

BUFFALO RIVER DENE NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2016

BUFFALO RIVER DENE NATION
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Management's Responsibility for the Consolidated Financial Statements

To the Members of Buffalo River Dene Nation:

The accompanying consolidated financial statements of Buffalo River Dene Nation are the responsibility of management and have been approved by the Council.

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

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

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

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

The external auditors, Bjorn Sigurdson CPA PC Inc. conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to the financial management of Buffalo River Dene Nation and meet when required.

On behalf of Buffalo River Dene Nation:





INDEPENDENT AUDITOR'S REPORT

To the Members of the Buffalo River Dene Nation:

We have audited the accompanying consolidated financial statements of **Buffalo River Dene Nation** which is comprised of the consolidated statement of financial position as of March 31, 2016 and the consolidated statements of operations, changes in net financial assets, surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility of the 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.

Independent Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on my audit. We conducted my 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.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 First Nation's preparation and fair presentation of the 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 First Nation'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.



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Bjorn Sigurdson CPA, CA
Accountant | Financial Consultant

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 financial statements present fairly, in all material aspects, the financial position of **Buffalo River Dene Nation** as at March 31, 2016, and the results of its operation and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

The supplementary information contained in the accompanying schedules is presented for purposes of additional information to the membership and Aboriginal Affairs and Northern Development Canada and does not form part of the consolidated financial statements. The schedules have not been audited other than in the course of my audit of the financial statements to the extent necessary to allow me to render an opinion thereon.

Bjorn Sigurdson CPA Pof Corp

Chartered Professional
Accountants

Saskatoon, Saskatchewan
September 15, 2016



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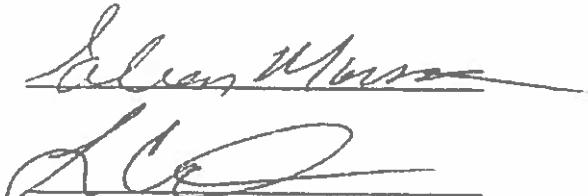
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BUFFALO RIVER DENE NATION

STATEMENT OF FINANCIAL POSITION
as at March 31, 2016

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|----------------------|
| <u>FINANCIAL ASSETS</u> | | |
| Restricted deposits | \$ 601,176 | \$ 827,668 |
| Accounts receivable (Note 2) | 105,276 | 210,912 |
| Advances receivable (Note 3) | 400,000 | 400,000 |
| Trust funds (Note 4) | 58,007 | 57,405 |
| Investments (Note 5) | 868,105 | 874,932 |
| Limited partnership joint ventures (Note 6) | <u>4,111,944</u> | <u>4,892,083</u> |
| | <u>6,144,508</u> | <u>7,263,000</u> |
| <u>FINANCIAL LIABILITIES</u> | | |
| Bank indebtedness | 518,323 | 240,453 |
| Accounts payable (Note 7) | 412,586 | 384,273 |
| Unexpended revenue (Note 8) | 439,333 | 418,596 |
| Funded reserves (Note 9) | 458,653 | 548,956 |
| Term debt (Notes 10 & 11) | <u>3,810,846</u> | <u>4,275,959</u> |
| | <u>5,639,741</u> | <u>5,868,237</u> |
| NET FINANCIAL ASSETS | 504,767 | 1,394,763 |
| <u>NON-FINANCIAL ASSETS</u> | | |
| Tangible capital assets (Note 12) | 14,066,049 | 14,738,229 |
| Prepaid expenses | <u>12,009</u> | - |
| SURPLUS | \$ 14,582,825 | \$ 16,132,992 |

APPROVED BY COUNCIL:



THE ACCOMPANYING NOTES ARE AN INTEGRAL
 PART OF THESE FINANCIAL STATEMENTS

BUFFALO RIVER DENE NATION

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STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended March 31, 2016

| | <u>2016</u> | <u>2015</u> |
|--|-------------------------|-------------------------|
| SURPLUS (DEFICIT) FOR THE YEAR | \$ (867,908) | \$ 246,106 |
| Sale of capital assets | 2,631 | 187,640 |
| Purchase of capital assets | (279,288) | (1,010,145) |
| Amortization of capital assets | 199,135 | 195,945 |
| Receipt of capital transfers | 67,443 | 48,781 |
| Funding agency adjustment | - | (1,804) |
| Prepaid expenses | (12,009) | - |
| INCREASE (DECREASE) IN NET FINANCIAL ASSETS | (889,996) | (333,477) |
| BALANCE, beginning of the year | <u>1,394,763</u> | <u>1,728,240</u> |
| BALANCE, end of the year | \$ 504,767 | \$ 1,394,763 |

