Hatchet Lake Denesuline Nation
Community Infrastructure
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 437,901	\$ 1,334,564	\$ 481,953
Indigenous Services Canada - flexible	458,792	12,042,214	10,727,407
Canada Mortgage and Housing Corporation (CMHC)	-	-	64,669
Government of Saskatchewan	-	225,000	-
User fees	-	10,423	11,825
Other revenue	63,272	129,339	97,259
Unexpended funds transferred - prior year	-	8,332,988	497,914
	959,965	22,074,528	11,881,027
Expenses			
Administration	-	4,000	61,612
Administration - internal allocation	6,700	110,660	-
Bank charges and interest	-	106	287
Consultants and contractors	5,100	11,817,062	2,399,423
Economic - landfill management	49,050	25,000	27,480
Hatchet Lake Development LP - sub-contract	-	470,000	-
Insurance	23,271	96,903	102,914
Interest on long-term debt	-	3,618	-
Materials and supplies	71,504	51,205	247,225
Postage and freight	5,850	27,473	20,445
Professional fees	-	460,732	145,532
Repairs and maintenance	63,981	497,508	1,534,919
Supplies	121,757	89,397	119,804
Telephone	16,121	15,498	13,594
Training & workshops	5,690	4,796	4,377
Travel, meetings, per diems	26,026	70,321	65,649
Utilities	132,182	129,674	133,455
Vehicles expenses	29,592	35,657	32,994
Wages and benefits	403,141	417,754	628,028
Transfer to capital assets	-	(13,052,093)	(4,432,810)
	959,965	1,275,271	1,104,928
Current surplus before unexpended transfers	-	20,799,257	10,776,099
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(9,438,143)	(8,332,988)
Current surplus before transfers	-	11,361,114	2,443,111

The accompanying notes are an integral part of the financial statements

Schedule #1, continued
Hatchet Lake Denesuline Nation
Community Infrastructure
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Transfers			
Transfer - Depreciation	-	(1,037,459)	(567,661)
Current surplus	\$ -	\$ 10,323,655	\$ 1,875,450

The accompanying notes are an integral part of the financial statements

Schedule #2
Hatchet Lake Denesuline Nation
Economic Development
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 101,812	\$ 101,812	\$ -
Unexpended funds transferred - prior year	-	30,056	40,480
	101,812	131,868	40,480
Expenses			
Economic development	101,812	101,812	-
Travel, meetings, per diems	-	-	10,424
	101,812	101,812	10,424
Current surplus before unexpended transfers	-	30,056	30,056
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(30,056)	(30,056)
Current surplus	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

Schedule #3
Hatchet Lake Denesuline Nation
Education
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 972,871	\$ 981,337	\$ 3,018,758
Prince Albert Grand Council (PAGC)	-	-	800,229
Athabasca Denesuline Education Authority	-	340,217	4,290,527
Northern Sport Culture & Recreation District	-	9,156	52,900
Other revenue	100,000	99,995	101,000
Unexpended funds transferred - prior year	-	206,287	67,797
	1,072,871	1,636,992	8,331,211
Expenses			
Community events	-	-	40,901
Consultants and contractors	-	-	800
Equipment lease	-	30,209	47,710
Equipment purchases	6,871	-	89,414
Honorariums	-	-	16,054
Office supplies	-	-	12,795
Post Secondary - administration	102,000	89,270	59,428
Post Secondary - entrance preparation	75,933	77,564	51,399
Post Secondary - student expenses	657,485	636,263	589,493
Postage and freight	2,500	64	61,139
Repairs and maintenance	16,050	-	49,382
Student expenses	-	-	14,574
Supplies	27,294	20,348	416,637
Telephone	-	101	25,950
Training & workshops	-	-	19,003
Travel, meetings, per diems	-	7,257	97,512
Utilities	40,193	288,439	652,058
Vehicles expenses	-	782	59,230
Wages and benefits	84,539	131,394	6,024,023
Transfer to capital assets	-	-	(82,229)
	1,012,865	1,281,691	8,245,273
Current surplus before unexpended transfers	60,006	355,301	85,938
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(269,393)	(206,287)
Current surplus (deficit) before transfers	60,006	85,908	(120,349)
Transfers			
Transfer - Depreciation	-	(984,331)	(1,034,289)
Current deficit	\$ -	\$ (898,423)	\$ (1,154,638)

