

Day Star First Nation
Consolidated Financial Statements
March 31, 2019

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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.

November 22, 2019

"Original Signed By" Lorainne Demarais

Independent Auditor's Report

To the Members of Day Star First Nation:

Opinion

We have audited the consolidated financial statements of Day Star First Nation (the "First Nation"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2019, and the results of its operations, its changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent Auditor's Report Continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 First Nation 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.

We 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 22, 2019

MNP LLP

Chartered Professional Accountants

Day Star First Nation
Consolidated Statement of Financial Position
As at March 31, 2019

	2019	2018
Financial assets		
Current		
Cash resources	168,505	76,473
Accounts receivable (Note 4)	571,128	404,142
Restricted cash (Note 5)	1,871	473
	741,504	481,088
Investment in Nation business entities (Note 6)	91,123	49,449
Funds held in trust (Note 7)	48,990	47,893
Restricted cash (Note 5), (Note 16)	90,293	30,657
Total financial assets	971,910	609,087
Liabilities		
Current		
Bank indebtedness (Note 8)	-	50,847
Accounts payable and accruals (Note 9)	298,982	421,708
Deferred revenue (Note 10)	588,227	198,766
Advances from Day Star Gas Bar & Confectionary Inc. (Note 11)	31,182	2,263
Current portion of long-term debt (Note 12)	283,539	316,032
	1,201,930	989,616
Long-term debt (Note 12)	710,128	964,981
Total liabilities	1,912,058	1,954,597
Net debt	(940,148)	(1,345,510)
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Note 14) (Schedule 1)	4,624,152	4,926,365
Prepaid expenses	-	37,431
Total non-financial assets	4,624,152	4,963,796
Accumulated surplus (Note 15)	3,684,004	3,618,286

Approved by:

"Original Signed By" Lloyd Buffalo

Chief

"Original Signed By" Max Itittakoose

Councilor

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2019

		2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue				
Indigenous Services Canada (Note 17)		1,187,039	1,172,730	1,444,009
First Nations and Inuit Health Branch (Note 18)		345,805	333,807	341,099
Canada Mortgage and Housing Corporation		57,370	134,348	95,126
Touchwood Agency Tribal Council		475,614	301,560	259,138
Donations		200,000	200,000	200,000
First Nations Trust		168,667	166,667	175,516
Community Development Corporation		73,062	162,637	302,965
Other		113,940	116,388	126,469
Rental income		16,816	115,525	79,606
Earnings from investment in Nation business entities (Note 6)		-	86,472	460
Interest income		-	1,206	1,161
		2,638,313	2,791,340	3,025,549
Program expenses				
Reserves and Trusts	3	5,000	5,108	4,801
Education	4	346,689	345,670	337,220
Economic Development	5	36,615	89,997	105,484
Band Government	6	269,420	322,639	232,929
Operation and Maintenance	7	225,947	591,859	623,649
Capital	8	200,368	218,993	198,884
Social Development	9	420,202	276,931	295,166
Health	10	321,096	343,175	313,010
Other	11	450,388	531,250	567,888
Total expenditures (Schedule 2)		2,275,725	2,725,622	2,679,031
Annual surplus		362,588	65,718	346,518
Accumulated surplus, beginning of year		3,618,286	3,618,286	3,271,768
Accumulated surplus, end of year (Note 15)		3,980,874	3,684,004	3,618,286

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, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Annual surplus	362,588	65,718	346,518
Purchases of tangible capital assets	(60,386)	(131,407)	(938,864)
Amortization of tangible capital assets	-	433,621	435,460
	(60,386)	302,214	(503,404)
Acquisition of prepaid expenses	-	-	(8,278)
Use of prepaid expenses	-	37,430	-
	-	37,430	(8,278)
Decrease (increase) in net debt	302,202	405,362	(165,164)
Net debt, beginning of year	(1,345,510)	(1,345,510)	(1,180,346)
Net debt, end of year	(1,043,308)	(940,148)	(1,345,510)

