

**Hatchet Lake Denesuline Nation
Consolidated Financial Statements
March 31, 2022**

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Consolidated Financial Statements
March 31, 2022

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Hatchet Lake Denesuline Nation
Management's Responsibility for Financial Reporting
March 31, 2022

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 Chief and Council.

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Chalupiak & Associates CPA Professional Corporation, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Hatchet Lake Denesuline Nation and meet when required.

On behalf of Hatchet Lake Denesuline Nation:

Signature on file
Hatchet Lake Denesuline Nation

November 29, 2023
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, 2022, 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 Denesuline Nation as at March 31, 2022, and the results of its consolidated operations, its consolidated accumulated surplus, 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 (PSAB).

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 Denesuline 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 Denesuline 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 Denesuline Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Denesuline 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 Denesuline 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 Denesuline 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 Denesuline Nation to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- ◆ 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
November 29, 2023

Chalupiak & Associates
Chartered Professional Accountants

Hatchet Lake Denesuline Nation
Consolidated Statement of Financial Position
March 31, 2022

	2022	2021
Financial Assets		
Cash (Note 3)	\$ 2,465,658	\$ 2,275,029
Restricted cash - capital projects (Note 3)	13,604,170	8,876,277
Restricted cash - CMHC reserves (Note 3)	1,983,902	861,496
Trust funds held by federal government (Notes 3 and 4)	23,664	23,217
Accounts receivable (Notes 5 and 6)	2,437,863	718,542
<u>Investments in government business enterprises (Notes 7 and 8)</u>	<u>35,509,190</u>	<u>31,991,410</u>
	56,024,447	44,745,971
Liabilities		
Bank indebtedness (Note 9)	-	97,022
Accounts payable (Note 10)	4,675,899	1,182,709
Deferred revenue - unexpended funds - ISC (Note 11)	15,909,777	11,888,287
Deferred revenue - unexpended funds - other (Note 12)	593,656	631,429
Due to Hatchet Lake Development Limited Partnership (Note 13)	5,863	28,804
Current portion of long-term debt (Note 14)	2,071,589	3,155,694
Current portion of CMHC mortgages (Note 15)	463,400	434,769
Long-term debt (Note 14)	248,526	262,500
<u>CMHC mortgages (Note 15)</u>	<u>5,868,216</u>	<u>5,556,025</u>
	29,836,926	23,237,239
Net financial assets	26,187,521	21,508,732
Non-financial Assets		
Capital assets (Note 16)	53,665,961	43,671,094
Prepaid expenses (Note 17)	137,823	11,902
<u>Inventory (Note 18)</u>	<u>390,934</u>	<u>277,907</u>
	54,194,718	43,960,903
Accumulated Surplus (Note 19)	\$ 80,382,239	\$ 65,469,635

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada (ISC)	\$ 6,177,420	\$ 26,805,463	\$ 25,148,870
Canada Mortgage and Housing Corporation (CMHC)	-	1,327,199	483,301
Prince Albert Grand Council (PAGC)	476,669	1,570,969	1,278,852
First Nations Trust (FNT)	-	311,484	415,278
Federation of Sovereign Indigenous Nations (FSIN)	-	33,000	-
Athabasca Denesuline Education Authority	246,210	494,317	340,217
Government of Saskatchewan	-	-	225,000
Northern Lights Community Development Corp (NLCDC)	-	35,000	29,909
Northern Sport Culture & Recreation District	40,362	40,362	9,157
Equity pickup (losses) - government business enterprises	-	3,577,780	(1,278,347)
Impact Benefit Agreement (IBA)	44,396	44,396	152,726
User fees	-	9,189	10,423
Rental revenue	-	254,690	256,138
Other revenue	152,631	924,394	1,016,738
Unexpended funds - prior year	875,158	12,537,593	9,783,684
Unexpended funds - current period	-	(16,503,433)	(12,519,716)
	8,012,846	31,462,403	25,352,230
Expenses			
Community Infrastructure (Schedule 1)	2,914,799	1,794,565	1,275,270
Economic Development (Schedule 2)	-	76,411	101,812
Education (Schedule 3)	1,594,365	1,478,950	1,281,692
Indigenous Government Support (Schedule 4)	2,199,308	3,880,404	2,814,610
Land Management (Schedule 5)	12,464	12,464	-
Social Services (Schedule 6)	795,183	4,763,213	5,157,651
Registration & Membership (Schedule 7)	14,974	14,974	30,472
Governance and Institutions of Governance (Schedule 8)	270,487	196,206	133,996
Health Services (Schedule 9)	664,346	1,981,576	1,261,344
CMHC Housing (Schedule 10)	-	260,881	185,243
Other Band Programs (Schedule 11)	255,546	294,689	324,973
Amortization (Schedule 12)	-	1,795,470	2,476,046
	8,721,472	16,549,803	15,043,109
Current surplus (deficit)	\$ (708,626)	\$ 14,912,600	\$ 10,309,120

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, 2022

	2022	2021
Surplus at beginning of year	\$ 65,469,635	\$ 55,160,515
<u>Current surplus</u>	14,912,600	10,309,120
<u>Surplus at end of year</u>	\$ 80,382,235	\$ 65,469,635

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Current surplus	\$ (708,626)	\$ 14,912,600	\$ 10,309,120
Acquisition of capital assets	-	(11,790,334)	(14,380,426)
Amortization of capital assets	-	1,795,471	2,476,046
	-	(9,994,863)	(11,904,380)
Acquisition of prepaid asset	-	(137,823)	(11,902)
Use of prepaid asset	-	11,902	29,175
	-	(125,921)	17,273
Acquisition of inventory	-	(390,934)	(277,907)
Use of inventory	-	277,907	191,159
	-	(113,027)	(86,748)
Increase (decrease) in net financial assets	(708,626)	4,678,789	(1,664,735)
Net financial assets at beginning of year	21,508,732	21,508,732	23,173,467
Net financial assets at end of year	\$ 20,800,106	\$ 26,187,521	\$ 21,508,732

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, 2022

	2022	2021
Cash flows from Operating activities		
Current surplus (deficit)	\$ 14,912,600	\$ 10,309,120
Items not affecting cash		
Amortization	1,795,470	2,476,046
Loss (earnings) from investment in business partnerships	(3,577,741)	1,278,332
Loss (earnings) from investment in incorporated businesses	(39)	15
	<u>13,130,290</u>	<u>14,063,513</u>
Change in non-cash operating working capital		
Accounts receivable	(1,719,321)	818,099
Inventory	(113,027)	(86,748)
Prepaid expenses	(125,921)	17,273
Accounts payable	3,493,191	(529,288)
Deferred revenue - unexpended funds - ISC	4,021,490	2,556,704
Deferred revenue - unexpended funds - other	(37,773)	179,328
Trust funds held by federal government	(447)	(268)
	<u>18,648,482</u>	<u>17,018,613</u>
Capital activities		
Acquisition of capital assets	(11,790,336)	(14,380,428)
Financing activities		
Short-term financing	-	(144,491)
Due to Hatchet Lake Development Limited Partnership	(22,941)	(94,348)
Long-term debt - repayment	(1,195,841)	(402,222)
Long-term debt - proceeds	97,763	1,080,000
CMHC mortgages - repayment	(437,889)	(363,789)
CMHC mortgages - advances	778,712	1,220,893
	<u>(780,196)</u>	<u>1,296,043</u>
Investing activities		
Withdrawals from business partnerships	60,000	10,000
Restricted cash - CMHC	(1,122,406)	(686,862)
	<u>(1,062,406)</u>	<u>(676,862)</u>
Increase in cash and cash equivalents	5,015,544	3,257,366
Cash, beginning of year	11,054,284	7,796,918
Cash, end of year	\$ 16,069,828	\$ 11,054,284
Represented by		
Cash	\$ 2,465,658	\$ 2,275,029
Restricted cash - capital projects	13,604,170	8,876,277
Bank indebtedness	-	(97,022)
	<u>\$ 16,069,828</u>	<u>\$ 11,054,284</u>

The accompanying notes are an integral part of the financial statements

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

1. Operations

The Hatchet Lake Denesuline Nation (the "Denesuline 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 Denesuline Nation and are either owned or controlled by the Denesuline Nation.

The office of the Denesuline 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 Denesuline 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 (loss) 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 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; and,
Waterfound Development Corporation.

(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.

(d) Net financial assets

The financial statements are presented so as to highlight the net financial assets as the measurement of financial position. The financial assets are determined by its financial assets less liabilities. Net financial assets do not include non-financial assets.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

2. Basis of presentation and significant accounting policies, continued

(e) Other economic interests

The Denesuline 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 Denesuline Nation is a member of the Prince Albert Grand Council (PADC 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 Denesuline Nation is a member of the Yuthe Dene Sekwi Chu L A Koe Betsedi Inc. (Athabasca Denesuline Child and Family Services Inc. or "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.

The Denesuline Nation is a member of the Athabasca Enterprise Region Corporation ("AERC"; previously Athabasca Economic Development and Training Corporation). The AERC is an organization of three Nations and four municipalities. The AERC is mandated to maximize economic capacity and achieve business competitiveness for the region.

The Denesuline Nation is a member of the Athabasca Denesuline Education Authority ("ADEA"). ADEA is an organization representing the three Denesuline Nation Bands in the Athabasca Region of Saskatchewan, Canada. ADEA is mandated to provide all educational services from Pre-Kindergarten to Grade 12 for communities and schools.

(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 Denesuline 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, 2022. No contaminated sites have been identified as at March 31, 2022.

(g) Cash

Cash includes balances with banks (net of bank overdrafts) which are used to facilitate day to day operations.

(h) Restricted cash

Restricted cash consists of cash and cash equivalents held for specific purposes as defined by various agreements.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

2. Basis of presentation and significant accounting policies, continued

(i) Trust funds held by federal government

Funds earned and held in trust on behalf of Denesuline 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 Denesuline 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.

(j) Capital assets

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 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.

Amortization 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
Major renovations	10 years Straight line

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

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

2. Basis of presentation and significant accounting policies, continued

(k) 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.

(l) Financial instruments

The Denesuline Nation recognizes its financial instruments when the Denesuline Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. The Denesuline Nation subsequently measures all financial instruments at cost. Transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost.

Financial instruments includes cash, restricted cash, accounts receivable, accounts payable and accrued liabilities.

(m) Internal charges and transfers

The 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 Denesuline Nation, a corresponding revenue and expense may be recorded and referred to as "Administration fees - internal allocation."

(n) 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

(o) Segment accounting

The Denesuline Nation conducts its business through reportable segments. These operating segments are established by senior management to facilitate the achievement of the Denesuline 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.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

3. Cash

Cash 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 an existing 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 Fund.

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.

	2022	2021
Unrestricted cash		
General operations	\$ 1,698,097	\$ 1,876,086
Health operations	767,561	398,943
	<hr/> 2,465,658	<hr/> 2,275,029
Restricted cash - capital projects		
School renovations	550,000	-
Subdivision	2,023,284	2,403,530
Impact Benefit Agreement (IBA) account	-	35
Lagoon upgrade	1,841,439	1,768,384
Propane system study	665	665
School assessment	25,882	25,854
Solid waste new landfill	1,687,298	1,689,408
Seasonal road	7,475,602	2,988,401
	<hr/> 13,604,170	<hr/> 8,876,277
Restricted cash - CMHC reserves		
CMHC Replacement Reserve	1,983,902	861,496
Trust funds held by federal government		
Capital account	87	87
Revenue account	23,577	23,130
	<hr/> 23,664	<hr/> 23,217
	<hr/> \$ 18,077,394	<hr/> \$ 12,036,019

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

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.

