

Day Star First Nation
Financial Statements
March 31, 2017

Day Star First Nation

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For the year ended March 31, 2017

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Management's Responsibility

To the Members of Day Star First Nation:

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 financial statements.

The Day Star First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for appointing the Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by Council to audit the consolidated financial statements and report directly to the Members of Day Star First Nation; their report follows. The external auditors have full and free access to, and may meet periodically and separately with, both the Council and management to discuss their audit findings.

March 29, 2018

"Original Signed By" Lorraine Demarais

Independent Auditors' Report

To the Members of Day Star First Nation:

We have audited the accompanying consolidated financial statements of Day Star First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus, changes in net debt, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Day Star First Nation as at March 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Regina, Saskatchewan

March 29, 2018



Chartered Professional Accountants

Day Star First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Current		
Cash resources	111,799	21,724
Accounts receivable (Note 4)	539,033	644,674
Restricted cash (Note 3)	632	46,795
	651,464	713,193
Funds held in trust (Note 6)	46,855	45,979
Restricted cash (Note 3)	60,517	83,874
Total financial assets	758,836	843,046
Liabilities		
Current		
Bank indebtedness (Note 7)	-	60,321
Accounts payable and accruals (Note 8)	291,598	682,301
Deferred revenue (Note 9)	249,091	117,511
Advances from Day Star Gas Bar & Confectionary Inc. (Note 10)	18,184	18,184
Current portion of long-term debt (Note 11)	120,282	136,950
	679,155	1,015,267
Long-term debt (Note 11)	1,218,120	931,666
Liabilities of controlled business entity (Note 12)	41,911	19,159
Total liabilities	1,939,186	1,966,092
Net debt	(1,180,350)	(1,123,046)
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Note 14) (Schedule 1)	4,422,962	3,951,347
Prepaid expenses	29,163	25,493
Total non-financial assets	4,452,125	3,976,840
Accumulated surplus (Note 15)	3,271,775	2,853,794

Approved by:

"Original Signed By" Chief Lloyd Buffalo

Chief

"Original Signed By" David Crow Buffalo

Councillor

Day Star First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2017

		2017 Budget (Note 22)	2017 Actual	2016 Actual
Revenue				
Indigenous and Northern Affairs Canada (Note 17)		1,759,264	1,835,607	1,130,798
Health Canada (Note 18)		362,696	358,533	245,735
Canada Mortgage and Housing Corporation		-	78,287	122,057
Donations		19,245	219,245	589,900
Touchwood Agency Tribal Council		179,505	193,804	203,935
Community Development Corporation		159,415	192,033	289,936
First Nations Trust		169,317	173,119	184,347
Other		38,513	74,375	68,991
Rental income		7,600	74,329	67,202
Interest income		-	1,104	1,165
Gain on sale of tangible capital assets		-	-	35,413
(Loss) earnings from investment in Nation business entity (Note 12)		-	(22,752)	16,948
		2,695,555	3,177,684	2,956,427
Program expenses				
Reserves and Trusts	3	5,000	5,002	4,999
Education	4	310,450	328,676	310,171
Economic Development	5	30,000	62,725	59,191
Band Government	6	297,852	397,974	350,564
Operation and Maintenance	7	247,969	537,170	546,627
Capital	8	472,027	414,973	193,082
Social Development	9	198,773	218,939	226,020
Other	10	678,932	794,244	920,252
Total expenditures (Schedule 2)		2,241,003	2,759,703	2,610,906
Annual Surplus		454,552	417,981	345,521
Accumulated surplus, beginning of year		2,853,794	2,853,794	2,508,273
Accumulated surplus, end of year (Note 15)		3,308,346	3,271,775	2,853,794

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2017

	2017 Budget (Note 22)	2017 Actual	2016 Actual
Annual surplus	454,552	417,981	345,521
Purchases of tangible capital assets	(322,000)	(860,176)	(708,723)
Amortization of tangible capital assets	-	388,561	402,059
Gain on disposal of capital assets	-	-	(35,413)
Proceeds on disposal of tangible capital assets	-	-	60,000
	(322,000)	(471,615)	(282,077)
Acquisition of prepaid expenses	-	(3,670)	(1,839)
(Increase) decrease in net debt	132,552	(57,304)	61,605
Net debt, beginning of year	(1,123,046)	(1,123,046)	(1,184,651)
Net debt, end of year	(990,494)	(1,180,350)	(1,123,046)

