



**Buffalo River Dene Nation
Consolidated Financial Statements**

March 31, 2018



Buffalo River Dene Nation

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For the year ended March 31, 2018

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Management's Responsibility



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 Chief and Council.

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 consolidated financial statements.

The Buffalo River Dene Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors.

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

July 26, 2018

Signed By: Colin Catarat

Administrator

Independent Auditors' Report

To the Members of Buffalo River Dene Nation:

We have audited the accompanying consolidated financial statements of Buffalo River Dene 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, cash flows and the related schedules 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 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 Buffalo River Dene 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.

Saskatoon, Saskatchewan

July 26, 2018

MNP LLP

Chartered Professional Accountants



Buffalo River Dene Nation
Consolidated Statement of Financial Position
As at March 31, 2018

2018 **2017**

Financial assets

Current

Cash and cash equivalents	210,276	81,281
Accounts receivable (Note 4)	496,625	256,777
Restricted cash (Note 5)	301,919	235,816
	1,008,820	573,874
Portfolio investments (Note 6)	8,342	8,342
Advances to Buffalo River Mini Mart & Gas Bar Inc. (Note 7)	254,951	254,951
Investments in Nation business entities (Note 8)	802,902	686,762
Funds held in trust (Note 9)	45,336	59,703
Restricted cash (Note 5)	156,789	257,733
Total financial assets	2,277,140	1,841,365

Liabilities

Current

Bank indebtedness (Note 10)	524,879	1,036,295
Accounts payable and accruals	817,002	635,070
Deferred revenue (Note 11)	1,540,018	376,482
Current portion of long-term debt (Note 12)	688,824	686,112
Current portion of capital lease obligations (Note 13)	70,080	62,384
	3,640,803	2,796,343
Long-term debt (Note 12)	5,563,651	3,392,067
Capital lease obligations (Note 13)	188,140	255,168
Total financial liabilities	9,392,594	6,443,578
Net debt	(7,115,454)	(4,602,213)

Non-financial assets

Tangible capital assets (Note 14)	21,747,678	16,543,150
Accumulated surplus (Note 15)	14,632,224	11,940,937

Approved by:

Signed By: Eileen Morrison

Chief

Signed By: Wesley Sylvestre

Councillor

Signed By: Terrance Billette

Signed By: Debbie Billette



Buffalo River Dene Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2018

	<i>Schedules</i>	<i>2018 Budget (Note 18)</i>	<i>2018 Actual</i>	<i>2017 Actual</i>
Revenues				
Indigenous Services Canada (Note 16)		4,655,688	8,930,057	6,182,649
MLTC Program Services Inc.		894,372	2,719,958	2,497,533
Meadow Lake Health & Social Development Authority Inc.		1,301,909	1,452,254	1,402,265
Meadow Lake Tribal Council CFS Inc.		231,245	231,245	231,245
Canada Mortgage and Housing Corporation		-	498,468	230,436
Health Canada		116,000	97,539	124,016
Other revenue		199,663	814,093	584,895
First Nations Trust		493,495	459,631	453,119
Expense recoveries		(71,599)	176,467	72,324
Earnings from investment in Nation business entities (Note 8)		400,000	175,543	21,226
Investment income		-	171,379	150,004
Rental income		83,455	156,581	153,849
Northern Lights Community Development Corporation		25,456	97,787	115,372
NCSRC		43,050	58,600	53,400
Government of Saskatchewan		163,135	47,393	42,970
User fees		22,000	7,802	11,608
		8,557,869	16,094,797	12,326,911
Program expenses				
Administration	3	1,078,028	2,211,309	1,498,754
Community Infrastructure	4	1,225,613	1,635,117	1,430,740
Education	5	2,794,499	3,682,576	3,314,530
Health	6	1,898,082	2,049,594	1,996,427
Capital	7	290,247	1,589,281	1,633,841
Other Programs	8	835,035	704,295	833,035
Social Development	9	140,080	1,902,349	1,826,960
		8,261,584	13,774,521	12,534,287
Surplus (deficit) before other items		296,285	2,320,276	(207,376)
Other income				
Gain on disposal of tangible capital assets		-	371,011	-
Surplus (deficit)		296,285	2,691,287	(207,376)
Accumulated surplus, beginning of year		11,940,937	11,940,937	12,148,313
Accumulated surplus, end of year (Note 15)		12,237,222	14,632,224	11,940,937