	2022 Revenue	2022 Capital	2022 Total	2021 Total
Surplus, beginning of year	\$ 23,130	\$ 87	\$ 23,217	\$ 22,949
Interest earnings	447	-	447	268
Surplus, end of year	\$ 23,577	\$ 87	\$ 23,664	\$ 23,217

5. Accounts receivable

	2022	2021
Due from members		
Loans and advances to members - band general	\$ 165,416	\$ 100,123
Loans and advances to members - social development	271,021	205,098
Total due from members	436,437	305,221
Due from others		
Prince Albert Grand Council	807,959	487,433
Social development - rent, user fees & wood hauling	94,146	27,503
Athabasca Denesuline Education Authority	84,296	-
Northern Lights CDC	42,477	48,576
Other receivables	55,017	22,598
GST receivable	262,951	25,610
Total due from others	1,346,846	611,720
Due from Government and other government organizations		
Indigenous Services Canada	225,500	12,080
CMHC - subsidy	47,071	44,296
CMHC - special contribution	760,000	-
Total due from government and other government organizations	1,032,571	56,376
Less: allowance for doubtful accounts	2,815,854	973,317
Total accounts receivable	\$ 2,437,863	\$ 718,542

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

6. Accounts receivable - ISC

	2022	2021
Institutional Care - PAYE 2019/2020	\$ -	\$ 3,926
Institutional Care	- -	5,759
JP - Assisted Technology	- -	2,395
SA Employment and Training - PAYE	225,500	- -
Total accounts receivable - ISC	\$ 225,500	\$ 12,080

7. Investments in government business enterprises

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 Denesuline Nation's 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 Denesuline Nation government.

	2022	2021
Hatchet Lake Denesuline First Nation Economic Development Corporation (HLDFNEDC) - 100%	\$ 198,756	\$ 198,721
Waterfound Development Corp. (WDC) - 33.33%	1,861	1,857
Hatchet Lake Development Limited Partnership (HLDLP) - 99.99%	34,092,870	30,635,708
Waterfound Development LP (WDLP) - 33.33%	1,215,703	1,155,124
	\$ 35,509,190	\$ 31,991,410

	Investment, start of year		Withdrawals		Share of earnings		Investment, end of year
HLDFNEDC	\$ 198,721		\$ -		\$ 35		\$ 198,756
WDC		1,857			4		1,861
HLDLP		30,635,708			3,457,162		34,092,870
WDLP		1,155,124		(60,000)		120,579	1,215,703
	\$ 31,991,410		\$ (60,000)		\$ 3,577,780		\$ 35,509,190

The investment in Hatchet Lake Development Limited Partnership and its general partner, Hatchet Lake Denesuline First Nation Economic Development Corporation was established for the purposes of managing, evaluating and building its investments and operating its for-profit enterprises. Waterfound Development LP and its general partner, Waterfound Development Corp. was established to hold investments with two other Denesuline Nation Partners.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

8. Investments in government business entities - summary

	March 31, 2022		December 31, 2021		Total 2022
	HL Economic Development Corporation	Hatchet Lake Development LP	Waterfound Development LP	Waterfound Development Corp	
	100%	99.99%	33.33%	33.33%	
Cash	\$ -	\$ 1,532,628	\$ 13,209	\$ -	\$ 1,545,837
Marketable securities	- -	31,510	-	-	31,510
Accounts receivable	- -	1,684,907	-	150	1,685,057
Inventory	- -	1,919,566	-	-	1,919,566
Prepaid expenses	- -	27,540	-	-	27,540
Property, plant and equipment	- -	4,734,713	-	-	4,734,713
Investments	198,756	27,103,281	3,641,014	7,732	30,950,783
Advances to related parties	- -	8,990	-	-	8,990
Total assets	\$ 198,756	\$ 37,043,135	\$ 3,654,223	\$ 7,882	\$ 40,903,996
Accounts payable and accruals	\$ - -	\$ 1,703,126	\$ 5,001	\$ 344	\$ 1,708,471
Deferred revenue	- -	37,680	-	-	37,680
Current portion of long-term debt	- -	281,036	-	-	281,036
Term loans due on demand	- -	729,752	-	-	729,752
Advances from related parties	- -	- -	- -	1,950	1,950
Total liabilities	- -	2,751,594	5,001	2,294	2,758,889
Equity	198,756	34,291,541	3,649,222	5,588	38,145,107
Total liabilities and equity	\$ 198,756	\$ 37,043,135	\$ 3,654,223	\$ 7,882	\$ 40,903,996

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

8. Investments in government business entities - summary, continued

	March 31, 2022		December 31, 2021		Total 2022
	HL Economic Development Corporation	Hatchet Lake Development LP	Waterfound Development LP	Waterfound Development Corp	
	100%	99.99%	33.33%	33.33%	
Revenue					
Retail revenue	\$ -	\$ 13,414,903	\$ -	\$ -	\$ 13,414,903
Other revenue	- -	1,667,368	- -	- -	1,667,368
Investment revenue	- -	- -	368,431	363	368,794
Total revenue	- -	15,082,271	368,431	363	15,451,065
Expenses					
Cost of sales	- -	10,460,360	- -	- -	10,460,360
Expenses	- -	4,169,813	6,520	350	4,176,683
Total expenses	- -	14,630,173	6,520	350	14,637,043
Other income (expenses)					
Investment income (loss)	35	3,380,485	- -	- -	3,380,520
Loss on disposal (PPE)	- -	(375,386)	- -	- -	(375,386)
Total other income (expenses)	35	3,005,099	- -	- -	3,005,134
Net income	\$ 35	\$ 3,457,197	\$ 361,911	\$ 13	\$ 3,819,156

Hatchet Lake Denesuline Nation

Notes to Consolidated Financial Statements

March 31, 2022

9. Bank indebtedness

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

The Denesuline Nation has operating lines of credit with the Canadian Imperial Bank of Commerce (CIBC) authorized to \$385,000 on four accounts of the Denesuline 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, 2022 the Denesuline Nation had drawn on the lines of credit as follows:

General account - \$nil (2021 - \$nil);

Social account - \$nil (2021 - \$nil and had issued cheques in excess of deposits totalling \$97,022);

Housing - \$nil (2021 - \$nil); and,

Health account - \$nil (2021 - \$nil).