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BUFFALO RIVER DENE NATION

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STATEMENT OF OPERATIONS
for the year ended March 31, 2016

| | Budget | | |
|--|-------------------|----------------------|--------------------|
| | 2016 | 2016 | 2015 |
| REVENUE: | | | |
| Grants and Contributions: | | | |
| - Aboriginal Affairs | \$ 5,432,357 | \$ 5,432,357 | \$ 4,294,813 |
| - Meadow Lake Tribal Council | 3,972,620 | 3,948,764 | 3,914,934 |
| - Northern Recreation Committee | 47,000 | 47,000 | 43,987 |
| - Government of Saskatchewan | - | - | 10,500 |
| - Solicitor General | - | - | 5,031 |
| - Health Canada | 112,087 | 112,087 | 121,899 |
| - First Nations Trust Gaming | 400,000 | 473,294 | 480,081 |
| - Northern Lights Community | 152,385 | 152,385 | 108,218 |
| - Waste Management Authority | 262,500 | 262,500 | - |
| Trust fund interest | 1,000 | 1,205 | 2,167 |
| Rentals | 64,000 | 80,371 | 116,997 |
| Earnings distributions and interest | 215,178 | 369,176 | 535,147 |
| Administrative fees | 285,006 | 285,006 | 291,255 |
| Contracting and service fees | 208,855 | 193,561 | 234,091 |
| Expense recoveries and other income | 107,506 | 336,827 | 124,201 |
| Sales tax rebates | 20,000 | 14,558 | 37,497 |
| Housing rentals and subsidy | <u>260,880</u> | <u>260,880</u> | <u>246,008</u> |
| | 11,541,374 | 11,969,971 | 10,566,826 |
| Unexpended revenue - prior year | 418,596 | 418,596 | 562,857 |
| - current year | <u>-</u> | (<u>439,333</u>) | (<u>418,596</u>) |
| | 11,959,970 | 11,949,234 | 10,711,087 |
| EXPENSES | <u>11,593,266</u> | <u>12,416,117</u> | <u>10,528,766</u> |
| SURPLUS (DEFICIT) BEFORE THE UNDERNOTED | 366,704 | (466,883) | 182,321 |
| Limited partnership earnings (loss) | 200,000 | (394,198) | 46,881 |
| Change in investment equity | <u>30,000</u> | (<u>6,827</u>) | <u>16,904</u> |
| SURPLUS (DEFICIT) FOR THE YEAR | \$ 596,704 | \$ (867,908) | \$ 246,106 |

BUFFALO RIVER DENE NATION

STATEMENT OF SURPLUS BALANCES
for the year ended March 31, 2016

| | <u>2016</u> | <u>2015</u> |
|---|---------------|---------------|
| <u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u> | | |
| BALANCE, beginning of the year | \$ 10,518,340 | \$ 11,204,566 |
| PLUS: Capital contributions received | 67,443 | 48,781 |
| LESS: Amortization recorded | (749.702) | (735,007) |
| BALANCE, end of the year | \$ 9,836,081 | \$ 10,518,340 |
| | <u> </u> | <u> </u> |
| <u>SURPLUS, APPROPRIATED FOR INVESTMENTS</u> | | |
| BALANCE, beginning of the year | \$ 874,932 | \$ 858,028 |
| Buffalo River Dene Development Inc. | | |
| - earnings (loss) for the year | - | (642) |
| Meadow Lake Co-op | | |
| - equity allocation | 11,531 | 20,563 |
| - funds distributed | (11,531) | (21,024) |
| - equity adjustment | (17,875) | - |
| Buffalo River Mini Mart & Gas Bar Inc. | | |
| - earnings (loss) for the year | 158,115 | 353,189 |
| - funds distributed | (147,067) | (335,182) |
| BALANCE, end of the year | \$ 868,105 | \$ 874,932 |
| | <u> </u> | <u> </u> |