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, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating activities		
Annual surplus	65,718	346,518
Non-cash items		
Amortization	433,621	435,460
Recovery of bad debts	(38,459)	(78,955)
Earnings from investment in Nation business	(86,472)	(460)
Operating Activities	374,408	702,563
Changes in working capital accounts		
Accounts receivable	(128,527)	127,486
Prepaid expenses	37,430	(8,278)
Accounts payable and accruals	(122,727)	130,113
Deferred revenue	389,462	(50,323)
	550,046	901,561
Financing activities		
Advances of long-term debt	-	216,000
Repayment of long-term debt	(287,346)	(273,390)
(Decrease) increase in bank indebtedness	(50,847)	50,847
Net advances (repayment of advances) from Day Star Gas Bar & Confectionary Inc.	28,919	(15,921)
	(309,274)	(22,464)
Capital activities		
Purchases of tangible capital assets	(131,407)	(938,864)
Investing activities		
Increase in funds held in trust	(1,097)	(1,038)
(Increase) decrease in restricted cash	(61,034)	30,019
Contribution from (to) Day Star Gas Bar & Confectionary Inc.	44,798	(4,540)
	(17,333)	24,441
Increase (decrease) in cash resources	92,032	(35,326)
Cash resources, beginning of year	76,473	111,799
Cash resources, end of year	168,505	76,473
Supplementary cash flow information		
Interest paid	38,580	23,015

The accompanying notes are an integral part of these financial statements

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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, 2018, the First Nation adopted the recommendations relating to the following Sections, as set out in the CPA Canada Public Sector Accounting Handbook:

- PS 3430 Restructuring Transactions

There was no material impact on the consolidated financial statements of adopting the new Section.

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, 2019 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, 2019 year-end.

3. 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.

3. 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 revenue is earned from services provided by the Nation and are recognized when the service has been provided. Donations are recognized as revenue when received or receivable if the amounts to be received can be reasonably estimated and collection is reasonably assured.

3. 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 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, 2019

4. Accounts receivable

	2019	2018
Indigenous Services Canada	5,350	3,088
First Nation and Inuit Health Branch	12,481	89,539
Advances to members	7,372	7,684
Rent	302,234	340,694
Dakota Dunes Community Development Corporation	280,279	190,711
CMHC	4,021	14,095
Touchwood Agency Tribal Council	263,255	76,679
Other	5,607	29,582
	880,599	752,072
Less: Allowance for doubtful accounts	(309,471)	(347,930)
	571,128	404,142

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.

	2019	2018
Current		
ISC capital projects	1,871	473
Long-term		
CMHC replacement reserve	85,914	26,091
CMHC operating reserve	4,379	4,566

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

6. Investments in Nation business entities

The Nation has investments in the following wholly owned entity:

	2018	Withdrawals	Net income	2019
Day Star Gas Bar & Confectionary Inc.	49,449	(44,798)	86,472	91,123

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 & Confectionary Inc. As at March 31, 2019</i>
Assets	
Cash	21,724
Accounts receivable	2,207
Inventory	32,003
Due from Day Star First Nation	31,182
Property and equipment	21,575
Total assets	108,691
Liabilities	
Accounts payable and accruals	17,568
Total liabilities	17,568
Net assets	91,123
Total revenue	499,495
Total expenses	413,023
Net income	86,472

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.

	2019	2018
Capital Trust		
Balance, beginning and end of year	583	583
Revenue Trust		
Balance, beginning of year	47,310	46,272
Interest revenue	1,097	1,038
Balance, end of year	48,407	47,310
Total funds held in trust	48,990	47,893

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

8. Bank indebtedness

At March 31, 2019, the Nation had a line of credit totaling \$50,000 (2018 - \$50,000), of which no amount was drawn (2018 - \$223). Funding from Indigenous Services Canada is pledged as collateral. The remaining balance of the bank indebtedness in the prior year figures relates to outstanding cheques totalling \$50,624.

9. Accounts payable and accruals

	2019	2018
First Nations and Inuit Health Branch	32,778	4,429
Accrued payroll	12,350	11,331
Trade	253,854	405,948
	298,982	421,708

10. Deferred revenue

		2019	2018
Other - Headstart	TATC	14,429	-
Other - P&ID	ISC	50,000	-
Other - Community Development Corporation		268,255	162,278
Capital - Roads and Bridges	ISC	11,240	15,481
Other - CMHC	CMHC	11,738	21,007
Other - Pre-employment	TATC	142,923	-
Other - NNADAP	FNIHB	6,223	-
Other - Sewer Main Flush Project	ISC	55,000	-
Other - Employment & Training	ISC	6,312	-
Other - Day Care	TATC	21,048	-
Other - Pandemic Planning	FNIHB	1,059	-
		588,227	198,766

The following table represents changes in the deferred revenue balances:

	Balance, beginning of year	Contributions received	Recognized as revenue	Balance, end of year
Other - Headstart	-	151,669	137,240	14,429
Other - P&ID	-	50,000	-	50,000
Other - Community Development Corporation	162,278	239,297	133,320	268,255
Capital - Roads and Bridges	15,481	16,200	20,441	11,240
Other - CMHC	21,007	102,948	112,217	11,738
Other - Pre-employment	-	142,923	-	142,923
Other - NNADAP	-	64,946	58,723	6,223
Other - Sewer Main Flush Project	-	55,000	-	55,000
Other - Employment & Training	-	24,622	18,310	6,312
Other - Day Care	-	109,707	88,659	21,048
Other - Pandemic Planning	-	1,659	600	1,059
	198,766	958,971	569,510	588,227

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

11. 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 Gas Bar & Confectionary Inc. is wholly owned by the Nation.

12. 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>2019</u>	<u>2018</u>
I	275	1.92%	Apr. 1/24	15,738	18,709
II	388	1.50%	Dec. 1/24	25,275	29,519
III	1,142	1.50%	May 1/25	79,645	92,057
IV	844	1.50%	Jan. 1/26	64,753	73,839
V	276	2.52%	May 1/28	26,940	29,597
VI	1,640	2.52%	Jun. 1/37	287,003	299,822
				499,354	543,543
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.				438,029	600,000
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.				56,284	137,470
				993,667	1,281,013
Less: current portion				283,539	316,032
				710,128	964,981

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:

2020	283,539
2021	238,746
2022	107,824
2023	46,996
2024	47,894
	724,999
Thereafter	268,668

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

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 disclosed at a nominal amount.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2019	2018
Equity in funds held in trust	48,990	47,893
Equity in CMHC operating reserve	185,206	187,107
Equity in CMHC replacement reserve	226,352	210,527
Equity in tangible capital assets	3,636,408	3,651,276
Net assets of controlled business entity	91,123	49,449
Unrestricted deficit	(504,075)	(527,966)
	3,684,004	3,618,286

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, 2019 the replacement reserve fund is under-funded by \$140,438 (2018 - under-funded \$184,436) and the operating reserve fund is under-funded by \$180,827 (2018 - under-funded by \$182,540).

Day Star First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2019

17. Reconciliation of funding from Indigenous Services Canada

	2019	2018
ISC funding per confirmation	1,277,537	1,389,309
Less: recoveries of funding		
Repayment recognized in 2018 - Institutional care	(3,086)	-
Add: repayments of funding		
Institutional care	5,350	3,086
Deferred revenue, beginning of year	15,481	67,095
Deferred revenue, end of year	(122,552)	(15,481)
	(107,071)	51,614
Funding total per financial statements	1,172,730	1,444,009

18. Reconciliation of funding from First Nations and Inuit Health Branch

	2019	2018
FNIHB funding per confirmation	371,980	342,063
Less: recoveries		
Medical transportation	-	(964)
NNADAP	(6,223)	-
Pandemic planning	(1,059)	-
Health Director	(30,891)	-
	(38,173)	(964)
Funding total per financial statements	333,807	341,099

19. 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.

20. 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.

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 May 8, 2018.