10. Accounts payable

	2022	2021
Due to members		
Wages payable	\$ 12,070	\$ -
Due to others		
Trade payables	672,796	741,759
Accrued liabilities	182,100	103,250
Co-op - propane - tank farm	390,934	145,508
Pension	22,619	20,229
Seasonal road	3,213,690	-
Accrued interest on long-term debt	14,738	15,696
Total due to others	4,496,877	1,026,442
Due to government and other government organizations		
Indigenous Services Canada	49,410	38,374
Canada Revenue Agency - payroll remittance	117,542	117,893
Total due to government and other government organizations	166,952	156,267
	\$ 4,675,899	\$ 1,182,709

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

11. Deferred revenue - unexpended funds - ISC

Indigenous Services Canada (ISC) funding agreements stipulate the terms and conditions that apply to situations where revenue received exceeds expenditures. Depending on the funding arrangement, the unexpended funds may be retained by the recipient, repaid to ISC, deferred to the following year, or transferred to another ISC program area. Any funding arrangements that have a provision that allows the recipient to retain the excess funds are recorded as surpluses. All other excess funds are recorded as a liability and classified as "Deferred revenue - unexpended funds - ISC" on the financial statements.

	2022	2021
Roads & bridges	\$ 22,876	\$ -
Wastewater systems	511,435	490,248
Water systems	310,149	131,405
Solid waste	105,570	51,070
Solid waste new landfill	2,961,882	2,963,992
Immediate needs - construction	933,800	-
Lagoon upgrade & expansion	1,837,919	1,842,101
School roof repair	2,148	2,148
Subdivision	568,270	871,280
Teacherage assessment/renos	150,000	-
Father Megret High School renovations	300,000	-
Elementary school renovations	100,000	-
Seasonal road	4,261,915	3,013,405
School assessment	25,883	25,854
Waste diversion program	46,640	46,640
COVID-19 LEDSP (ICBF)	43,527	-
Climate change adaptation	30,056	30,056
Strategic plan board training	38,160	-
Post secondary student support	179,548	137,608
BEB - statutory	30,592	11,270
BEB - non-statutory	6,481	13,692
COVID-19 - EMAP	164,378	89,473
COVID-19 - food security	145,010	120,604
COVID-19 - wave 2 UPIP	242,300	242,300
Preparedness/mitigation	76,560	-
COVID-19 own source revenue	32,978	-
Response	65,691	26,971
Service delivery	17,318	30,876
Service delivery - COVID-19	347,280	173,640
Service delivery - infrastructure	53,059	-
Basic needs	164,025	182,434
Basic needs - COVID-19	1,100,780	270,491
Special needs	-	84,676
In-home care	18,985	14,327
Employment & training	206,638	176,462
P&ID - DPMP financial management	102,983	203,650
Community navigator	62,198	136,487
Mental wellness program	52,391	-
Mental wellness program - COVID-19	-	60,185
JP service coordination	44,033	-
JP cultural activities & support	-	140,433

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

11. Deferred revenue - unexpended funds - ISC, continued

	2022	2021
Medical transportation - admin	27,757	6,494
Public health NS & CHR	501,403	-
Public health NS & CHR - COVID-19	-	298,015
<u>AHRRI training</u>	<u>17,159</u>	<u>-</u>
	<hr/> <u>\$ 15,909,777</u>	<hr/> <u>\$ 11,888,287</u>

12. Deferred revenue - unexpended funds - other

	2022	2021
Dance program	\$ 57,775	\$ 131,785
Daycare	114,033	74,837
Headstart	209,417	118,519
Nutrition north	106,750	250,000
CDE pandemic control	-	56,288
<u>COVID-19 immunization clinic</u>	<u>105,681</u>	<u>-</u>
	<hr/> <u>\$ 593,656</u>	<hr/> <u>\$ 631,429</u>

13. Due to Hatchet Lake Development Limited Partnership

Transactions with Hatchet Lake Development Limited Partnership are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties.

Amounts due to Hatchet Lake Development Limited Partnership are unsecured, non-interest bearing and have no fixed repayment schedules.

	2022	2021
<u>Hatchet Lake Development Limited Partnership</u>	<u>\$ 5,863</u>	<u>\$ 28,804</u>

14. Long-term debt

	2022	2021
FNBC - Teacherage Quarterly principle 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.	\$ 262,500	\$ 337,500

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

14. Long-term debt, continued

	2022	2021
CIBC Term Facility (G) - 3790754 - Band hall and lot servicing Repayment on demand, until demand - annual principle payment of \$172,222 plus monthly interest payments calculated at prime plus 1.00%, secured by general security agreement over all Nation assets, BCR and assignment of ISC band based capital funding, due April 1, 2028.	1,205,556	1,377,778
CIBC Term Facility (F) - 3790657 - Housing Repayment on demand, until demand - quarterly principle payments of \$25,000 plus monthly interest payments calculated at prime plus 1.00%, secured by general security agreement over all Nation assets, BCR and assignment of First Nations Trust funding, due April 1, 2024.	225,000	325,000
CIBC Term Loan (H) - 3794555 - Church Repayment on demand, until demand - 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 \$33,334 at prime plus 1.00%, secured by general security agreement over all Nation assets and BCR, due April 1, 2024.	299,998	1,080,000
CIBC Term Facility (E) - 3794253 - Duplex - teacher housing. Repayment on demand, until demand - monthly principle payments of \$4,583 plus monthly interest payments calculated at prime plus 1.50%, secured by general security agreement over all Nation assets and BCR, due October 1, 2026.	242,916	297,916
HITACHI Capital Canada - obligation under finance lease for the 2019 Caterpillar Backhoe Loader - bearing interest at 0.67% per annum, monthly lease payments of \$1,973 maturing June 1, 2026.	84,145	-
Current portion	2,320,115	3,418,194
	2,071,589	3,155,694
	\$ 248,526	\$ 262,500

Principal portion of long term debt expected to be due in the next 5 years, as per the repayment terms:

2023	\$ 558,678
2024	558,832
2025	383,977
2026	279,046
2027 and thereafter	539,582
	\$ 2,320,115

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

14. Long-term debt, continued

	2022	2021
Interest expense for the year on long-term debt	\$ 91,948	\$ 100,705

15. CMHC mortgages

	Phase number	Renewal date	Interest rate	Monthly payment	2022	2021
CMHC	1	3/1/2024	0.62%	\$ 1,538	\$ 36,674	\$ 54,841
CMHC	2	10/1/2024	1.12%	319	9,739	13,435
CMHC	3	1/1/2026	0.74%	1,403	63,614	79,916
CMHC	4	3/1/2023	2.39%	1,435	93,721	108,520
CMHC	5	12/1/2024	1.83%	6,203	537,578	601,578
CMHC	6	2/1/2027	1.88%	3,440	373,331	408,058
CMHC	7	6/1/2023	2.50%	3,636	427,785	460,337
CMHC	8	10/1/2025	0.68%	2,159	324,283	347,905
CMHC	9	4/1/2026	1.30%	2,791	271,894	301,749
CMHC	10	6/1/2026	1.13%	2,005	316,561	336,920
CMHC	11	12/1/2023	2.61%	5,527	900,028	942,384
CMHC	12	4/1/2025	0.98%	7,136	1,051,246	1,126,201
CMHC	13	4/1/2026	1.30%	3,037	473,030	495,930
CMHC	14	4/1/2026	1.30%	3,441	697,693	713,020
CMHC	15	12/1/2026	1.57%	2,432	384,201	-
CMHC Advance	16			-	370,238	-
					6,331,616	5,990,794
Less: current portion					463,400	434,769
					<hr/> \$ 5,868,216	<hr/> \$ 5,556,025

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

2023	463,400
2024	470,503
2025	457,838
2026	460,093
2027 and thereafter	4,479,782
	<hr/> 6,331,616

	2022	2021
Interest expense for the year on CMHC mortgages	92,455	81,013

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
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16. Capital assets

	Cost				Accumulated amortization				2022 Net book value
	Balance, beginning of year	Additions	Disposals & Transfers	Balance, end of year	Balance, beginning of year	Amortization	Balance, end of year		
Buildings	\$ 25,796,736	\$ -	\$ -	\$ 25,796,736	\$ 19,066,318	\$ 378,697	\$ 19,445,015	\$ 6,351,721	
Vehicles	1,140,481	-	-	1,140,481	1,116,032	18,105	1,134,137	6,344	
Computer equipment	235,968	11,282	-	247,250	224,227	14,362	238,589	8,661	
Heavy Equipment	786,850	435,259	-	1,222,109	644,357	83,508	727,865	494,244	
Equipment and furnishings	272,090	56,201	-	328,291	158,562	51,863	210,425	117,866	
Infrastructure	14,305,552	-	-	14,305,552	2,689,513	502,679	3,192,192	11,113,360	
Band housing	13,136,339	49,000	147,000	13,332,339	7,846,721	340,557	8,187,278	5,145,061	
CMHC housing	9,541,633	465,200	-	10,006,833	3,269,021	401,398	3,670,419	6,336,414	
Major Renovations	-	43,000	-	43,000	-	4,300	4,300	38,700	
Assets under construction	13,470,196	10,730,394	(147,000)	24,053,590	-	-	-	24,053,590	
	\$ 78,685,845	\$ 11,790,336	\$ -	\$ 90,476,181	\$ 35,014,751	\$ 1,795,469	\$ 36,810,220	\$ 53,665,961	

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
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16. Capital assets, continued

	Cost				Accumulated amortization				2021 Net book value
	Balance, beginning of year	Additions	Disposals & Transfers	Balance, end of year	Balance, beginning of year	Amortization	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, 2022

17. Prepaid expenses

	2022	2021
Post secondary living allowance	\$ 44,583	\$ -
Social Development	87,418	11,902
Group Insurance	5,822	-
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	\$ 137,823	\$ 11,902

18. Inventory

	2022	2021
Propane	\$ 390,934	\$ 277,907
	<hr/>	<hr/>

19. Accumulated surplus

	2022	2021
<u>Restricted</u>		
Capital assets	\$ 45,014,230	\$ 34,262,106
Investments in government business enterprises	35,509,190	31,991,410
Trust funds held by federal government	23,664	23,217
CMHC replacement reserve	1,712,896	854,145
	<hr/>	<hr/>
	82,259,980	67,130,878
<u>Unrestricted</u>		
Operating deficit	(1,877,741)	(1,661,243)
	<hr/>	<hr/>
	\$ 80,382,239	\$ 65,469,635

Capital assets represents the net book value of capital assets less any long-term debt taken out to acquire the capital assets that will be used to provide future services.

Investments in government business enterprises represent amounts not readily available for operations as the investments are not likely to be liquidated within the next year.

CMHC replacement reserve is the amount required to be funded for future major repairs, as per agreements with CMHC.

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

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

20. ISC contributions

	2022	2021
ISC revenue per agreement - ISC	\$ 26,820,425	\$ 25,148,868
Prior period revenue (recovery)		
Institutional care 2019/2020	(3,926)	-
MT - Admin 2017/2018	(2,646)	-
MT - Admin 2018/2019	(8,390)	-
	<hr/> \$ 26,805,463	<hr/> \$ 25,148,868

21. 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, 2022 the reserve accounts were fully funded (2021 - fully funded).

22. 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 \$118,173 on behalf of HLDN (2021 - \$55,826).

23. Related party transactions

Transactions with related parties are in the normal course of business and are for fair consideration that is mutually agreed upon by the related parties; amounts are unsecured, non-interest bearing and have no fixed repayment schedules.

24. 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, 2022.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
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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 Denesuline 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 Yuthe Dene Sekwi Chu L A Koe Betsedi Inc. for the construction of the group home. The loan balance outstanding as of March 31, 2022 was \$1,652,390. 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, 2021 - \$nil) and the term loans of approximately \$1,010,788 (2021 - \$1,627,748).

26. Denesuline Ne Ne Land Corp.

The Denesuline 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. Subsequent events

In January 2023, the loan for teacherages held with the First Nations Bank was paid in full 18 months before it was set to mature. The principle balance as of January 1, 2023 was \$206,250.

28. Economic dependence

Hatchet Lake Denesuline Nation receives a substantial amount of its funding from Indigenous Services Canada ("ISC"). The ability of the Denesuline Nation to continue operations is dependent upon the Government of Canada's continued financial commitments.

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 Denesuline 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.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

30. Interest rate risk

The Denesuline Nation is not exposed to significant interest rate risk on its monetary assets and current liabilities, due to their short term maturity. The Denesuline Nation is exposed to interest rate price risk on its long-term debt.

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.

32. Comparative figures

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

33. Expenses by object

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Administration	\$ -	\$ -	\$ 4,000
Amortization	- -	1,795,470	2,476,046
Assistance to band members	60,950	406,473	538,239
Bad debts (recovery)	- -	121,753	(19,937)
Bank charges and interest	14,159	14,600	42,975
Community events	25,371	85,909	87,435
Consultants and contractors	1,570,254	12,283,469	11,933,869
Cultural programs	32,340	17,450	19,952
Economic - landfill management	50,000	- -	25,000
Economic development	- -	76,411	101,812
Election	42,898	42,588	4,513
Equipment lease	105,212	198,764	75,627
Equipment purchases	1,550	528	1,169,117
FMM expense	- -	1,000	3,130
Hatchet Lake Development LP - sub-contract	- -	- -	376,000
Honorariums	8,847	1,950	2,200
IELCC expense	57,650	23,344	95,915
Insurance	107,350	185,217	167,118
Interest on CMHC mortgages	- -	92,455	81,013
Interest on long-term debt	- -	91,948	100,705
Materials and supplies	56,890	- -	57,908
Meeting updates - COVID-19	- -	49,275	55,945
Office supplies	156,520	102,862	20,822
PAGC paid expenses directly	- -	118,173	55,826
Post Secondary - administration	100,570	113,584	89,270
Post Secondary - entrance preparation	25,570	13,298	77,564
Post Secondary - student expenses	903,949	723,658	636,263
Postage and freight	128,876	134,057	69,255

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

33. Expenses by object, continued

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Prevention programs	-	24,054	32,339
Prior period unrecorded unexpended funds	-	17,877	-
Professional fees	165,030	185,029	467,123
Program expenses	16,451	30,814	44,451
Rent - office	-	-	6,000
Repairs and maintenance	253,470	359,032	497,508
Senior and youth programs	14,200	113,047	19,841
Social assistance - basic needs	-	3,632,501	4,079,099
Social assistance - employment & training	474,629	273,606	133,490
Social assistance - special needs	-	339,657	560,587
Supplies	618,825	1,347,911	713,385
Telephone	81,800	40,121	69,042
Training and workshops	8,920	6,970	15,300
Travel, meetings, per diems	482,862	709,748	430,954
Treaty Land Entitlement	-	4,454	-
Utilities	475,700	795,142	443,045
Vehicle expenses	334,712	413,512	324,382
Wages and benefits	2,345,917	3,352,428	3,239,409
Transfer to capital assets	-	(11,790,336)	(14,380,428)
	\$ 8,721,472	\$ 16,549,803	\$ 15,043,109

34. Segmented information

As previously discussed in note 2(o) the Denesuline 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.

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

34. Segmented information, continued

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.

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.

Land Management:

Costs associated to the administration of land transactions on designated and non-designated lands under sections 53 and 60 of the Indian Act.

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 an Indian under the Indian Act.

Governance and Institutions of Governance:

Costs associated with Governance and Institution of Government activities.

Health Services:

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

Hatchet Lake Denesuline Nation
Notes to Consolidated Financial Statements
March 31, 2022

34. Segmented information, continued

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 1,158,062	\$ 1,816,319	\$ 1,334,564
Indigenous Services Canada - flexible	962,760	13,153,570	12,042,214
Canada Mortgage and Housing Corporation (CMHC)	-	22,750	-
Government of Saskatchewan	-	-	225,000
User fees	-	9,188	10,423
Other revenue	-	13,454	129,339
Unexpended funds - prior year	-	9,438,143	8,332,988
Unexpended funds - current period	-	(12,138,487)	(9,438,143)
	2,120,822	12,314,937	12,636,385
Expenses			
Administration	-	-	4,000
Administration - internal allocation	-	167,377	110,660
Bank charges and interest	-	67	106
Community events	-	20	-
Consultants and contractors	1,460,126	11,174,885	11,904,359
Economic - landfill management	50,000	-	25,000
Equipment lease	6,500	130,350	-
Hatchet Lake Development LP - sub-contract	-	-	376,000
Insurance	107,350	107,216	96,903
Interest on mortgage advances	-	-	3,618
Long-term debt - principle and interest payments	-	191,956	172,222
Long-term debt - principle repayment	-	(185,839)	(172,222)
Materials and supplies	56,890	-	57,909
Postage and freight	21,517	35,047	27,473
Professional fees	-	14,259	460,732
Repairs and maintenance	253,470	359,032	497,508
Supplies	105,347	180,232	89,396
Telephone	9,500	5,771	15,498
Training and workshops	8,920	6,970	4,796
Travel, meetings, per diems	19,850	98,966	70,321
Utilities	182,564	304,960	129,674
Vehicle expenses	111,907	110,955	35,657
Wages and benefits	520,858	488,231	417,754
Transfer to capital assets	-	(11,395,893)	(13,052,093)
	2,914,799	1,794,562	1,275,271
Current surplus (deficit)	\$ (793,977)	\$ 10,520,375	\$ 11,361,114

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ 158,098	\$ 101,812
Unexpended funds - prior year	- -	30,056	30,056
Unexpended funds - current period	- -	(111,743)	(30,056)
	- -	76,411	101,812
Expenses			
Economic development	- -	76,411	101,812
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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 1,038,400	\$ 1,038,400	\$ 981,337
Athabasca Denesuline Education Authority	246,210	494,317	340,217
Northern Sport Culture & Recreation District	40,362	40,361	9,156
Other revenue	-	8,744	99,995
Unexpended funds - prior year	269,393	269,393	206,287
Unexpended funds - current period	-	(237,323)	(269,393)
	1,594,365	1,613,892	1,367,599
Expenses			
Equipment lease	48,000	-	30,209
Honorariums	2,000	-	-
Long-term debt - principle and interest payments	-	151,039	130,000
Long-term debt - principle repayment	-	(130,000)	(130,000)
Post Secondary - administration	100,570	113,584	89,270
Post Secondary - entrance preparation	25,570	13,298	77,564
Post Secondary - student expenses	903,949	723,658	636,263
Postage and freight	4,300	3,147	64
Supplies	99,360	3,793	20,348
Telephone	150	-	101
Travel, meetings, per diems	35,500	28,702	7,257
Utilities	218,794	474,856	288,439
Vehicle expenses	2,562	1,957	782
Wages and benefits	153,610	94,915	131,394
	1,594,365	1,478,949	1,281,691
Current surplus	\$ -	\$ 134,943	\$ 85,908

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - grant	\$ 1,183,224	\$ 1,222,389	\$ 1,013,184
Indigenous Services Canada - fixed	-	448,900	250,000
Indigenous Services Canada - flexible	1,016,084	2,283,120	3,053,697
Other revenue	-	14,835	34,543
Unexpended funds - prior year	-	509,101	151,778
Unexpended funds - current period	-	(763,990)	(504,310)
	2,199,308	3,714,355	3,998,892
Expenses			
Administration - internal allocation	-	317,924	253,216
Assistance to band members	60,950	-	377,267
Bank charges and interest	12,159	11,582	39,154
Community events	11,301	6,835	5,145
Consultants and contractors	21,540	950,108	9,025
Cultural programs	22,340	12,900	-
Election	42,898	42,588	4,513
Equipment lease	47,212	64,555	41,612
Equipment purchases	1,550	528	1,169,117
Honorariums	2,000	550	400
Long-term debt - principle and interest payments	-	844,795	100,705
Long-term debt - principle repayment	-	(780,002)	-
Meeting updates - COVID-19	-	49,275	24,546
Office supplies	85,000	70,363	10,187
Postage and freight	35,692	23,383	15,826
Professional fees	165,030	157,220	6,391
Supplies	296,250	566,206	205,852
Telephone	46,800	22,020	46,943
Travel, meetings, per diems	300,394	372,088	297,326
Utilities	60,024	9,721	6,901
Vehicle expenses	182,700	210,352	176,684
Wages and benefits	805,468	1,126,791	1,299,455
Transfer to capital assets	-	(199,378)	(1,275,655)
	2,199,308	3,880,404	2,814,610
Current surplus (deficit) before transfers	-	(166,049)	1,184,282
Transfers			
Transfer - Other Band Programs	-	365,427	91,373
Current surplus	\$ -	\$ 199,378	\$ 1,275,655

The accompanying notes are an integral part of the financial statements

Schedule #5
Hatchet Lake Denesuline Nation
Land Management
Schedule of Operations
For the year ended March 31, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 12,464	\$ 12,464	\$ -
Expenses			
Consultants and contractors	12,464	12,464	-
Current surplus	\$ -	\$ -	\$ -

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 212,675	\$ 391,852	\$ 376,129
Indigenous Services Canada - set	-	160,000	147,619
Indigenous Services Canada - flexible	391,719	5,144,140	4,672,491
ISC - prior period revenue (recovery)	-	(3,926)	-
Unexpended funds - prior year	190,789	932,906	492,697
Unexpended funds - current period	-	(1,908,085)	(932,906)
	795,183	4,716,887	4,756,030
Expenses			
Administration - internal allocation	-	-	20,249
Assistance to band members	-	206,600	147,619
Bank charges and interest	2,000	1,354	1,741
Community events	680	680	277
Consultants and contractors	11,124	6,300	-
Office supplies	20,000	19,885	350
Postage and freight	40,347	43,401	15,833
Rent - office	-	-	6,000
Social assistance - basic needs	-	3,632,501	4,079,099
Social assistance - employment & training	474,629	273,606	133,490
Social assistance - special needs	-	339,657	560,587
Supplies	22,558	26,231	6,798
Telephone	2,000	1,900	1,500
Travel, meetings, per diems	22,500	28,732	4,175
Utilities	2,500	2,382	-
Vehicle expenses	6,000	4,802	1,805
Wages and benefits	190,845	179,383	178,127
Transfer to capital assets	-	(4,200)	-
	795,183	4,763,214	5,157,650
Current deficit	\$ -	\$ (46,327)	\$ (401,620)

The accompanying notes are an integral part of the financial statements

Schedule #7
Hatchet Lake Denesuline Nation
Registration & Membership
Schedule of Operations
For the year ended March 31, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 14,974	\$ 14,974	\$ 14,974
Expenses			
Office supplies	1,000	500	-
Wages and benefits	13,974	14,474	30,472
	14,974	14,974	30,472
Current deficit	\$ -	\$ -	\$ (15,498)

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ -	\$ -	\$ 186,667
Indigenous Services Canada - flexible	- -	21,250	73,899
Unexpended funds - prior year	340,139	340,137	213,567
Unexpended funds - current period	- -	(165,181)	(340,137)
	<u>340,139</u>	<u>196,206</u>	<u>133,996</u>
Expenses			
Administration - internal allocation	- -	2,125	8,500
Community events	- -	- -	1,350
Consultants and contractors	65,000	61,306	20,486
Meeting updates - COVID-19	- -	- -	31,399
Office supplies	50,000	- -	5,261
Supplies	5,500	5,050	5,000
Telephone	12,350	1,350	1,100
Travel, meetings, per diems	64,650	61,685	18,029
Wages and benefits	72,987	64,690	42,871
	<u>270,487</u>	<u>196,206</u>	<u>133,996</u>
Current surplus	\$ 69,652	\$ -	\$ -

The accompanying notes are an integral part of the financial statements

Schedule #9
Hatchet Lake Denesuline Nation
Health Services
Schedule of Operations
For the year ended March 31, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
Indigenous Services Canada - fixed	\$ 80,458	\$ 232,735	\$ 409,938
Indigenous Services Canada - set	-	85,000	-
Indigenous Services Canada - flexible	106,600	637,214	490,343
ISC - prior period revenue (recovery)	-	(11,036)	-
Prince Albert Grand Council (PAGC)	418,150	1,362,761	1,011,816
Other revenue	-	800	-
Unexpended funds - prior year	74,837	1,017,857	356,311
Unexpended funds - current period	-	(1,178,624)	(1,004,771)
	680,045	2,146,707	1,263,637
Expenses			
Administration - internal allocation	-	203,422	125,972
Assistance to band members	-	84,432	-
Bank charges and interest	-	485	439
Community events	3,390	7,303	12,702
Consultants and contractors	-	35,406	-
Cultural programs	-	1,800	19,952
Equipment lease	3,500	3,859	3,806
FMM expense	-	1,000	3,130
Honorariums	4,847	1,400	1,800
IELCC expense	57,650	23,344	95,915
Office supplies	520	12,114	5,024
Postage and freight	27,020	22,071	6,669
Senior and youth programs	14,200	100,101	19,841
Supplies	69,810	474,209	191,708
Telephone	9,500	5,929	1,700
Training and workshops	-	-	10,504
Travel, meetings, per diems	29,873	99,396	24,340
Utilities	5,818	2,968	4,527
Vehicle expenses	17,813	23,404	20,715
Wages and benefits	420,405	971,001	730,591
Transfer to capital assets	-	(92,070)	(17,994)
	664,346	1,981,574	1,261,341
Current surplus	\$ 15,699	\$ 165,133	\$ 2,296

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
CMHC - subsidy	\$ -	\$ 544,449	\$ 453,372
CMHC - HIIIFIY	- -	- -	29,929
CMHC - Special Contribution	- -	760,000	- -
Rental revenue	- -	225,410	206,025
Other revenue	- -	31,343	- -
	<hr/>	<hr/>	<hr/>
	- -	1,561,202	689,326
Expenses			
Bank charges and interest	- -	1,066	1,536
Community events	- -	- -	20
Insurance	- -	78,001	70,215
Mortgage payments - principle and interest	- -	521,384	441,185
Mortgages - principle repayment	- -	(428,929)	(363,789)
Professional fees	- -	13,550	- -
Telephone	- -	450	- -
Wages and benefits	- -	75,359	36,076
	<hr/>	<hr/>	<hr/>
	- -	260,881	185,243
Current surplus	<hr/>	<hr/>	<hr/>
	\$ -	\$ 1,300,321	\$ 504,083

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, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue			
First Nations Trust (FNT)	\$ -	\$ 311,484	\$ 415,278
Prince Albert Grand Council (PAGC)	58,519	192,755	186,736
Prince Albert Grand Council - prior period	-	15,453	80,300
Federation of Sovereign Indigenous Nations (FSIN)	-	33,000	-
Northern Lights Community Development Corp (NLCDC)	-	35,000	29,909
Equity pickup (losses) - related business entities	-	3,577,780	(1,278,347)
Impact Benefit Agreement (IBA)	44,396	44,396	152,726
Rental revenue	-	29,280	50,113
Other revenue	152,631	855,217	752,861
	255,546	5,094,365	389,576
Expenses			
Administration - internal allocation	-	(690,848)	(518,597)
Assistance to band members	-	115,440	13,353
Bad debts (recovery)	-	121,753	(19,937)
Bank charges and interest	-	46	-
Community events	10,000	71,071	67,941
Consultants and contractors	-	43,000	-
Cultural programs	10,000	2,750	-
PAGC paid expenses directly	-	118,173	55,826
Postage and freight	-	7,009	3,388
Prevention programs	-	24,054	32,339
Prior period unrecorded unexpended funds	-	17,877	-
Program expenses	16,451	30,814	44,451
Senior and youth programs	-	12,946	-
Supplies	20,000	92,184	194,279
Telephone	1,500	2,700	2,200
Travel, meetings, per diems	10,095	20,180	9,507
Treaty Land Entitlement	-	4,454	-
Utilities	6,000	256	13,504
Vehicle expenses	13,730	62,041	88,739
Wages and benefits	167,770	337,584	372,668
Transfer to capital assets	-	(98,795)	(34,687)
	255,546	294,689	324,974
Current surplus before transfers	-	4,799,676	64,602
Transfers			
Transfer - Indigenous Government Support	-	(365,427)	(91,373)
Current surplus (deficit)	\$ -	\$ 4,434,249	\$ (26,771)

The accompanying notes are an integral part of the financial statements

Schedule #12
Hatchet Lake Denesuline Nation
Amortization
Schedule of Operations
For the year ended March 31, 2022

	2022 Budget (unaudited)	2022 Actual	2021 Actual
Revenue	\$ -	\$ -	\$ -
Expenses			
Community Infrastructure	-	1,071,913	1,037,459
Education	-	225,549	984,332
Indigenous Government Support	-	23,427	8,249
Health Services	-	17,935	7,968
CMHC Housing	-	401,398	382,790
Other Band Programs	-	55,248	55,248
	-	1,795,470	2,476,046
Current deficit	\$ -	\$ (1,795,470)	\$ (2,476,046)

The accompanying notes are an integral part of the financial statements