The accompanying notes are an integral part of the financial statements

Schedule #4
Hatchet Lake Denesuline Nation
Indigenous Government Support
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - grant	\$ 1,013,184	\$ 1,013,184	\$ 1,013,184
Indigenous Services Canada - fixed	250,000	250,000	-
Indigenous Services Canada - flexible	3,053,697	3,053,697	248,280
Other revenue	-	34,543	-
Unexpended funds transferred - prior year	-	151,778	4,918
	4,316,881	4,503,202	1,266,382
Expenses			
Administration - internal allocation	37,500	253,216	-
Assistance to band members	385,650	377,267	-
Bank charges and interest	45,179	39,154	44,179
Community events	5,418	5,145	3,813
Consultants and contractors	224,865	9,025	13,125
Election	5,485	4,513	6,717
Equipment lease	42,718	41,612	21,107
Equipment purchases	1,158,188	1,169,117	-
Honorariums	6,000	400	9,167
Interest on long-term debt	112,950	100,705	112,830
Meeting updates - COVID-19	20,000	24,546	-
Office supplies	15,450	10,187	15,428
Postage and freight	18,498	15,826	11,634
Professional fees	83,770	6,391	93,717
Supplies	424,301	205,852	62,969
Telephone	46,680	46,943	31,681
Travel, meetings, per diems	185,030	297,326	386,275
Utilities	6,890	6,901	4,308
Vehicles expenses	193,903	176,684	16,165
Wages and benefits	1,173,781	1,299,455	750,949
Transfer to capital assets	-	(1,275,655)	-
	4,192,256	2,814,610	1,584,064
Current surplus (deficit) before unexpended transfers	124,625	1,688,592	(317,682)
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(504,310)	(151,778)
Current surplus (deficit) before transfers	124,625	1,184,282	(469,460)
Transfers			
Transfer - Other Band Programs	-	91,373	469,461
Transfer - Depreciation	-	(8,250)	(12,936)
Current surplus (deficit)	\$ 124,625	\$ 1,267,405	\$ (12,935)

The accompanying notes are an integral part of the financial statements

Schedule #5
Hatchet Lake Denesuline Nation
Social Services
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 202,489	\$ 376,129	\$ 209,133
Indigenous Services Canada - set	-	147,619	116,160
Indigenous Services Canada - flexible	72,303	4,672,491	3,868,703
ISC - current year receivable (payable)	-	-	3,926
Unexpended funds transferred - prior year	-	492,697	154,411
	274,792	5,688,936	4,352,333
Expenses			
Administration - internal allocation	20,000	20,249	17,687
Assistance to band members	-	147,619	120,086
Bank charges and interest	4,740	1,741	4,449
Community events	-	277	-
Consultants and contractors	4,320	-	7,200
Office supplies	-	350	8,550
Postage and freight	14,850	15,833	14,840
Rent - office	6,000	6,000	6,000
Social assistance - basic needs	-	4,079,099	2,980,034
Social assistance - employment & training	-	133,490	313,562
Social assistance - special needs	-	560,587	165,511
Supplies	9,760	6,798	7,355
Telephone	1,800	1,500	1,600
Training & workshops	2,860	-	2,400
Travel, meetings, per diems	6,836	4,175	13,500
Utilities	-	-	6,456
Vehicles expenses	2,689	1,805	29
Wages and benefits	200,937	178,127	190,370
Transfer to capital assets	-	-	(5,500)
	274,792	5,157,650	3,854,129
Current surplus before unexpended transfers	-	531,286	498,204
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(932,906)	(492,697)
Current surplus (deficit)	\$ -	\$ (401,620)	\$ 5,507

The accompanying notes are an integral part of the financial statements

Schedule #6
Hatchet Lake Denesuline Nation
Registration & Membership
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ 14,974	\$ 13,779
Expenses			
Wages and benefits	-	30,472	30,801
Current deficit	\$ -	\$ (15,498)	\$ (17,022)

The accompanying notes are an integral part of the financial statements

Schedule #7
Hatchet Lake Denesuline Nation
Governance and Institutions of Governance
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 221,066	\$ 186,667	\$ 288,333
Indigenous Services Canada - flexible	-	73,899	-
Unexpended funds transferred - prior year	-	213,567	95,614
	221,066	474,133	383,947
Expenses			
Administration - internal allocation	8,800	8,500	8,500
Community engagement	15,000	-	1,993
Community events	-	1,350	-
Consultants and contractors	27,000	20,486	37,888
Meeting updates - COVID-19	-	31,399	-
Office supplies	4,346	5,261	845
Supplies	500	5,000	-
Telephone	1,200	1,100	100
Training & workshops	85,520	-	75,520
Travel, meetings, per diems	37,000	18,029	24,208
Wages and benefits	45,000	42,871	21,326
	224,366	133,996	170,380
Current surplus before unexpended transfers	(3,300)	340,137	213,567
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(340,137)	(213,567)
Current surplus	\$ (3,300)	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

Schedule #8
Hatchet Lake Denesuline Nation
Health
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
ISC - First Nations & Inuit Health Branch (FNIHB)	\$ 461,833	\$ 900,281	\$ 287,617
Prince Albert Grand Council (PAGC)	1,039,963	1,011,816	1,134,972
Other revenue	-	-	700
Unexpended funds transferred - prior year	5,000	356,311	121,313
	1,506,796	2,268,408	1,544,602
Expenses			
Administration - internal allocation	37,131	125,972	73,020
Bank charges and interest	-	439	604
Community events	13,889	12,702	983
Cultural programs	23,650	19,952	24,921
Equipment lease	3,806	3,806	6,710
FMM expense	15,104	3,130	-
Honorariums	2,000	1,800	350
IELCC expense	82,446	95,915	-
Office supplies	2,395	5,024	8,686
Postage and freight	4,980	6,669	11,192
Program expenses	-	-	560
Senior and youth programs	19,740	19,841	93,993
Supplies	200,188	191,708	155,662
Telephone	4,300	1,700	4,192
Training & workshops	10,505	10,504	13,636
Travel, meetings, per diems	59,604	24,340	63,411
Utilities	8,285	4,527	60,739
Vehicles expenses	16,225	20,715	11,508
Wages and benefits	835,337	730,591	733,313
Transfer to capital assets	-	(17,994)	(19,596)
	1,339,585	1,261,341	1,243,884
Current surplus before unexpended transfers	167,211	1,007,067	300,718
Unexpended transfers			
Unexpended funds transferred to deferred revenue	-	(1,004,771)	(356,311)
Current surplus (deficit) before transfers	167,211	2,296	(55,593)
Transfers			
Transfer - Depreciation	-	(7,968)	(3,919)
Current deficit	\$ 167,211	\$ (5,672)	\$ (59,512)