Reconciliation to budget

Total revenue per budget	2,683,077
Less: Administration fee included in expenses	(44,764)
Total revenue per Statement of Operations	2,638,313
 Total expenditures per budget	 2,692,872
Less: Administration fee included in expenses	(44,761)
Less: Loan payments	(312,000)
Less: Purchases of capital assets	(60,386)
Total expenditures per Statement of Operations	2,275,725
 Deficit per budget	 (9,795)
Surplus per Statement of Operations	362,588

23. Issuance of financial statements after July 29, 2019

The Nation is required to post its consolidated financial statements on a website and submit the consolidated financial statements to ISC by July 29, 2019. As the audit report is dated after this date, the Nation is in violation of this requirement. The possible effect of 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, 2019

	<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	2,907,914	312,544	856,258	58,378	112,696	3,754,394	8,002,184
Acquisition of tangible capital assets	34,100	40,386	56,921	-	-	-	131,407
Balance, end of year	2,942,014	352,930	913,179	58,378	112,696	3,754,394	8,133,591
Accumulated amortization							
Balance, beginning of year	1,578,097	272,839	443,203	57,469	16,837	1,912,584	4,281,029
Annual amortization	69,891	20,376	52,670	909	3,757	150,176	297,779
Balance, end of year	1,647,988	293,215	495,873	58,378	20,594	2,062,760	4,578,808
Net book value of tangible capital assets	1,294,026	59,715	417,306	-	92,102	1,691,634	3,554,783
2018 Net book value of tangible capital assets	1,329,817	39,705	413,055	909	95,859	1,841,810	3,721,155

Day Star First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2019

	<i>Subtotal</i>	<i>Water/Sewer Systems</i>	<i>Roads</i>	<i>Original Land</i>	<i>CMHC Housing</i>	<i>2019</i>	<i>2018</i>
Cost							
Balance, beginning of year	8,002,184	2,689,795	467,765	1	1,211,471	12,371,216	11,432,352
Acquisition of tangible capital assets	131,407	-	-	-	-	131,407	938,864
Balance, end of year	8,133,591	2,689,795	467,765	1	1,211,471	12,502,623	12,371,216
Accumulated amortization							
Balance, beginning of year	4,281,029	2,299,266	206,617	1	657,938	7,444,851	7,009,390
Annual amortization	297,779	63,995	23,388	-	48,458	433,620	435,461
Balance, end of year	4,578,808	2,363,261	230,005	1	706,396	7,878,471	7,444,851
Net book value of tangible capital assets	3,554,783	326,534	237,760	-	505,075	4,624,152	4,926,365
2018 Net book value of tangible capital assets	3,721,155	390,529	261,148	-	553,533	4,926,365	

Day Star First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Salaries and benefits	639,800	608,004	574,289
Amortization	-	433,621	435,460
Band support	228,591	250,636	268,629
Contracts	258,798	250,343	292,213
Student expenses	253,642	184,620	186,084
Travel	163,814	179,400	143,311
Repairs and maintenance	116,784	137,533	187,441
Community Development Project Costs	63,844	127,235	204,178
Supplies	132,642	111,987	93,470
Meetings and workshops	109,295	101,779	93,254
Utilities	65,206	75,358	56,296
Professional fees	101,428	58,646	52,939
Rent	-	47,073	3,618
Insurance	11,345	41,115	40,923
Telephone	40,205	38,875	24,656
Interest on long-term debt	-	38,580	23,015
Program expenses	33,218	37,604	39,196
Meals and nutrition	19,628	14,368	11,323
Fuel	12,900	12,426	6,620
Bank charges and interest	9,600	8,441	11,067
Funeral assistance	400	6,438	4,204
Administration	2,365	-	-
Facility fee	-	-	5,800
Miscellaneous	12,220	-	-
Recovery of bad debts	-	(38,459)	(78,955)
	2,275,725	2,725,623	2,679,031