BUFFALO RIVER DENE NATION

STATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2016

| | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|
| <u>SURPLUS (DEFICIT), APPROPRIATED FOR CMHC HOUSING</u> | | |
| BALANCE, as beginning of the year | \$ (1,804) | \$ - |
| ADJUSTMENTS BY FUNDING AGENCY | - - | (1,804) |
| SURPLUS (DEFICIT) for the year | - - | - - |
| BALANCE, end of the year | \$ (1,804) | \$ (1,804) |
| <u>SURPLUS (DEFICIT), UNAPPROPRIATED</u> | | |
| BALANCE, as beginning of the year | \$ 4,741,524 | \$ 4,512,322 |
| SURPLUS (DEFICIT) FOR THE YEAR | (867,908) | 246,106 |
| | 3,873,616 | 4,758,428 |
| ALLOCATION OF SURPLUS TO APPROPRIATED ACCOUNTS | 6,827 | (16,904) |
| - Investments | - - | - - |
| BALANCE, end of the year | \$ 3,880,443 | \$ 4,741,524 |
| | - - | - - |

BUFFALO RIVER DENE NATION**STATEMENT OF CASH FLOWS**
for the year ended March 31, 2016

| | <u>2016</u> | <u>2015</u> |
|---|----------------------|-------------------|
| OPERATIONS: | | |
| Surplus (Deficit) for the year | \$ (867,908) | \$ 246,106 |
| Plus : amortization | 199,135 | 195,945 |
| : funding agency adjustment | - | (1,804) |
| | <u>(668,773)</u> | <u>440,247</u> |
| Changes in non-cash Working Capital items: | | |
| Accounts receivable | 105,636 | 7,022 |
| Prepaid expenses | (12,009) | - |
| Accounts payable | 28,313 | (70,571) |
| Unexpended revenue | 20,737 | (144,261) |
| | <u>(526,096)</u> | <u>232,437</u> |
| INVESTING ACTIVITIES: | | |
| Sale of capital assets | 2,631 | 187,640 |
| Purchase of capital assets | (279,288) | (1,010,145) |
| Trust equity change | (602) | (1,351) |
| Investment equity change | 6,827 | (16,904) |
| Limited partnership joint venture changes | <u>780,139</u> | <u>97,404</u> |
| | <u>509,707</u> | <u>(743,356)</u> |
| FINANCING ACTIVITIES: | | |
| Receipt of capital funding | 67,443 | 48,781 |
| Proceeds of term debt | 334,952 | 730,555 |
| Repayment of term debt | (800,065) | (726,005) |
| | <u>(397,670)</u> | <u>53,331</u> |
| INCREASE (DECREASE) IN CASH RESOURCES | (414,059) | (457,588) |
| CASH RESOURCES, beginning of the year | 38,259 | 495,847 |
| CASH RESOURCES, end of the year | \$ (375,800) | \$ 38,259 |
| CASH RESOURCES: | | |
| Bank | \$ (518,323) | \$ (240,453) |
| Restricted deposits | 601,176 | 827,668 |
| Funded reserves | (458,653) | (548,956) |
| | <u>\$ (375,800)</u> | <u>\$ 38,259</u> |

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

These summary financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the CICA Public Sector Accounting and Auditing Handbook, which encompasses the following principles:

Common Government Reporting Model

Buffalo River Dene Nation has adopted the common government reporting model, as defined by the CICA Public Sector Accounting Handbook and required for First Nation government bodies for fiscal years beginning on or after January 1, 2009. The changes have been applied retroactively.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Reporting Entity and Principles of Financial Reporting

The Buffalo River Dene Nation reporting entity includes the Buffalo River Dene Nation government and all related entities, which are accountable to the Dene Nation and are either owned or controlled by the Dene Nation.

These financial statements consolidate the assets, liabilities and results of operations for the following entities, which use accounting principles, which lend themselves to consolidation:

- Buffalo River Dene Nation – CMHC Housing Fund

All inter-entity balances have been eliminated on consolidation, but in order to present the results of operations for each specific fund, transactions amongst funds have not necessarily been eliminated on the individual schedules.

Incorporated business entities, which are owned or controlled by the Buffalo River Dene Nation council and which are not dependent on the Dene Nation for their continuing operations, are included in the financial statements using the modified equity method. These include:

Buffalo River Mini Mart & Gas Bar Inc.

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Capital Assets

Property, equipment and infrastructure expenditures incurred are valued at acquisition cost.

Housing units of Buffalo River Dene Nation CMHC Housing Fund are amortized at the same rate as the principal repayment of the mortgages.