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Annual Surplus	417,981	345,521
Non-cash items		
Amortization	388,561	402,059
Bad debts (recovery)	(54,102)	81,878
Gain on disposal of tangible capital assets	-	(35,413)
Loss (earnings) from investment in Nation business	22,752	(16,948)
Operating Activities	775,192	777,097
Changes in working capital accounts		
Accounts receivable	159,743	(239,251)
Prepaid expenses	(3,670)	(1,839)
Accounts payable and accruals	(390,703)	352,829
Deferred revenue	131,579	(121,511)
	672,141	767,325
Financing activities		
Advances of long-term debt	384,000	-
Repayment of long-term debt	(114,214)	(83,187)
Decrease in bank indebtedness	(60,319)	(15,514)
Advances from Day Star Gas Bar & Confectionary Inc.	-	18,184
	209,467	(80,517)
Capital activities		
Purchases of tangible capital assets	(860,176)	(708,723)
Proceeds on disposal of tangible capital assets	-	60,000
	(860,176)	(648,723)
Investing activities		
Increase in funds held in trust	(877)	(927)
Decrease (increase) in restricted cash	69,520	(29,868)
	68,643	(30,795)
Increase in cash resources	90,075	7,290
Cash resources, beginning of year	21,724	14,434
Cash resources, end of year	111,799	21,724
Supplementary cash flow information		
Interest paid	31,383	40,145

The accompanying notes are an integral part of these financial statements

1. Operations

The Day Star First Nation (the "Nation") is located in Treaty 4 territory, Canada and provides various services to its members. Day Star First Nation includes the Nation's members, government and all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards, and include the following significant accounting policies:

Basis of presentation

Sources of financing and expenditures are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Reporting entity

The consolidated financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for Nation business entities.

The Nation has consolidated the assets, liabilities, revenues and expenses of the following entities and departments:

- Day Star First Nation
- Day Star First Nation CMHC Housing Projects

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department. Day Star First Nation CMHC Housing Projects has a March 31, 2017 year end.

Day Star First Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Day Star Gas Bar & Confectionary Inc.

A separate report is issued on the above entity's financial statement, which has a March 31, 2017 year-end.

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

Other Economic Interests

Day Star First Nation is a member of the Touchwood Child and Family Services Incorporated. The Touchwood Child and Family Services Incorporated is an organization of six member First Nations, whose purpose is to provide Child and Family Services to the five member Nations.

Day Star First Nation is a member of the Touchwood Agency Tribal Council. The Touchwood Agency Tribal Council is an organization of four Nations. The Tribal Council purpose is to enhance the services provided to member Nations.

Day Star First Nation is a member of Touchwood Post Secondary Program Inc. The Touchwood Post Secondary Program Inc. is an organization of three member Nations, whose purpose is to provide services to the member Nations.

Day Star First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Aboriginal Affairs' alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

The First Nation does not have a share in the profits or loss of the above entities. As a result, the financial statements of Touchwood Child and Family Services Incorporated, Touchwood Agency Tribal Council, and Touchwood Agency Specific Claim have not been consolidated with the consolidated financial statements of Day Star First Nation.

Cash resources

Cash resources include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash is disclosed in Note 3.

Funds held in Ottawa Trust Fund

Funds are held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund. Trust moneys consist of:

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

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

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. In the year of acquisition, amortization is taken at one-half of the annual amount.

	Method	Rate
- Buildings	straight-line	20 years
- Major equipment	straight-line	10 years
- Roads	straight-line	20 years
- Water/sewer systems	straight-line	10 years
- Land improvements	straight-line	30 years
- Computer equipment	straight-line	4 years
- Vehicles	straight-line	5 years
- Housing	straight-line	20 - 25 years

Intangible assets

The First Nation owns mineral rights, water resources and crown lands inherited from the Crown that are not included in the financial statements. Original reserve land is recognized at \$1 in the financial statements.

Asset classification

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

Net debt

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Nation is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.