Day Star First Nation
Reserves and Trusts
Schedule 3 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	<i>2019 Budget (Note 22)</i>	<i>2019 Actual</i>	<i>2018 Actual</i>
Revenue			
Indigenous Services Canada	5,000	5,000	5,000
Expenses			
Administration	3,000	3,000	3,000
Travel	1,356	2,073	1,678
Supplies	644	35	123
	5,000	5,108	4,801
(Deficit) surplus	-	(108)	199

Day Star First Nation
Education
Schedule 4 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	346,689	347,606	346,338
Expenses			
Student expenses	186,332	184,620	186,084
Contracts	123,113	124,739	121,965
Meals and nutrition	11,419	10,320	3,973
Travel	6,867	9,355	9,757
Meetings and workshops	7,450	6,564	5,762
Supplies	5,966	5,922	6,751
Program expenses	4,627	4,150	-
Administration	915	-	2,928
	346,689	345,670	337,220
Surplus	-	1,936	9,118

Day Star First Nation
Economic Development
Schedule 5 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Rental income	-	36,664	-
Touchwood Agency Tribal Council	30,000	30,000	30,000
Other	-	5,848	5,490
Interest income	-	11	45
	30,000	72,523	35,535
Expenses			
Contracts	26,415	30,951	41,856
Band support	-	16,194	14,135
Repairs and maintenance	-	10,852	7,300
Amortization	-	9,700	18,800
Meetings and workshops	5,400	8,005	12,600
Program expenses	-	6,850	1,000
Travel	4,800	6,374	9,659
Professional fees	-	845	-
Bank charges and interest	-	226	134
	36,615	89,997	105,484
Deficit	(6,615)	(17,474)	(69,949)

Day Star First Nation
Band Government
Schedule 6 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	218,968	218,970	219,201
First Nations Trust	44,298	70,221	67,490
Other	10,783	16,904	29,960
Interest income	-	92	79
	274,049	306,187	316,730
Expenses			
Salaries and benefits	197,601	204,365	240,189
Rent	-	47,073	3,618
Professional fees	36,500	30,781	41,534
Telephone	16,516	16,516	11,232
Band support	15,597	15,352	28,100
Insurance	725	15,217	13,802
Meetings and workshops	10,476	11,135	9,177
Travel	16,670	10,648	7,952
Bank charges and interest	9,600	8,073	10,618
Funeral assistance	400	6,438	4,203
Contracts	5,680	5,560	40
Supplies	2,259	2,259	2,044
Repairs and maintenance	2,160	925	860
Amortization	-	910	5,235
Recovery of bad debts	-	-	(86,360)
Administration (recovery)	(44,764)	(52,613)	(59,315)
	269,420	322,639	232,929
(Deficit) surplus	4,629	(16,452)	83,801

Day Star First Nation
Operation and Maintenance
Schedule 7 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	193,556	199,256	230,906
First Nation and Inuit Health Branch	32,405	32,405	32,405
Contributions	-	8,798	-
	225,961	240,459	263,311
Expenses			
Amortization	-	353,826	346,279
Salaries and benefits	65,504	68,035	68,450
Repairs and maintenance	35,081	46,117	34,825
Utilities	42,240	44,680	43,653
Contracts	14,200	17,719	65,390
Supplies	17,259	16,237	13,046
Administration	9,528	10,478	9,315
Travel	15,200	9,737	13,910
Insurance	6,121	8,855	6,489
Fuel	9,300	8,067	4,730
Telephone	5,814	5,999	6,768
Meetings and workshops	4,800	1,209	9,750
Professional fees	900	900	539
Program expenses	-	-	350
Bank charges and interest	-	-	155
	225,947	591,859	623,649
(Deficit) surplus	14	(351,400)	(360,338)

Day Star First Nation
Capital
Schedule 8 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	75,538	104,779	352,149
Canada Mortgage and Housing Corporation	41,095	70,445	33,393
First Nations Trust	112,000	86,077	98,377
Other	51,811	29,711	9,815
Rental income	16,816	23,541	24,286
Touchwood Agency Tribal Council	6,428	3,475	5,349
Community Development Corporation	2,500	2,500	-
Interest income	-	7	-
	306,188	320,535	523,369
Expenses			
Contracts	44,095	61,154	43,521
Repairs and maintenance	44,858	35,495	70,072
Salaries and benefits	24,607	35,139	18,418
Utilities	17,566	26,629	8,620
Supplies	39,608	24,414	28,039
Travel	11,850	11,488	7,738
Professional fees	8,285	8,285	-
Insurance	2,299	5,299	5,299
Fuel	3,600	4,359	1,890
Meetings and workshops	3,600	3,775	2,650
Interest on long-term debt	-	2,814	12,478
Bank charges and interest	-	142	159
	200,368	218,993	198,884
Surplus	105,820	101,542	324,485

Day Star First Nation
Social Development
Schedule 9 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	277,288	277,119	282,415
Touchwood Agency Tribal Council	142,923	-	-
	420,211	277,119	282,415
Expenses			
Band support	212,994	219,090	226,395
Salaries and benefits	52,319	18,371	14,630
Program expenses	22,222	18,310	25,624
Contracts	44,916	9,840	9,840
Travel	8,723	6,375	6,826
Meetings and workshops	2,400	2,325	1,450
Administration	3,300	900	5,700
Supplies	4,618	895	510
Telephone	1,400	825	825
Meals and nutrition	-	-	3,366
Student expenses	67,310	-	-
	420,202	276,931	295,166
Surplus (deficit)	9	188	(12,751)

Day Star First Nation
Health
Schedule 10 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
First Nation and Inuit Health Branch	313,400	301,402	308,694
Expenses			
Salaries and benefits	125,967	128,265	108,658
Travel	67,420	85,628	72,163
Meetings and workshops	53,604	49,679	44,620
Administration	23,586	24,197	24,234
Supplies	20,847	18,956	17,358
Telephone	10,800	10,650	3,200
Amortization	-	8,384	8,384
Professional fees	5,743	6,843	2,599
Insurance	2,000	4,277	4,850
Meals and nutrition	8,209	4,048	3,984
Repairs and maintenance	1,500	2,248	2,114
Contracts	-	-	9,600
Facility fee	-	-	5,800
Program expenses	-	-	5,446
Miscellaneous	1,420	-	-
	321,096	343,175	313,010
Deficit	(7,696)	(41,773)	(4,316)

Day Star First Nation
Other

Schedule 11 - Schedule of Revenue and Expenses
For the year ended March 31, 2019

	2019 Budget (Note 22)	2019 Actual	2018 Actual
Revenue			
Indigenous Services Canada	70,000	20,000	8,000
Canada Mortgage and Housing Corporation	16,275	63,903	61,733
Touchwood Agency Tribal Council	296,262	268,085	223,789
Donations	200,000	200,000	200,000
Community Development Corporation	70,562	160,137	302,965
Earnings from investment in Nation business entities	-	86,472	460
Other	51,346	63,925	81,203
Rental income	-	55,320	55,320
First Nations Trust	12,369	10,369	9,649
Interest income	-	1,097	1,038
Contributions (expense)	-	(8,798)	-
	716,814	920,510	944,157
Expenses			
Salaries and benefits	173,802	153,829	123,944
Community Development Project Costs	63,844	127,235	204,178
Amortization	-	60,801	56,762
Supplies	41,441	43,269	25,598
Repairs and maintenance	33,184	41,895	72,271
Travel	30,928	37,721	13,629
Interest on long-term debt	-	35,766	10,537
Meetings and workshops	21,565	19,088	7,245
Administration	6,800	14,038	14,138
Professional fees	50,000	10,992	8,268
Program expenses	6,369	8,294	6,776
Insurance	200	7,467	10,482
Telephone	5,675	4,886	2,632
Utilities	5,400	4,048	4,023
Contracts	380	380	-
Miscellaneous	10,800	-	-
Bad debts (recovery)	-	(38,459)	7,405
	450,388	531,250	567,888
Surplus	266,426	389,260	376,269