Amortization is provided over the estimated economic useful life of the asset on a straight-line basis on the following assets at the following rates:

| | |
|-------------------------|----------------|
| Buildings | 20 to 75 years |
| Housing units | 40 years |
| Vehicles | 4 years |
| Equipment and furniture | 5 to 10 years |
| Trailers | 10 years |
| Roads | 25 years |
| Infrastructure | 20 to 80 years |

2. ACCOUNTS RECEIVABLE:

| | <u>2016</u> | <u>2015</u> |
|---------------------------------------|-------------|---------------|
| Housing rentals | \$ - | \$ 51,220 |
| Housing subsidy receivable | 46,054 | 10,808 |
| MLTC Program Services | 8,835 | 65,907 |
| Northern Lights Community Development | 39,342 | 14,585 |
| Saskatchewan Highways | - | 6,300 |
| MLTC Health & Social Development | - | 3,264 |
| Payroll advances | 10,216 | 8,071 |
| Expense recoveries | <u>829</u> | <u>50,757</u> |
| | <hr/> | <hr/> |
| | \$ 105,276 | \$ 210,912 |
| | <hr/> | <hr/> |

3. ADVANCES RECEIVABLE:

The Dene Nation has made an advance to Buffalo River Mini Mart & Gas Bar Inc. of \$400,000 (2015 - \$400,000), which is unsecured, non-interest bearing and not subject to a fixed repayment schedule. Advances were made to purchase term deposits which are being held as security for bank operating lines of credit.

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2016

4. TRUST FUNDS:

The following funds are held in trust for the Dene Nation by Aboriginal Affairs and Northern Development Canada:

| | <u>Capital</u> | <u>Revenue</u> | <u>Total</u> |
|---------------------------|------------------|------------------|------------------|
| Balance, March 31, 2015 | \$ 31,881 | \$ 25,523 | \$ 57,405 |
| Plus: Interest | - | 1,205 | 1,205 |
| Less: Interest adjustment | <u>-</u> | <u>(603)</u> | <u>(603)</u> |
| Balance, March 31, 2016 | <u>\$ 31,881</u> | <u>\$ 26,125</u> | <u>\$ 58,007</u> |
| | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

5. INVESTMENTS:

The First Nation holds the following investments:

| | <u>2016</u> | <u>2015</u> |
|--|-------------------|-------------------|
| Innovation Credit Union patronage equity account | \$ 468 | \$ 468 |
| Meadow Lake Co-op patronage equity account | 37,860 | 55,735 |
| Buffalo River Mini Mart & Gas Bar Inc. | | |
| - Share capital | 100 | 100 |
| - Contributed capital | 88,252 | 88,252 |
| - Retained earnings | 740,482 | 729,434 |
| First Nations Bank | | |
| - 537 Class A common shares | 940 | 940 |
| MLDC Program Services | | |
| - 1 Class A common share (11%) | 1 | 1 |
| MLDC Investment Co. Ltd. | | |
| - 1 Class A common share (11%) | 1 | 1 |
| MLTC Resource Development Inc. | | |
| - 1 Class A common share | <u>1</u> | <u>1</u> |
| | <u><u> </u></u> | <u><u> </u></u> |
| | <u>\$ 868,105</u> | <u>\$ 874,932</u> |
| | <u><u> </u></u> | <u><u> </u></u> |

Buffalo River Mini Mart made an earnings distribution of \$147,067 (2015 - \$335,182) to the First Nation

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

6. LIMITED PARTNERSHIPS AND JOINT VENTURES:

The First Nation has the following holdings:

1) MLTC Resource Development Limited Partnerships (11.1% interest):

| | <u>2016</u> | <u>2015</u> |
|--------------------------------|------------------|------------------|
| BALANCE, beginning of the year | \$ 4,686,541 | \$ 4,789,660 |
| PLUS: share of earnings | (394,198) | 46,881 |
| LESS: distribution received | (450,000) | (150,000) |
| BALANCE, end of the year | <u>3,842,343</u> | <u>4,686,541</u> |

2) Mudjatik Enterprises Joint Venture:

| | | |
|--------------------------------|----------------------------|----------------------------|
| BALANCE, beginning of the year | \$ 205,542 | \$ 199,827 |
| PLUS: share of earnings | 210,578 | 179,400 |
| LESS: distribution received | (146,519) | (173,685) |
| BALANCE, end of the year | <u>269,601</u> | <u>205,542</u> |
| | <u><u>\$ 4,111,944</u></u> | <u><u>\$ 4,892,083</u></u> |

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2016

7. ACCOUNTS PAYABLE:

| | <u>2016</u> | <u>2015</u> |
|--------------------------------------|-------------------|-------------------|
| Accrued capital housing costs | \$ - | \$ 7,613 |
| Accrued mortgage interest | 2,384 | 2,365 |
| Employee payroll deductions | 9,587 | 11,670 |
| Employee pension contributions | 43,113 | 12,480 |
| Employee insurance contributions | 19,501 | 6,452 |
| Legal fees | 95,690 | 45,689 |
| Buffalo River Mini Mart | 54,223 | 118,357 |
| Trade creditors | 83,825 | 127,884 |
| Housing reserve obligations (Note 9) | 104,263 | (5,736) |
| Capital asset purchases | <u>-</u> | <u>57,499</u> |
| | <u>\$ 412,586</u> | <u>\$ 384,273</u> |

8. UNEXPENDED REVENUE:

The First Nation has the following unexpended (overexpended) revenue:

| | <u>Sch</u> | <u>2016</u> | <u>2015</u> |
|-------------------------|------------|-------------------|-------------------|
| Instruction | 2 | \$ - | \$ 151,812 |
| Benefits | 15 | (11,706) | (15,420) |
| Capital Water and Sewer | 18 | 366,414 | 111,006 |
| Capital School Upgrade | 19 | 84,625 | 165,817 |
| Tuberculosis | 26 | <u>-</u> | <u>5,381</u> |
| | | <u>\$ 439,333</u> | <u>\$ 418,596</u> |

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2016

9. FUNDED RESERVES:

Under the terms of an agreement with Canada Mortgage and Housing Corporation, the First Nation is required to fund both an asset replacement reserve and an operations surplus reserve. Use of the funded reserves is subject to the terms of the agreement. As for the fiscal year end the reserve obligation is:

| | <u>2016</u> | <u>2015</u> |
|--------------------------|----------------|----------------|
| Total obligation | \$ 562,916 | \$ 543,220 |
| Funds on deposit | <u>458,653</u> | <u>548,956</u> |
| Payable balance (Note 7) | \$ 104,263 | \$ (5,736) |

10. TERM DEBT:

| TERM DEBT: | 2016 | 2015 |
|---|--------------|--------------|
| 1) First Nations Bank # 1- proceeds of which were used to repay existing loans, fund a contribution to a CMHC housing program and provide working capital. The loan is repayable in quarterly instalments of \$67,083 plus interest monthly at 5.35%. | \$ 1,490,717 | \$ 1,759,050 |
| 2) First Nations Bank # 2 – proceeds of which were used to fund working capital, complete capital projects and fund reserve accounts. The loan is repayable in annual instalments of \$150,000 plus monthly instalments of \$4,808 plus interest 5.35%. | 236,639 | 444,231 |
| 3) First Nations Bank # 3 – proceeds of which were used to fund working capital. The loan is repayable in monthly instalments of \$4,167 plus interest at 5.35%. | 62,500 | 112,500 |
| 4) First Nations Bank # 4 – proceeds of which were used to payout a finance contract. | - | 70,576 |
| 5) First Nations Bank # 5 – proceeds of which were used to finance legal costs. The loan is repayable in monthly instalments of \$5,000 plus interest at 5.35%. | 120,000 | 180,000 |

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

10. TERM DEBT: (Continued)

| | <u>2016</u> | <u>2015</u> |
|---|--------------|--------------|
| 6) First Nations Bank # 6 – proceeds of which were used to purchase equipment. The loan is repayable in quarterly instalments of \$20,000 plus interest monthly at 5.35%. | \$ 231,708 | \$ - |
| 7) Royal Bank finance contract to purchase a vehicle. Payments are \$656 per month including interest at 4.99%. | 14,363 | - |
| 8) Royal Bank finance contract to purchase a vehicle. Payments are \$1,067 per month with interest at 4.99%. | 23,373 | - |
| | <hr/> | <hr/> |
| | \$ 2,179,300 | \$ 2,566,357 |
| | <hr/> | <hr/> |

The amount of debt repayable in subsequent periods is estimated to be:

| | |
|------|----------------|
| 2017 | \$ 685,254 |
| 2018 | 466,288 |
| 2019 | 340,041 |
| 2020 | 268,333 |
| 2021 | 268,333 |
| 2022 | <u>151,051</u> |
| | <hr/> |
| | \$ 2,179,300 |
| | <hr/> |

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

11. RENTAL MORTGAGES:

| | <u>2016</u> | <u>2015</u> |
|--|---|---|
| <u>Phase 2</u> CMHC mortgage | \$ - | \$ 1,118 |
| <u>Phase 4</u> CMHC mortgage with payments of \$1,698 per month including interest at the rate of 2.63%. Renewal date June 1, 2016. | 181,688 | 197,076 |
| <u>Phase 5</u> CMHC mortgage with payments of \$1,524 per month including interest at the rate of 1.53%. Renewal date December 1, 2017. | 263,025 | 218,922 |
| <u>Phase 6</u> CMHC mortgage with payments of \$1,450 per month including interest at the rate of 1.05%. Renewal date April 1, 2020. | 226,386 | 241,147 |
| <u>Phase 7</u> CMHC mortgage with payments of \$4,068 per month including interest at the rate of 2.18%. Renewal date December 1, 2019. | 540,235 | 576,871 |
| <u>Phase 8</u> CMHC mortgage with payments of \$3,118 per month including interest at the rate of 3.23%. Renewal date is May 1, 2020. | 480,212 | 474,468 |
| | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> |
| | \$ 1,631,546 | \$ 1,709,602 |
| | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> |

The amount of debt to be repaid in subsequent years is estimated at:

| | | |
|------------|------------------|---|
| Year ended | 2017 | \$ 102,000 |
| | 2018 | 108,000 |
| | 2019 | 115,000 |
| | 2020 | 123,000 |
| | 2021 | 132,000 |
| | Subsequent years | <u>1,051,546</u> |
| | | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> |
| | | \$ 1,631,546 |
| | | <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> |

BUFFALO RIVER DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2016

12. CAPITAL ASSETS:

The major categories of capital assets are:

| | <u>2016</u> | <u>2015</u> |
|-------------------|-------------------|-------------------|
| <u>Cost</u> | | |
| Rental housing | \$ 3,354,324 | \$ 3,432,319 |
| Buildings | 9,771,662 | 9,771,662 |
| Equipment | 238,421 | 217,874 |
| Vehicles | 716,607 | 716,607 |
| Machinery | 651,629 | 461,629 |
| Trailers | 475,742 | 439,634 |
| Rental residences | 868,792 | 868,792 |
| Infrastructure | 5,871,832 | 5,871,832 |
| Roads | 254,483 | 254,483 |
| Houses | <u>14,033,399</u> | <u>14,000,766</u> |
| | 36,236,891 | 36,035,598 |

Accumulated Amortization

| | | |
|-------------------|-------------------|-------------------|
| Rental housing | 699,286 | 690,849 |
| Buildings | 3,977,048 | 3,781,614 |
| Equipment | 174,681 | 156,478 |
| Vehicles | 598,547 | 535,916 |
| Machinery | 461,529 | 378,629 |
| Trailers | 412,936 | 409,275 |
| Rental residences | 567,020 | 532,269 |
| Infrastructure | 2,987,336 | 2,869,899 |
| Roads | 254,483 | 254,483 |
| Houses | <u>12,037,976</u> | <u>11,687,957</u> |
| | 22,170,842 | 21,297,369 |

Net Book Value \$ 14,066,049 \$ 14,738,229

13. CONTINGENCIES:

Buffalo River Dene Nation has provided a guarantee of \$400,000 on the bank indebtedness of Buffalo River Mini Mart & Gas Bar Inc. At March 31, 2016 the outstanding bank indebtedness of the above organizations was \$148,414. Buffalo River Mini Mart & Gas Bar Inc. is a wholly owned businesses of the Dene Nation. The bank indebtedness is fully secured by pledged term deposits.

BUFFALO RIVER DENE NATION**NOTES TO THE FINANCIAL STATEMENTS**
for the year ended March 31, 2016**14. FINANCIAL INSTRUMENTS:**

The First Nation, as part of its operations, carries a number of financial instruments which include term deposit, accounts/advances receivable, trust funds, investments, bank indebtedness, accounts/advances payable, unexpended revenue, and term debt. The carrying amounts of the First Nation's financial instruments approximates their market value due to their relatively short-term maturity or capacity for prompt liquidation. It is the management's opinion that the First Nation is not exposed to significant liquidity, interest rate, or credit risk arising from these financial instruments.

15. COMPARATIVE NUMBERS:

Prior year's comparative amounts have been reclassified where necessary to conform to the current year's presentation.

BUFFALO RIVER DENE NATION**SCHEDULE OF REVENUE AND EXPENSES BY ACTIVITY**
for the year ended March 31, 2016

| | <u>Sch</u> | <u>Revenue</u> | <u>Expenses</u> | <u>Revenue Adjust</u> | <u>Surplus (Deficit)</u> |
|-------------------------|------------|------------------|------------------|---------------------------|------------------------------|
| RESERVES: | | | | | |
| Registry | 1 | \$ 9,997 | 9,997 | - | \$ - |
| EDUCATION: | | | | | |
| Instruction | 2 | 1,550,251 | 1,796,056 | 151,812 | (93,993) |
| Transportation | 3 | 133,565 | 133,806 | - | (241) |
| Post Secondary | 3 | 459,660 | 460,334 | - | (674) |
| Support | 4 | 106,153 | 109,150 | - | (2,997) |
| Low Cost | 4 | 132,339 | 132,339 | - | - |
| Behaviour Modification | 5 | 179,298 | 179,298 | - | - |
| Enhanced | 5 | 54,788 | 59,361 | - | (4,573) |
| Student Success | 6 | <u>220,935</u> | <u>252,217</u> | <u>-</u> | <u>(31,282)</u> |
| | | <u>2,836,989</u> | <u>3,122,561</u> | <u>151,812</u> | <u>(133,760)</u> |
| SOCIAL SERVICES: | | | | | |
| Assistance | 7 | 1,420,376 | 1,662,244 | - | (241,868) |
| Special Needs | 7 | 161,968 | 161,968 | - | - |
| National Child Benefit | 8 | - | 19,378 | - | (19,378) |
| Home Care | 9 | 42,484 | 49,568 | - | (7,084) |
| Assisted Living | 9 | <u>27,800</u> | <u>27,800</u> | <u>-</u> | <u>-</u> |
| | | <u>1,652,628</u> | <u>1,920,958</u> | <u>-</u> | <u>(268,330)</u> |
| INFRASTRUCTURE: | | | | | |
| Electrification | 10 | 21,115 | 22,772 | - | (1,657) |
| Community Building | 10 | 281,103 | 281,103 | - | - |
| Roads | 11 | 195,218 | 195,218 | - | - |
| Fire Protection | 11 | 16,092 | 16,281 | - | (189) |
| Water | 12 | 206,248 | 206,248 | - | - |
| Water Salaries | 12 | 42,075 | 42,138 | - | (63) |
| Sanitation | 13 | 114,137 | 117,040 | - | (2,903) |
| Facility Insurance | 13 | 83,937 | 83,937 | - | - |
| School Maintenance | 14 | 346,436 | 346,912 | - | (476) |
| Teacherage | 15 | 18,005 | 19,156 | - | (1,151) |
| Other Protection | 15 | <u>8,145</u> | <u>8,145</u> | <u>-</u> | <u>-</u> |
| | | <u>1,332,511</u> | <u>1,338,950</u> | <u>-</u> | <u>(6,439)</u> |

BUFFALO RIVER DENE NATIONSCHEDULE OF REVENUE AND EXPENSES BY ACTIVITY
for the year ended March 31, 2016

| | <u>Sch</u> | <u>Revenue</u> | <u>Expenses</u> | <u>Revenue Adjust</u> | <u>Surplus (Deficit)</u> |
|----------------------|------------|------------------|------------------|---------------------------|------------------------------|
| BAND SUPPORT: | | | | | |
| Administration | 16 | \$ 924,989 | 1,188,164 | - | \$ (263,175) |
| Benefits | 17 | 92,272 | 88,558 | (3,714) | - |
| Service Delivery | 17 | 73,595 | 101,146 | - | (27,551) |
| Benefits | 18 | 42,750 | 68,769 | - | (26,019) |
| | | <u>1,133,606</u> | <u>1,446,637</u> | <u>(3,714)</u> | <u>(316,745)</u> |
| CAPITAL: | | | | | |
| Housing | 19 | - | - | - | - |
| Renovations | 19 | 141,332 | 256,596 | - | (115,264) |
| Water | 20 | 300,000 | 44,592 | (255,408) | - |
| School Upgrade | 21 | 871,731 | 952,923 | 81,192 | - |
| | | <u>1,313,063</u> | <u>1,254,111</u> | <u>(174,216)</u> | <u>(115,264)</u> |
| HEALTH: | | | | | |
| Management | 22 | 141,728 | 118,098 | - | 23,630 |
| Community Health | 23 | 105,286 | 92,143 | - | 13,143 |
| Addictions | 24 | 66,732 | 66,359 | - | 373 |
| Home Care | 24 | 104,945 | 90,668 | - | 14,277 |
| FASD | 25 | 45,692 | 59,751 | - | (14,059) |
| Family Life | 26 | 107,136 | 107,796 | - | (660) |
| Nursing | 27 | 463,569 | 481,327 | - | (17,758) |
| Tuberculous | 28 | 35,000 | 31,092 | 5,381 | 9,289 |
| Transportation Clerk | 29 | 35,000 | 33,082 | - | 1,918 |
| Child and Family | 30 | 147,309 | 148,754 | - | (1,445) |
| Prevention | 30 | 83,936 | 75,771 | - | 8,165 |
| Daycare | 31 | 161,356 | 163,628 | - | (2,272) |
| Programming | 33 | 30,754 | 30,977 | - | (223) |
| Nursing Rental | 32 | 29,508 | 36,950 | - | (7,442) |
| Domestic Violence | 33 | 12,000 | 12,000 | - | - |
| Facility Management | 34 | 54,069 | 42,082 | - | 11,987 |
| Water Technician | 34 | 14,746 | 14,746 | - | - |
| Headstart | 35 | 78,990 | 83,997 | - | (5,007) |
| Threat and Risk | 36 | 86,938 | 94,765 | - | (7,827) |
| Youth Suicide | 37 | 9,832 | 9,450 | - | 382 |
| Maternal Child | 37 | 34,495 | 38,595 | - | (4,100) |
| | | <u>1,849,021</u> | <u>1,832,031</u> | <u>5,381</u> | <u>22,371</u> |

BUFFALO RIVER DENE NATIONSTATEMENT OF REVENUE AND EXPENSES BY ACTIVITY
for the year ended March 31, 2016

| | <u>Sch</u> | <u>Revenue</u> | <u>Expenses</u> | <u>Revenue/Cost Adjust</u> | <u>Surplus (Deficit)</u> |
|------------------------|------------|----------------------|-------------------|--------------------------------|------------------------------|
| OTHER PROGRAMS: | | | | | |
| Summer Student | 38 | \$ 33,034 | 33,258 | - | \$ (224) |
| Justice | 39 | 40,771 | 40,859 | - | (88) |
| CRIF Training | 39 | 99,170 | 91,264 | - | 7,906 |
| Police Board | 40 | - | 15,249 | - | (15,249) |
| Elder Support | 40 | 20,000 | 24,921 | - | (4,921) |
| Economic Development | 41 | 56,088 | 65,323 | - | (9,235) |
| Fire Suppression | 42 | 194,209 | 202,874 | - | (8,665) |
| Brush Clearing | 42 | 112,075 | 97,861 | - | 14,214 |
| RCMP Rentals | 43 | 31,392 | 25,920 | - | 5,472 |
| Housing Rent | 43 | 25,871 | 7,685 | - | 18,186 |
| Ottawa Trust | 44 | 1,205 | - | - | 1,205 |
| Evacuation | 44 | 35,831 | 35,831 | - | - |
| Hot Meals | 45 | 111,734 | 78,430 | - | 33,304 |
| Active Measures | 45 | 25,848 | 26,010 | - | (162) |
| Northern Recreation | 46 | 47,118 | 47,167 | - | (49) |
| Northern Lights | 47 | 102,385 | 99,367 | - | 3,018 |
| Cultural Support | 47 | 24,400 | 24,618 | - | (218) |
| Own Source Revenue | 48 | 357,645 | 50,397 | - | 307,248 |
| Nuclear Waste | 49 | <u>262,500</u> | <u>262,958</u> | <u>-</u> | <u>(458)</u> |
| | | <u>1,581,276</u> | <u>1,229,992</u> | <u>-</u> | <u>351,284</u> |
| APPROPRIATED: | | | | | |
| CMHC Housing | 50 | <u>260,880</u> | <u>260,880</u> | <u>-</u> | <u>-</u> |
| | | <u>\$ 11,969,971</u> | <u>12,416,117</u> | <u>(20,737)</u> | <u>\$ (466,883)</u> |