The accompanying notes are an integral part of the financial statements

Schedule #9
Hatchet Lake Denesuline Nation
CMHC Housing
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
CMHC - subsidy	\$ -	\$ 453,372	\$ 365,082
CMHC - HIIFNIY	-	29,929	9,139
Rental revenue	-	206,025	153,035
	-	689,326	527,256
Expenses			
Bank charges and interest	-	1,536	3,140
Community events	-	20	-
Insurance	-	70,215	71,127
Interest on long-term debt	-	77,396	92,556
Professional fees	-	-	9,950
Repairs and maintenance	-	-	1,017
Wages and benefits	-	36,076	50,382
	-	185,243	228,172
Current surplus before transfers	-	504,083	299,084
Transfers			
Transfer - Depreciation	-	(382,790)	(329,911)
Current surplus (deficit)	\$ -	\$ 121,293	\$ (30,827)

The accompanying notes are an integral part of the financial statements

Schedule #10
Hatchet Lake Denesuline Nation
Other Band Programs
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue			
First Nations Trust (FNT)	\$ 415,278	\$ 415,278	\$ 570,084
Prince Albert Grand Council (PAGC)	57,058	186,736	121,652
Prince Albert Grand Council - prior period	-	80,300	-
Northern Lights School Division	-	-	90,887
Northern Lights Community Development Corp (NLCDC)	-	29,909	140,974
Athabasca Denesuline Child & Family Services Inc.	-	-	5,000
Equity pickup (losses) - related business entities (Note 7)	-	(1,278,347)	511,072
Impact Benefit Agreement (IBA)	152,726	152,726	276,589
Rental revenue	-	50,113	92,025
Other revenue	226,202	752,861	823,222
	851,264	389,576	2,631,505
Expenses			
Administration - internal allocation	(110,131)	(518,597)	(99,207)
Assistance to band members	214,798	13,353	187,739
Bad debts (recovery)	-	(19,937)	(6,192)
Bank charges and interest	-	-	74
Canoe Quest	-	-	9,710
Community events	50,000	108,512	243,377
Cultural enrichment	-	-	50,645
Cultural programs	28,800	-	14,797
Honorariums	-	-	3,800
Life skills	3,000	3,880	13,021
PAGC paid expenses directly (Note 23)	-	55,826	169,751
Postage and freight	3,520	3,388	37,644
Prevention programs	-	32,339	138,943
Senior and youth programs	113,000	-	37,896
Supplies	182,248	194,279	398,737
Telephone	5,660	2,200	3,785
Travel, meetings, per diems	18,213	9,507	68,122
Treaty Land Entitlement	-	-	94,060
Utilities	22,000	13,504	36,457
Vehicles expenses	4,065	88,739	157,627
Wages and benefits	205,960	372,668	462,666
Transfer to capital assets	-	(34,687)	(98,825)
	741,133	324,974	1,924,627
Current surplus before unexpended transfers	110,131	64,602	706,878
Unexpended transfers			
Prior period unrecorded unexpended funds	-	-	(4,918)
Current surplus before transfers	110,131	64,602	701,960

The accompanying notes are an integral part of the financial statements

Schedule #10, continued
Hatchet Lake Denesuline Nation
Other Band Programs
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
<hr/>			
Transfers			
Transfer - Indigenous Government Support	-	(91,373)	(469,461)
Transfer - Depreciation	-	(55,248)	(55,248)
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Current surplus (deficit)	\$ -	\$ (82,019)	\$ 177,251
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The accompanying notes are an integral part of the financial statements

Schedule #11
Hatchet Lake Denesuline Nation
Depreciation
Schedule of Operations
For the year ended March 31, 2021

	2021 Budget (unaudited)	2021 Actual	2020 Actual
Revenue	\$ -	\$ -	\$ -
Expenses			
Community Infrastructure	-	1,037,459	567,661
Education	-	984,332	1,034,289
Indigenous Government Support	-	8,250	12,936
Health	-	7,968	3,919
CMHC Housing	-	382,789	329,911
Other Band Programs	-	55,248	55,248
	-	2,476,046	2,003,964
Current deficit before transfers	-	(2,476,046)	(2,003,964)
Transfers			
Transfer - Programs	-	2,476,046	2,003,964
Current surplus	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements