

**Day Star First Nation**  
**Consolidated Financial Statements**  
*March 31, 2018*

# Day Star First Nation

## Contents

For the year ended March 31, 2018

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	Page
<b>Management's Responsibility</b>	
<b>Auditors' Report</b>	
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position.....	1
Consolidated Statement of Operations and Accumulated Surplus.....	2
Consolidated Statement of Changes in Net Debt.....	3
Consolidated Statement of Cash Flows.....	4
<b>Notes to the Consolidated Financial Statements</b> .....	5
<b>Schedules</b>	
Schedule 1- Schedule of Tangible Capital Assets.....	17
Schedule 2 - Schedule of Consolidated Expenses by Object.....	19
Schedule 3 - Schedule of Revenue and Expenses - Reserves and Trusts.....	20
Schedule 4 - Schedule of Revenue and Expenses - Education.....	21
Schedule 5 - Schedule of Revenue and Expenses - Economic Development.....	22
Schedule 6 - Schedule of Revenue and Expenses - Band Government.....	23
Schedule 7 - Schedule of Revenue and Expenses - Operation and Maintenance.....	24
Schedule 8 - Schedule of Revenue and Expenses - Capital.....	25
Schedule 9 - Schedule of Revenue and Expenses - Social Development.....	26
Schedule 10 - Schedule of Revenue and Expenses - Health.....	27
Schedule 11 - Schedule of Revenue and Expenses - Other.....	28

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## **Management's Responsibility**

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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.

August 9, 2018

"Original Signed By Lorraine Demarais"

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## 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, 2018, 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, 2018 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

August 9, 2018



Chartered Professional Accountants

**Day Star First Nation**  
**Consolidated Statement of Financial Position**  
*As at March 31, 2018*

	<b>2018</b>	<b>2017</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash resources	<b>76,473</b>	111,799
Accounts receivable (Note 4)	<b>404,142</b>	539,033
Restricted cash (Note 5)	<b>473</b>	632
	<b>481,088</b>	651,464
<b>Investment in Nation business entities (Note 6)</b>	<b>49,449</b>	-
<b>Funds held in trust (Note 7)</b>	<b>47,893</b>	46,855
<b>Restricted cash (Note 5)</b>	<b>30,657</b>	60,517
<b>Total financial assets</b>	<b>609,087</b>	758,836
<b>Liabilities</b>		
<b>Current</b>		
Bank indebtedness (Note 9)	<b>50,847</b>	-
Accounts payable and accruals (Note 10)	<b>421,708</b>	291,595
Deferred revenue (Note 11)	<b>198,766</b>	249,091
Advances from Day Star Gas Bar & Confectionary Inc. (Note 12)	<b>2,263</b>	18,184
Current portion of long-term debt (Note 13)	<b>316,032</b>	120,282
	<b>989,616</b>	679,152
<b>Long-term debt (Note 13)</b>	<b>964,981</b>	1,218,120
<b>Liabilities of controlled business entity (Note 6)</b>	-	41,911
<b>Total liabilities</b>	<b>1,954,597</b>	1,939,183
<b>Net debt</b>	<b>(1,345,510)</b>	(1,180,347)
<b>Contingencies (Note 14)</b>		
<b>Non-financial assets</b>		
Tangible capital assets (Note 15)	<b>4,926,365</b>	4,422,962
Prepaid expenses	<b>37,434</b>	29,155
<b>Total non-financial assets</b>	<b>4,963,799</b>	4,452,117
<b>Accumulated surplus (Note 16)</b>	<b>3,618,289</b>	3,271,770

Approved by:

"Original Signed By Lloyd Buffalo"

**Chief**

"Original Signed By Coraleigh Buffalo"

**Councillor**

**Day Star First Nation**  
**Consolidated Statement of Operations and Accumulated Surplus**  
*For the year ended March 31, 2018*

		<b>2018 Budget (Note 23)</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
<b>Revenue</b>				
Indigenous Services Canada (Note 18)		1,381,676	1,444,009	1,835,607
Health Canada (Note 19)		342,063	341,099	358,533
Canada Mortgage and Housing Corporation		32,914	95,126	78,287
Community Development Corporation		185,474	302,965	192,033
Touchwood Agency Tribal Council		210,052	259,138	193,804
Donations		200,000	200,000	219,245
First Nations Trust		167,801	175,516	173,119
Other		65,804	126,469	74,375
Rental income		25,207	79,606	74,329
Interest income		-	1,161	1,104
Earnings (loss) from investment in Nation business entities (Note 6)		-	460	(22,752)
		<b>2,610,991</b>	<b>3,025,549</b>	<b>3,177,684</b>
<b>Program expenses</b>				
Reserves and Trusts	3	5,000	4,801	5,002
Education	4	346,338	337,220	328,676
Economic Development	5	30,000	105,484	62,725
Band Government	6	276,408	232,929	397,974
Operation and Maintenance	7	263,311	623,649	537,170
Capital	8	161,886	198,884	414,973
Social Development	9	208,381	230,320	218,939
Health	10	309,918	313,010	252,811
Other	11	481,348	632,733	541,434
<b>Total expenditures (Schedule 2)</b>		<b>2,082,590</b>	<b>2,679,030</b>	<b>2,759,704</b>
<b>Annual Surplus</b>		<b>528,401</b>	<b>346,519</b>	<b>417,980</b>
<b>Accumulated surplus, beginning of year</b>		<b>3,271,770</b>	<b>3,271,770</b>	<b>2,853,790</b>
<b>Accumulated surplus, end of year (Note 16)</b>		<b>3,800,171</b>	<b>3,618,289</b>	<b>3,271,770</b>

**Day Star First Nation**  
**Consolidated Statement of Changes in Net Debt**  
*For the year ended March 31, 2018*

	<i><b>2018 Budget (Note 23)</b></i>	<i><b>2018 Actual</b></i>	<i><b>2017 Actual</b></i>
<b>Annual surplus</b>	<b>528,401</b>	<b>346,519</b>	417,980
Purchases of tangible capital assets	<b>(400,053)</b>	<b>(938,864)</b>	(860,176)
Amortization of tangible capital assets	<b>-</b>	<b>435,460</b>	388,561
	<b>(400,053)</b>	<b>(503,404)</b>	(471,615)
Acquisition of prepaid expenses	<b>-</b>	<b>(8,278)</b>	(3,670)
<b>(Increase) decrease in net debt</b>	<b>128,348</b>	<b>(165,163)</b>	(57,305)
<b>Net debt, beginning of year</b>	<b>(1,180,347)</b>	<b>(1,180,347)</b>	(1,123,042)
<b>Net debt, end of year</b>	<b>(1,051,999)</b>	<b>(1,345,510)</b>	(1,180,347)

*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, 2018*

	2018	2017
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Annual Surplus	346,519	417,980
Non-cash items		
Amortization	435,460	388,561
Bad debts (recovery)	(78,955)	(54,101)
(Earnings) loss from investment in Nation business	(460)	22,752
<b>Operating Activities</b>	<b>702,564</b>	<b>775,192</b>
Changes in working capital accounts		
Accounts receivable	127,486	159,743
Prepaid expenses	(8,278)	(3,670)
Accounts payable and accruals	130,113	(390,702)
Deferred revenue	(50,324)	131,578
	<b>901,561</b>	<b>672,141</b>
<b>Financing activities</b>		
Advances of long-term debt	216,000	384,000
Repayment of long-term debt	(273,390)	(114,214)
Increase (decrease) in bank indebtedness	50,847	(60,319)
Repayment of Advances from Day Star Gas Bar & Confectionary Inc.	(15,921)	-
	<b>(22,464)</b>	<b>209,467</b>
<b>Capital activities</b>		
Purchases of tangible capital assets	(938,864)	(860,176)
<b>Investing activities</b>		
Increase in funds held in trust	(1,038)	(877)
Decrease in restricted cash	30,019	69,520
Contribution to Day Star Gas Bar & Confectionary Inc.	(4,540)	-
	<b>24,441</b>	<b>68,643</b>
<b>(Decrease) increase in cash resources</b>	<b>(35,326)</b>	<b>90,075</b>
<b>Cash resources, beginning of year</b>	<b>111,799</b>	<b>21,724</b>
<b>Cash resources, end of year</b>	<b>76,473</b>	<b>111,799</b>
<b>Supplementary cash flow information</b>		
Interest paid	23,015	31,383

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. Adopted accounting policies**

Effective April 1, 2017, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 2200 Related Party Disclosures
- PS 3420 Inter-entity Transactions
- PS 3210 Assets
- PS 3320 Contingent Assets
- PS 3380 Contractual Rights

Pursuant to the recommendations, the changes were applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements of adopting the new Sections.

**3. 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, 2018 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, 2018 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 5.

***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.

**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.

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

***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 9 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.

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.

**Day Star First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**4. Accounts receivable**

	<b>2018</b>	<b>2017</b>
Indigenous Services Canada	<b>3,088</b>	-
Health Canada	<b>89,539</b>	6,424
Advances to members	<b>7,684</b>	8,895
Rent	<b>340,694</b>	333,288
Dakota Dunes Community Development Corporation	<b>190,711</b>	121,350
CMHC	<b>14,095</b>	166,315
Other	<b>106,261</b>	243,286
	<b>752,072</b>	879,558
Less: Allowance for doubtful accounts	<b>(347,930)</b>	(340,525)
	<b>404,142</b>	539,033

**5. 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 ISC.

	<b>2018</b>	<b>2017</b>
<b>Current</b>		
ISC capital projects	<b>473</b>	632
<b>Long-term</b>		
CMHC replacement reserve	<b>26,091</b>	55,763
CMHC operating reserve	<b>4,566</b>	4,754

**Day Star First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**6. Investments in Nation business entities**

The Nation has investments in the following wholly owned entity:

	2017	Contributions	Net income (loss)	2018
Day Star Gas Bar & Confectionary Inc.	(41,911)	90,900	460	49,449

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

	<i>Day Star Gas Bar &amp; Confectionary Inc. As at March 31, 2018</i>
<b>Assets</b>	
Cash	20,467
Accounts receivable	4,070
Inventory	22,038
Property and equipment	25,539
<b>Total assets</b>	<b>72,114</b>
<b>Liabilities</b>	
Accounts payable and accruals	22,665
<b>Total liabilities</b>	<b>22,665</b>
<b>Net liabilities</b>	<b>49,449</b>
<b>Total revenue</b>	<b>616,779</b>
<b>Total expenses</b>	<b>616,319</b>
<b>Net income</b>	<b>460</b>

**7. Funds held in trust**

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

	2018	2017
<b>Capital Trust</b>		
Balance, beginning and end of year	583	583
<b>Revenue Trust</b>		
Balance, beginning of year	46,272	45,396
Interest revenue	1,038	876
Balance, end of year	47,310	46,272
<b>Total funds held in trust</b>	<b>47,893</b>	<b>46,855</b>

**Day Star First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**8. 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.

Effective March 31, 2018, a council motion was passed to record the prior year balance owing from the Day Star Gas Bar & Confectionary Inc. as a contribution from the Nation.

	<b>2018</b>	<b>2017</b>
Advances to Day Star Gas Bar & Confectionary Inc.	-	86,360
Allowance for doubtful accounts	-	(86,360)
	-	-

**9. Bank indebtedness**

At March 31, 2018, the Nation had a line of credit totaling \$50,000 (2017 - \$50,000), of which \$223 was drawn (2017 - \$0). Funding from Indigenous Services Canada is pledged as collateral. The remaining balance of bank indebtedness relates to outstanding cheques totalling \$50,624.

**10. Accounts payable and accruals**

	<b>2018</b>	<b>2017</b>
ISC	-	6,651
Health Canada	<b>4,429</b>	8,591
Accrued payroll	<b>11,331</b>	9,011
Trade	<b>405,948</b>	267,342
	<b>421,708</b>	291,595

**Day Star First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**11. Deferred revenue**

		<b>2018</b>	<b>2017</b>
Capital - Recreation and Culture	ISC	-	10,000
Other - Community Development Corporation		<b>162,278</b>	181,999
Capital - Roads and Bridges	ISC	<b>15,481</b>	13,492
Capital - Land Servicing	ISC	-	43,600
Other - CMHC	CMHC	<b>21,007</b>	-
		<b>198,766</b>	249,091

The following table represents changes in the deferred revenue balances:

	<b>Balance, beginning of year</b>	<b>Contributions received</b>	<b>Recognized as revenue</b>	<b>Balance, end of year</b>
Capital - Culture and Recreation	10,000	-	10,000	-
Other - Community Development Corporation	181,999	275,370	295,091	<b>162,278</b>
Capital - Roads	13,492	16,200	14,211	<b>15,481</b>
Capital - Land Servicing	43,600	-	43,600	-
Other - CMHC	-	59,776	38,769	<b>21,007</b>
	249,091	351,346	401,671	<b>198,766</b>

**12. 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 Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**13. 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>2018</u>	<u>2017</u>
I	275	1.92%	Apr. 1/24	<b>18,709</b>	27,245
II	388	1.50%	Dec. 1/24	<b>29,519</b>	41,631
III	1,142	1.50%	May 1/25	<b>92,057</b>	134,974
IV	844	1.50%	Jan. 1/26	<b>73,839</b>	146,390
V	266	1.67%	May 1/28	<b>29,597</b>	37,959
VI	1,525	1.65%	Jun. 1/37	<b>299,822</b>	355,135
				<b>543,543</b>	743,334
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.				<b>600,000</b>	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 Oct 1, 2019.				<b>137,470</b>	211,068
				<b>1,281,013</b>	1,338,402
Less: current portion				<b>316,032</b>	120,282
				<b>964,981</b>	1,218,120

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:

2019	316,032
2020	284,729
2021	235,529
2022	85,029
2023	47,809
	<b>969,128</b>
Thereafter	<b>311,885</b>

**14. 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.

**Day Star First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

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**15. Tangible capital assets**

The tangible capital assets reconciliation is included in Schedule 1.

Tangible capital assets include original land disclosed at a nominal amount.

**16. Accumulated surplus**

Accumulated surplus consists of the following:

	<b>2018</b>	<b>2017</b>
Equity in funds held in trust	<b>47,893</b>	46,855
Equity in CMHC operating reserve	<b>187,107</b>	183,795
Equity in CMHC replacement reserve	<b>210,527</b>	205,437
Equity in tangible capital assets	<b>3,651,276</b>	3,090,482
Assets (liabilities) of controlled business entity	<b>49,449</b>	(41,911)
Unrestricted deficit	<b>(527,964)</b>	(212,888)
	<b>3,618,288</b>	3,271,770

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The Nation does not have a moveable asset reserve.

**17. 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, 2018 the replacement reserve fund is under-funded by \$184,436 (2017 - under funded \$149,674) and the operating reserve fund is under-funded by \$182,540 (2017 - under funded by \$179,041).

**Day Star First Nation**  
**Notes to the Consolidated Financial Statements**  
*For the year ended March 31, 2018*

**18. Reconciliation of funding from Indigenous Services Canada**

	<b>2018</b>	<b>2017</b>
ISC funding per confirmation	<b>1,389,309</b>	1,902,234
<b>Add (less): repayments (recovery) of funding</b>		
Basic needs	-	(8,465)
Special needs	-	(571)
Communicable Disease Control	<b>3,089</b>	2,386
	<b>3,089</b>	(6,650)
Deferred revenue, beginning of year	<b>67,092</b>	7,115
Deferred revenue, end of year	<b>(15,481)</b>	(67,092)
	<b>51,611</b>	(59,977)
Funding total per financial statements	<b>1,444,009</b>	1,835,607

**19. Reconciliation of funding from Health Canada**

	<b>2018</b>	<b>2017</b>
Funding per Health Canada confirmation	<b>342,063</b>	362,696
<b>Less: recoveries</b>		
O&M	-	(4,163)
Medical transportation	<b>(964)</b>	-
	<b>(964)</b>	(4,163)
Funding total per financial statements	<b>341,099</b>	358,533

**20. Segments**

The Nation has 9 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.

**Health** - activities that increase healthy living.

**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 3.

**21. Economic dependence**

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

**22. Comparative figures**

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

**23. Budget information**

The disclosed budget information was approved by the Chief and Council of the Nation on May 30, 2017.

**Reconciliation to budget**

Total revenue per budget	2,663,067
Less: Administration fee included in expenses	(52,076)
Total revenue per Statement of Operations	2,610,991
Total expenditures per budget	2,634,241
Less: Administration fee included in expenses	(52,076)
Less: Loan payments	(99,522)
Less: Purchases of capital assets	(400,053)
Total expenditures per Statement of Operations	2,082,590
Surplus per budget	28,826
Surplus per Statement of Operations	528,401

**24. Issuance of financial statements after July 29, 2018**

The Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to ISC by July 29, 2018. 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**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2018*

	<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>
<b>Cost</b>							
Balance, beginning of year	2,053,050	312,544	772,258	58,378	112,696	3,754,394	7,063,320
Acquisition of tangible capital assets	854,864	-	84,000	-	-	-	938,864
Balance, end of year	2,907,914	312,544	856,258	58,378	112,696	3,754,394	8,002,184
<b>Accumulated amortization</b>							
Balance, beginning of year	1,536,405	243,201	390,570	52,234	13,942	1,768,257	4,004,609
Annual amortization	41,692	29,638	52,633	5,235	2,895	144,327	276,420
Balance, end of year	1,578,097	272,839	443,203	57,469	16,837	1,912,584	4,281,029
<b>Net book value of tangible capital assets</b>	<b>1,329,817</b>	<b>39,705</b>	<b>413,055</b>	<b>909</b>	<b>95,859</b>	<b>1,841,810</b>	<b>3,721,155</b>
2017 Net book value of tangible capital assets	516,645	69,343	381,688	6,144	98,754	1,986,137	3,058,711

**Day Star First Nation**  
**Schedule 1 - Consolidated Schedule of Tangible Capital Assets**  
*For the year ended March 31, 2018*

	<i>Subtotal</i>	<i>Water/Sewer Systems</i>	<i>Roads</i>	<i>Original Land</i>	<i>CMHC Housing</i>	<i>2018</i>	<i>2017</i>
<b>Cost</b>							
Balance, beginning of year	7,063,320	2,689,795	467,765	1	1,211,471	11,432,352	10,572,176
Acquisition of tangible capital assets	938,864	-	-	-	-	938,864	860,176
Balance, end of year	8,002,184	2,689,795	467,765	1	1,211,471	12,371,216	11,432,352
<b>Accumulated amortization</b>							
Balance, beginning of year	4,004,609	2,212,072	183,229	1	609,479	7,009,390	6,620,829
Annual amortization	276,420	87,194	23,388	-	48,459	435,461	388,561
Balance, end of year	4,281,029	2,299,266	206,617	1	657,938	7,444,851	7,009,390
<b>Net book value of tangible capital assets</b>	<b>3,721,155</b>	<b>390,529</b>	<b>261,148</b>	<b>-</b>	<b>553,533</b>	<b>4,926,365</b>	<b>4,422,962</b>
2017 Net book value of tangible capital assets	3,058,711	477,723	284,536	-	601,992	4,422,962	

**Day Star First Nation**  
**Schedule 2 - Schedule of Consolidated Expenses by Object**  
*For the year ended March 31, 2018*

	<b>2018 Budget (Note 23)</b>	<b>2018 Actual</b>	<b>2017 Actual</b>
Salaries and benefits	578,264	574,289	530,936
Amortization	-	435,460	388,561
Contracts	263,709	292,213	356,238
Band support	207,573	268,629	237,109
Community Development Project Costs	177,092	204,178	187,282
Repairs and maintenance	70,290	187,441	166,160
Student expenses	186,666	186,084	184,561
Travel	129,605	143,311	164,319
Supplies	118,747	93,470	167,871
Meetings and workshops	100,815	93,254	99,582
Utilities	50,034	56,296	59,413
Professional fees	32,455	52,939	50,679
Insurance	46,446	40,923	45,551
Program expenses	39,024	39,196	41,136
Telephone	23,467	24,656	19,191
Interest on long-term debt	12,478	23,015	31,383
Meals and nutrition	19,260	11,323	4,966
Bank charges and interest	7,220	11,067	12,420
Fuel	10,740	6,620	6,247
Facility fee	5,800	5,800	-
Funeral assistance	4,205	4,203	23,886
Rent	-	3,618	12,647
Administration (recovery)	(1,300)	-	-
Advertising	-	-	23,668
Bad debts (recovery)	-	(78,955)	(54,102)
	<b>2,082,590</b>	<b>2,679,030</b>	<b>2,759,704</b>

**Day Star First Nation**  
**Reserves and Trusts**  
**Schedule 3 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>2018 Budget (Note 23)</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>			
Indigenous Services Canada	5,000	5,000	5,000
<b>Expenses</b>			
Administration	3,000	3,000	3,000
Travel	1,356	1,678	1,564
Supplies	644	123	438
	5,000	4,801	5,002
<b>Surplus (deficit)</b>	-	199	(2)

**Day Star First Nation**  
**Education**  
**Schedule 4 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>2018 Budget (Note 23)</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>			
Indigenous Services Canada	346,338	346,338	329,895
<b>Expenses</b>			
Student expenses	186,666	186,084	184,561
Contracts	123,113	121,965	119,410
Travel	7,903	9,757	7,620
Supplies	6,751	6,751	7,175
Meetings and workshops	7,500	5,762	9,250
Meals and nutrition	11,477	3,973	-
Administration	2,928	2,928	660
	346,338	337,220	328,676
<b>Surplus</b>	-	9,118	1,219

**Day Star First Nation**  
**Economic Development**  
**Schedule 5 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>2018 Budget (Note 23)</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>			
Touchwood Agency Tribal Council	30,000	30,000	30,000
Other	5,490	5,490	100
Interest income	-	45	8
	<b>35,490</b>	<b>35,535</b>	30,108
<b>Expenses</b>			
Contracts	21,600	41,856	25,491
Amortization	-	18,800	13,950
Band support	-	14,135	4,576
Meetings and workshops	3,000	12,600	6,750
Travel	5,400	9,659	7,341
Repairs and maintenance	-	7,300	-
Program expenses	-	1,000	2,300
Bank charges and interest	-	134	183
Professional fees	-	-	2,000
Supplies	-	-	134
	<b>30,000</b>	<b>105,484</b>	62,725
<b>Deficit</b>	<b>5,490</b>	<b>(69,949)</b>	(32,617)

**Day Star First Nation**  
**Band Government**  
**Schedule 6 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>2018 Budget (Note 23)</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>			
Indigenous Services Canada	219,201	219,201	198,142
First Nations Trust	43,801	67,490	48,117
Other	12,950	29,960	35,861
Interest income	-	79	163
	<b>275,952</b>	<b>316,730</b>	<b>282,283</b>
<b>Expenses</b>			
Salaries and benefits	249,775	240,189	253,407
Professional fees	29,318	41,534	34,564
Band support	4,800	28,100	15,259
Insurance	-	13,802	29,787
Telephone	10,800	11,232	9,922
Bank charges and interest	7,220	10,618	11,986
Meetings and workshops	9,738	9,177	8,600
Travel	8,430	7,952	9,012
Amortization	-	5,235	1,819
Funeral assistance	4,203	4,203	23,886
Rent	-	3,618	12,647
Supplies	2,100	2,044	759
Repairs and maintenance	2,100	860	529
Contracts	-	40	6,330
Advertising	-	-	23,668
Administration (recovery)	(52,076)	(59,315)	(44,201)
Bad debts	-	(86,360)	-
	<b>276,408</b>	<b>232,929</b>	<b>397,974</b>
<b>Surplus (deficit)</b>	<b>(456)</b>	<b>83,801</b>	<b>(115,691)</b>

**Day Star First Nation**  
**Operation and Maintenance**  
**Schedule 7 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>2018 Budget (Note 23)</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>			
Indigenous Services Canada	230,906	230,906	215,348
Health Canada	32,405	32,405	28,458
	<b>263,311</b>	<b>263,311</b>	243,806
<b>Expenses</b>			
Amortization	-	346,279	307,645
Salaries and benefits	68,585	68,450	73,523
Contracts	60,755	65,390	15,297
Utilities	41,634	43,653	42,349
Repairs and maintenance	26,501	34,825	24,334
Travel	11,700	13,910	21,036
Supplies	15,271	13,046	20,838
Meetings and workshops	10,700	9,750	7,914
Administration	8,015	9,315	7,814
Telephone	6,350	6,768	5,407
Insurance	6,121	6,489	3,912
Fuel	7,140	4,730	3,946
Professional fees	539	539	3,000
Program expenses	-	350	-
Bank charges and interest	-	155	155
	<b>263,311</b>	<b>623,649</b>	537,170
<b>(Deficit) surplus</b>	-	<b>(360,338)</b>	(293,364)

**Day Star First Nation**  
**Capital**  
**Schedule 8 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<i>2018 Budget (Note 23)</i>	<i>2018</i>	<i>2017</i>
<b>Revenue</b>			
Indigenous Services Canada	300,538	352,149	805,701
Canada Mortgage and Housing Corporation	16,954	33,393	28,791
First Nations Trust	112,000	98,377	112,000
Rental income	25,207	24,286	19,009
Other	9,315	9,815	14,336
Touchwood Agency Tribal Council	6,771	5,349	6,971
Interest income	-	-	57
	<b>470,785</b>	<b>523,369</b>	986,865
<b>Expenses</b>			
Repairs and maintenance	37,036	70,072	75,573
Contracts	38,801	43,521	169,870
Supplies	35,028	28,039	92,728
Salaries and benefits	18,260	18,418	12,920
Interest on long-term debt	12,478	12,478	16,199
Utilities	3,000	8,620	11,977
Travel	4,784	7,738	27,561
Insurance	5,299	5,299	2,299
Meetings and workshops	3,600	2,650	3,450
Fuel	3,600	1,890	2,301
Bank charges and interest	-	159	95
	<b>161,886</b>	<b>198,884</b>	414,973
<b>Surplus</b>	<b>308,899</b>	<b>324,485</b>	571,892

**Day Star First Nation**  
**Social Development**  
**Schedule 9 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget (Note 23)</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	<b>208,381</b>	<b>216,014</b>	215,823
Other	-	-	1,395
	<b>208,381</b>	<b>216,014</b>	217,218
<b>Expenses</b>			
Band support	<b>139,461</b>	<b>161,549</b>	154,549
Program expenses	<b>25,428</b>	<b>25,624</b>	20,529
Salaries and benefits	<b>14,600</b>	<b>14,630</b>	11,990
Contracts	<b>9,840</b>	<b>9,840</b>	9,840
Travel	<b>5,279</b>	<b>6,826</b>	6,988
Administration	<b>5,700</b>	<b>5,700</b>	5,136
Meals and nutrition	<b>3,366</b>	<b>3,366</b>	3,966
Meetings and workshops	<b>1,800</b>	<b>1,450</b>	800
Telephone	<b>900</b>	<b>825</b>	750
Supplies	<b>2,007</b>	<b>510</b>	4,391
	<b>208,381</b>	<b>230,320</b>	218,939
<b>Deficit</b>	-	<b>(14,306)</b>	(1,721)

**Day Star First Nation**  
**Health**  
**Schedule 10 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget (Note 23)</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Health Canada	<b>309,658</b>	<b>308,694</b>	330,075
Other	-	-	15
	<b>309,658</b>	<b>308,694</b>	330,090
<b>Expenses</b>			
Salaries and benefits	<b>108,628</b>	<b>108,658</b>	69,009
Travel	<b>71,883</b>	<b>72,163</b>	69,431
Meetings and workshops	<b>48,353</b>	<b>44,620</b>	49,790
Administration	<b>24,234</b>	<b>24,234</b>	18,192
Supplies	<b>18,333</b>	<b>17,358</b>	16,545
Contracts	<b>9,600</b>	<b>9,600</b>	10,000
Amortization	-	<b>8,384</b>	8,384
Facility fee	<b>5,800</b>	<b>5,800</b>	-
Program expenses	<b>5,446</b>	<b>5,446</b>	4,617
Insurance	<b>6,300</b>	<b>4,850</b>	1,825
Meals and nutrition	<b>4,417</b>	<b>3,984</b>	1,000
Telephone	<b>2,825</b>	<b>3,200</b>	900
Professional fees	<b>2,599</b>	<b>2,599</b>	3,118
Repairs and maintenance	<b>1,500</b>	<b>2,114</b>	-
	<b>309,918</b>	<b>313,010</b>	252,811
<b>(Deficit) surplus</b>	<b>(260)</b>	<b>(4,316)</b>	77,279

**Day Star First Nation**  
**Other**

**Schedule 11 - Schedule of Revenue and Expenses**  
*For the year ended March 31, 2018*

	<b>2018 Budget (Note 23)</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>			
Indigenous Services Canada	71,312	74,401	65,697
Canada Mortgage and Housing Corporation	15,960	61,733	49,496
Community Development Corporation	185,474	302,965	192,033
Touchwood Agency Tribal Council	173,280	223,789	156,832
Donations	200,000	200,000	219,245
Other	38,048	81,203	22,669
Rental income	-	55,320	55,320
First Nations Trust	12,000	9,649	13,002
Interest income	-	1,038	877
Income (loss) from investment in Nation business entities	-	460	(22,752)
	<b>696,074</b>	<b>1,010,558</b>	<b>752,419</b>
<b>Expenses</b>			
Community Development Project Costs	177,092	204,178	187,282
Salaries and benefits	118,416	123,944	110,086
Repairs and maintenance	3,153	72,271	65,727
Band support	63,312	64,845	62,725
Amortization	-	56,762	56,762
Supplies	38,613	25,598	24,863
Administration	6,900	14,138	9,398
Travel	12,869	13,629	13,767
Interest on long-term debt	-	10,537	15,184
Insurance	28,726	10,482	7,728
Professional fees	-	8,268	7,997
Bad debts (recovery)	-	7,405	(54,102)
Meetings and workshops	16,125	7,245	13,028
Program expenses	8,150	6,776	13,690
Utilities	5,400	4,023	5,087
Telephone	2,592	2,632	2,212
	<b>481,348</b>	<b>632,733</b>	<b>541,434</b>
<b>Surplus</b>	<b>214,726</b>	<b>377,825</b>	<b>210,985</b>