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

Liability for contaminated sites

A liability for remediation of contaminated sites is recognized at the best estimate of the amount required to remediate the contaminated sites 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, 2017.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Revenue recognition

Government Transfers

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Non-government funding

Revenue is recognized as it becomes available under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Other revenue

Rental revenue is recognized over the rental term. Investment income is recognized as it is earned. Other revenues are earned from services provided by the Nation and are recognized when the service has been provided.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Accounts receivable, and amounts due from related Nation entities, are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Liability for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the First Nation is responsible for.

These assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the records of the periods in which they become known.

Segments

The Nation conducts its business through 8 reportable segments as identified in the attached schedules. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance as part of its funding requirements.

Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

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

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information and are apportioned based on a percentage of budgeted revenue, where permitted by the funding agencies.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements.

3. Restricted cash

Restricted cash consists of the CMHC replacement reserve, CMHC operating reserve and cash managed by capital project managers who are responsible for the payment of expenses relating to capital projects funded by INAC.

	2017	2016
Current		
INAC capital projects	632	46,795
Long-term		
CMHC replacement reserve	55,763	78,953
CMHC operating reserve	4,754	4,921

4. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada	-	11,024
Health Canada	6,424	-
Advances to members	8,895	1,245
Rent	333,288	384,399
Dakota Dunes Community Development Corporation	121,350	341,586
CMHC	166,315	56,319
Other	243,286	241,737
	879,558	1,036,310
Less: Allowance for doubtful accounts	(340,525)	(391,636)
	539,033	644,674

5. Advances to Day Star Gas Bar & Confectionary Inc.

Advances to Day Star Gas Bar & Confectionary Inc. are unsecured, non-interest bearing and without fixed terms of repayment. All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2017	2016
Advances to Day Star Gas Bar & Confectionary Inc.	86,360	86,360
Allowance for doubtful accounts	(86,360)	(86,360)
	-	-

Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

6. Funds held in trust

Capital and revenue trust moneys are transferred to the Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada with the consent of the Nation's Council.

2017 **2016**

Capital Trust

Balance, beginning and end of year	583	583
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Revenue Trust

Balance, beginning of year	45,396	44,469
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Interest revenue	876	927
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Balance, end of year	46,272	45,396
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Total funds held in trust	46,855	45,979
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7. Bank indebtedness

At March 31, 2017, the Nation had a line of credit totaling \$50,000 (2016 - \$50,000), of which none was drawn (2016 - \$38,887). Funding from Indigenous and Northern Affairs Canada is pledged as collateral.

8. Accounts payable and accruals

2017 **2016**

INAC	6,651	39,954
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Health Canada	8,591	4,429
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Accrued payroll	9,011	6,949
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Trade	267,345	630,969
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	291,598	682,301
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Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

9. Deferred revenue

		2017	2016
Capital - Recreation and Culture	INAC	10,000	-
Other - Community Development Corporation		181,999	110,396
Capital - Roads and Bridges	INAC	13,492	-
Capital - Land Servicing	INAC	43,600	-
Capital - Renovations	INAC	-	7,115
		249,091	117,511

The following table represents changes in the deferred revenue balances:

	Balance, beginning of year	Contributions received	Recognized as revenue	Balance, end of year
Capital - Culture and Recreation	-	280,000	270,000	10,000
Other - Community Development Corporation	110,396	378,942	307,339	181,999
Capital - Roads	-	48,935	35,443	13,492
Capital - Land Servicing	-	134,080	90,480	43,600
Capital - Renovations	7,115	-	7,115	-
	117,511	841,957	710,377	249,091

10. Advances from Day Star Gas Bar & Confectionary Inc.

Advances from related Nation entities are unsecured, non-interest bearing and without fixed terms of repayment. All transactions with related parties are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

11. Long-term debt

The following CMHC loans are secured by government guarantees, and relate to the construction of on-reserve housing. The Nation receives a subsidy from Canada Mortgage and Housing Corporation to assist with the payment of principal and interest on the following loans:

<u>CMHC Phase</u>	<u>Monthly Payment Including Interest</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2017</u>	<u>2016</u>
I	275	1.92%	Apr. 1/24	27,245	27,274
II	407	2.84%	Dec. 1/24	41,631	41,276
III	1,195	2.69%	May 1/25	134,974	132,913
IV	1,246	2.63%	Jan. 1/26	146,390	143,829
V	266	1.67%	May 1/28	37,959	37,596
VI	1,525	1.65%	Jun. 1/37	355,135	350,859
				743,334	733,747
Peace Hills Trust loan, repayable in annual installments of \$200,000, including interest at prime plus 1.00%, secured by specific assignment of BHP Billiton Opportunities Agreement, due July 1, 2021. See Note 23.				384,000	-
Peace Hills Trust loan, repayable in quarterly installments of \$28,000, including interest at 6.00%, secured by Band Council Resolutions redirecting funding, renewed on July 1, 2015, due July 1, 2019.				211,068	334,869
				1,338,402	1,068,616
Less: current portion				120,282	136,950
				1,218,120	931,666

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

2018	120,282
2019	328,444
2020	266,880
2021	65,602
2022	49,256
	830,464
Thereafter	507,938

Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

12. Liabilities of controlled business entity

The Nation has investments in the following wholly owned entity:

	2016	Contributions	Net income (loss)	2017
Day Star Gas Bar & Confectionary Inc.	(19,159)	-	(22,752)	(41,911)

Summary financial information for the First First Nation business enterprise, accounted for using the modified equity method, for its respective year-end is as follows:

	<i>Day Star Gas Bar & Confectionary Inc. As at March 31, 2017</i>
Assets	
Cash	5,889
Accounts receivable	20,516
Inventory	14,220
Property and equipment	24,510
Total assets	65,135
Liabilities	
Accounts payable and accruals	20,686
Due to Day Star First Nation	86,360
Total liabilities	107,046
Net liabilities	(41,911)
Total revenue	588,729
Total expenses	611,481
Net income	(22,752)

13. Contingencies

The Nation has entered into contribution agreements with various federal government departments. Funding received under these contribution agreements is subject to repayment if the Nation fails to comply with the terms and conditions of the agreements. This amount cannot be reasonably estimated at this point in time.

Day Star First Nation is a member of the Touchwood Agency Specific Claim. The Touchwood Agency Specific Claim is an organization of five Nations, whose purpose is to negotiate a specific claim with regards to the Department of Aboriginal Affairs' alleged mismanagement of funds of the Touchwood Agency during the period 1920 to 1924.

14. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

Tangible capital assets include original land, roads, water and sewer lines disclosed at a nominal amount.

Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

15. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Equity in funds held in trust	46,855	45,979
Equity in CMHC operating reserve	183,795	178,904
Equity in CMHC replacement reserve	205,437	205,049
Equity in tangible capital assets	3,090,482	2,888,622
Liabilities of controlled business entity	(41,911)	(19,159)
Unrestricted deficit	(212,883)	(445,601)
	3,271,775	2,853,794

The Nation does not have a moveable asset reserve.

16. CMHC reserves

Operating reserve

The Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this program.

Replacement reserve

A replacement reserve fund has been established for replacement of capital equipment and for major repairs to the houses. Pursuant to CMHC agreements, operating provisions of \$93.75 per unit per month are made for phases I through IV and phase VI and \$100 per unit per month for phase V. Any applicable expenditures are charged against the reserve.

At March 31, 2017 the replacement reserve fund is under-funded by \$149,674 (2016 - under funded \$126,096) and the operating reserve fund is under-funded by \$179,041 (2016 - under funded by \$173,984).

17. Reconciliation of funding from Indigenous and Northern Affairs Canada

	2017	2016
INAC funding per confirmation	1,902,234	1,120,742
(Less) add: (recovery) repayments of funding		
Basic needs	(8,465)	(31,876)
Special needs	(571)	(4,081)
Home/Adult care	-	(3)
Communicable Disease Control	2,386	(3,995)
	(6,650)	(39,955)
Deferred revenue, beginning of year	7,115	57,126
Deferred revenue, end of year	(67,092)	(7,115)
	(59,977)	50,011
Funding total per financial statements	1,835,607	1,130,798

Day Star First Nation
Notes to the Financial Statements
For the year ended March 31, 2017

18. Reconciliation of funding from Health Canada

	2017	2016
Funding per Health Canada confirmation	362,696	250,163
Less: recoveries		
CPNP	-	(2,351)
O&M	(4,163)	(4)
NNADAP	-	(516)
FASD	-	(100)
Communicable Disease Emergencies	-	(459)
Mental Health	-	(698)
Drinking Water Safety Program	-	(300)
	(4,163)	(4,428)
Funding total per financial statements	358,533	245,735

19. Segments

The Nation has 8 reportable segments. These segments are differentiated by the major activities or services they provide. The First Nation's segments are as follows:

Reserves and Trusts - includes activities for the development of the Nation's land.

Education - includes the operations of education programs.

Economic Development - includes activities for future Nation business activities.

Band Government - includes administration and governance activities.

Operations and Maintenance - includes activities for the maintenance of the community and its infrastructure.

Capital - reports on capital projects.

Social Development - activities include delivering social programs.

Other Band programs - other band programs which do not meet the criteria for the other segments.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

20. Economic dependence

Day Star First Nation receives substantially all of its revenues from Indigenous and Northern Affairs Canada (INAC) as a result of Treaties entered into with the Crown in Right of Canada. These Treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

21. Comparative figures

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

22. Budget information

The disclosed budget information was approved by the Chief and Council of the Nation on July 11, 2016.

Reconciliation to budget

Total revenue per budget	2,695,555
Total revenue per Statement of Operations	2,695,555
 Total expenditures per budget	 2,658,885
Less: Loan Payments	(95,882)
Less: Purchases of Capital Assets	(322,000)
Total expenditures per Statement of Operations	2,241,003
 Surplus per budget	 36,670
Surplus per Statement of Operations	454,552

23. Commitments

The Nation has entered into a contract with a builder to construct six new band housing units quoted at \$128,000 each. A \$600,000 loan has been approved to finance this project with Peace Hills Trust, in which \$384,000 has been drawn on at March 31, 2017.

24. Issuance of financial statements after July 29, 2017

The Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2017. As the audit report date is dated after this date, the Nation is in violation of this requirement. The possible effect on this violation has not yet been determined.

Day Star First Nation
Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Band Housing</i>	<i>Vehicles</i>	<i>Major Equipment</i>	<i>Computer Equipment</i>	<i>Land Improvements</i>	<i>Buildings</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	1,526,538	261,880	759,258	58,378	112,696	3,484,394	6,203,144
Acquisition of tangible capital assets	526,512	50,664	13,000	-	-	270,000	860,176
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	2,053,050	312,544	772,258	58,378	112,696	3,754,394	7,063,320
Accumulated amortization							
Balance, beginning of year	1,520,347	213,563	350,582	50,415	11,047	1,629,779	3,775,733
Annual amortization	16,058	29,638	39,988	1,819	2,895	138,478	228,876
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	1,536,405	243,201	390,570	52,234	13,942	1,768,257	4,004,609
Net book value of tangible capital assets	516,645	69,343	381,688	6,144	98,754	1,986,137	3,058,711
Net book value of tangible capital assets	6,191	48,318	408,677	7,963	101,650	1,854,614	2,427,413

	<i>Subtotal</i>	<i>Water/Sewer Systems</i>	<i>Roads</i>	<i>Original Land</i>	<i>CMHC Housing</i>	<i>2017</i>	<i>2016</i>
Cost							
Balance, beginning of year	6,203,144	2,689,795	467,765	1	1,211,471	10,572,176	9,924,921
Acquisition of tangible capital assets	860,176	-	-	-	-	860,176	708,723
Disposal of tangible capital assets	-	-	-	-	-	-	(61,468)
Balance, end of year	7,063,320	2,689,795	467,765	1	1,211,471	11,432,352	10,572,176
Accumulated amortization							
Balance, beginning of year	3,775,733	2,124,234	159,841	1	561,020	6,620,829	6,255,652
Annual amortization	228,876	87,838	23,388	-	48,459	388,561	402,059
Accumulated amortization on disposals	-	-	-	-	-	-	(36,882)
Balance, end of year	4,004,609	2,212,072	183,229	1	609,479	7,009,390	6,620,829
Net book value of tangible capital assets	3,058,711	477,723	284,536	-	601,992	4,422,962	3,951,347
Net book value of tangible capital assets	2,427,413	565,561	307,923	-	650,450	3,951,347	

Day Star First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2017

	2017 Budget (Note 22)	2017 Actual	2016 Actual
Salaries and benefits	562,760	530,936	494,685
Amortization	-	388,561	402,059
Contracts	336,265	356,238	153,614
Band support	185,240	237,109	253,451
Community Development Project Costs	159,415	187,282	220,253
Student expenses	186,990	184,561	186,820
Supplies	243,875	167,871	105,225
Repairs and maintenance	113,903	165,634	133,413
Travel	117,775	164,319	147,390
Meetings and workshops	86,715	99,582	136,049
Utilities	49,240	59,413	40,460
Professional fees	38,218	50,679	46,405
Insurance	15,568	45,551	40,266
Program expenses	48,275	41,136	32,031
Interest on long-term debt	16,119	31,383	40,144
Funeral assistance	30,790	23,886	21,609
Advertising	-	23,668	-
Telephone	20,674	19,191	19,516
Rent	-	12,647	20,159
Bank charges and interest	5,400	12,420	10,312
Fuel	16,381	6,247	19,949
Meals and nutrition	9,700	4,966	3,641
Minor equipment	-	525	1,577
Administration (recovery)	(2,300)	-	-
Bad debts (recovery)	-	(54,102)	81,878
	2,241,003	2,759,703	2,610,906

Day Star First Nation
Reserves and Trusts
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget (Note 22)</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	5,000	5,000	5,000
Expenses			
Administration	3,000	3,000	3,209
Travel	1,574	1,564	1,410
Supplies	426	438	380
	5,000	5,002	4,999
(Deficit) surplus	-	(2)	1

Day Star First Nation
Education
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget (Note 22)</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	329,895	329,895	309,115
Expenses			
Student expenses	186,990	184,561	186,820
Contracts	103,410	119,410	104,543
Meetings and workshops	7,800	9,250	6,250
Travel	4,446	7,620	6,149
Supplies	7,144	7,175	5,809
Administration	660	660	600
	310,450	328,676	310,171
Surplus (deficit)	19,445	1,219	(1,056)

Day Star First Nation
Economic Development
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget (Note 22)	2017	2016
Revenue			
Touchwood Agency Tribal Council	30,000	30,000	30,000
Other	-	100	1,428
Interest income	-	8	4
	30,000	30,108	31,432
Expenses			
Contracts	19,200	25,491	653
Amortization	-	13,950	13,300
Travel	5,100	7,341	11,719
Meetings and workshops	3,000	6,750	6,543
Band support	-	4,576	22,001
Program expenses	-	2,300	2,800
Professional fees	2,000	2,000	2,000
Bank charges and interest	-	183	175
Supplies	700	134	-
	30,000	62,725	59,191
Deficit	-	(32,617)	(27,759)

Day Star First Nation
Band Government
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget (Note 22)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	198,142	198,142	188,143
First Nations Trust	48,117	48,117	66,898
Other	24,813	35,861	31,930
Interest income	-	163	166
	271,072	282,283	287,137
Expenses			
Salaries and benefits	245,580	253,407	209,311
Professional fees	27,100	34,564	28,068
Insurance	-	29,787	23,753
Funeral assistance	30,791	23,886	21,609
Advertising	-	23,668	-
Band support	-	15,259	17,145
Rent	-	12,647	20,159
Bank charges and interest	5,400	11,986	9,983
Telephone	10,800	9,922	11,705
Travel	10,944	9,012	15,166
Meetings and workshops	4,200	8,600	15,400
Contracts	-	6,330	10,120
Amortization	-	1,819	1,819
Supplies	-	759	4,672
Minor equipment	-	529	1,579
Administration (recovery)	(36,963)	(44,201)	(39,925)
	297,852	397,974	350,564
Deficit	(26,780)	(115,691)	(63,427)

Day Star First Nation
Operation and Maintenance
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget (Note 22)</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	215,348	215,348	194,035
Health Canada	32,621	28,458	30,695
	247,969	243,806	224,730
Expenses			
Amortization	-	307,645	330,178
Salaries and benefits	73,476	73,523	81,940
Utilities	39,700	42,349	35,847
Repairs and maintenance	39,360	24,334	16,310
Travel	14,515	21,036	11,702
Supplies	23,751	20,838	13,893
Contracts	16,115	15,297	14,658
Meetings and workshops	9,000	7,914	6,050
Administration	5,514	7,814	5,514
Telephone	5,620	5,407	4,998
Fuel	10,381	3,946	16,954
Insurance	6,037	3,912	4,528
Professional fees	4,500	3,000	3,900
Bank charges and interest	-	155	155
	247,969	537,170	546,627
Deficit	-	(293,364)	(321,897)

Day Star First Nation
Capital
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget (Note 22)	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	715,678	805,701	174,246
Canada Mortgage and Housing Corporation	-	28,791	70,070
First Nations Trust	112,000	112,000	112,000
Rental income	7,600	19,009	11,232
Other	6,500	14,336	2,663
Touchwood Agency Tribal Council	6,771	6,971	6,771
Interest income	-	57	69
Donations	-	-	589,900
	848,549	986,865	966,951
Expenses			
Contracts	177,700	169,870	13,255
Supplies	173,724	92,728	48,280
Repairs and maintenance	59,005	75,573	84,595
Travel	17,200	27,561	3,895
Interest on long-term debt	16,119	16,199	24,324
Salaries and benefits	9,600	12,920	10,836
Utilities	4,380	11,977	215
Meetings and workshops	3,600	3,450	1,725
Fuel	6,000	2,301	2,995
Insurance	4,699	2,299	2,962
Bank charges and interest	-	95	-
	472,027	414,973	193,082
Surplus	376,522	571,892	773,869

Day Star First Nation
Social Development
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget (Note 22)</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada	224,859	215,823	211,190
Other	-	1,395	-
	224,859	217,218	211,190
Expenses			
Band support	132,176	154,549	165,239
Program expenses	23,175	20,529	23,206
Salaries and benefits	15,600	11,990	10,207
Contracts	9,840	9,840	10,386
Travel	5,500	6,988	5,907
Administration	5,136	5,136	5,160
Supplies	1,446	4,391	1,684
Meals and nutrition	3,500	3,966	3,265
Meetings and workshops	1,500	800	400
Telephone	900	750	566
	198,773	218,939	226,020
(Deficit) surplus	26,086	(1,721)	(14,830)

Day Star First Nation
Other

Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget (Note 22)	2017	2016
Revenue			
Health Canada	330,075	330,075	215,040
Indigenous and Northern Affairs Canada	70,342	65,697	49,069
Canada Mortgage and Housing Corporation	-	49,496	51,987
Donations	19,245	219,245	-
Community Development Corporation	159,415	192,033	289,936
Touchwood Agency Tribal Council	142,734	156,832	167,163
Rental income	-	55,320	55,970
Other revenue	7,200	22,683	32,971
First Nations Trust	9,200	13,002	5,449
Interest income	-	877	927
Gain on sale of tangible capital assets	-	-	35,413
(Loss) earnings from investment in Nation business entities	-	(22,752)	16,948
	738,211	1,082,508	920,873
Expenses			
Community Development Project Costs	159,415	187,282	220,253
Salaries and benefits	218,504	179,095	182,390
Travel	58,496	83,198	91,441
Repairs and maintenance	15,538	65,727	32,508
Amortization	-	65,146	56,762
Meetings and workshops	57,615	62,818	99,681
Band support	53,064	62,725	49,065
Supplies	36,684	41,407	30,507
Administration	20,352	27,590	25,441
Program expenses	25,100	18,307	6,025
Interest on long-term debt	-	15,184	15,821
Professional fees	4,618	11,115	12,437
Contracts	10,000	10,000	-
Insurance	4,832	9,553	9,023
Utilities	5,160	5,087	4,398
Telephone	3,354	3,112	2,246
Meals and nutrition	6,200	1,000	376
Bad debts (recovery)	-	(54,102)	81,878
	678,932	794,244	920,252
Surplus	59,279	288,264	621