Buffalo River Dene Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Annual surplus (deficit)	296,285	2,691,287	(207,376)
Purchases of tangible capital assets	-	(6,483,095)	(1,872,279)
Purchase of assets under capital lease	-	-	(335,398)
Amortization of tangible capital assets	-	1,038,725	943,581
Gain on disposal of tangible capital assets	-	(371,011)	-
Proceeds on disposal of tangible capital assets	-	610,853	-
Use of prepaid expenses	-	-	12,009
Decrease (increase) in net debt	296,285	(2,513,241)	(1,459,463)
Net debt, beginning of year	(4,602,213)	(4,602,213)	(3,142,750)
Net debt, end of year	(4,305,928)	(7,115,454)	(4,602,213)

The accompanying notes are an integral part of these financial statements



Buffalo River Dene Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2018

2018

2017

Cash provided by (used for) the following activities

Operating activities

Surplus (deficit)	2,691,287	(207,376)
Non-cash items		
Amortization	1,038,725	943,581
Gain on disposal of tangible capital assets	(371,011)	-
Earnings (loss) from investment in Nation business entities	(175,543)	(21,226)
	3,183,458	714,979
Changes in working capital accounts		
Accounts receivable	(239,848)	(139,795)
Prepaid expenses	-	12,009
Restricted cash	34,841	107,627
Accounts payable and accruals	181,932	284,445
Deferred revenue	1,163,536	26,026
	4,323,919	1,005,291

Financing activities

Advances of long-term debt	4,597,754	2,724,277
Repayment of long-term debt	(2,423,458)	(2,456,945)
Repayment of capital lease obligations	(59,332)	(17,846)
Increase (decrease) in bank indebtedness (net)	(511,416)	484,196
	1,603,548	733,682

Capital activities

Purchases of tangible capital assets	(6,483,095)	(1,872,279)
Proceeds on disposal of tangible capital assets	610,853	-
	(5,872,242)	(1,872,279)

Investing activities

Decrease (increase) in funds held in trust	14,367	(1,697)
Distributions from investments in Nation business entities	59,403	37,458
Repayment of advances to related parties	-	145,049
	73,770	180,810

Increase in cash resources

Cash resources, beginning of year	128,995	47,504
Cash resources, end of year	210,276	81,281



Buffalo River Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

1. Operations

The Buffalo River Dene Nation (the "Dene Nation") is located in the province of Saskatchewan, and provides various services to its Members. The Buffalo River Dene Nation financial reporting entity includes the Dene Nation's government and all related entities that are accountable to the Dene Nation and are either owned or controlled by the Dene Nation.

2. Change in accounting policy

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 have been prepared in accordance with Canadian public sector accounting standards as set out in the CPA Canada Handbook - Public Sector Accounting as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Reporting entity

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

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

- Buffalo River Dene Nation
- Buffalo River Dene Nation CMHC Housing Program

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.

Buffalo River Dene Nation business entities, owned or controlled by the Dene Nation's Council but not dependent on the Dene 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 Dene Nation. Thus, the Dene 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. The following entity is accounted for by the modified equity basis:

- Buffalo River Mini Mart & Gas Bar Inc. 100% interest

Other economic interests

The Dene Nation does not either share in the control or the profit or loss of the following entities. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of Buffalo River Dene Nation.

- The Dene Nation is a member of Meadow Lake Tribal Council. The Tribal Council is an organization of nine Nations.



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

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

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses 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.

Cash and cash equivalents

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.

Portfolio investments

Portfolio investments which are owned by Buffalo River Dene Nation but not controlled or influenced by the Dene Nation are accounted for using the cost method. Any impairment in these investments which is other than temporary is charged against the amount the investment is reported on by the Government of Canada.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Dene Nation members by the Government of Canada consist of:

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

Revenues from trust moneys are recognized when measurable earned and collection is reasonably assured. These money's are reported on by the

Tangible capital assets

Tangible capital assets are initially recorded at cost. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	10-50 years
Equipment	straight-line	4-5 years
Infrastructure	straight-line	5-25 years
Equipment under capital lease	straight-line	4 years

Assets under construction are not amortized until they are put into use. Land is not amortized.

The Dene Nation holds original reserve land. This land is recognized in the Dene Nation's consolidated financial statements at a nominal value.

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.



Buffalo River Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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

Net debt

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

Revenue recognition

Non-government funding

Funding is recognized as it becomes receivable 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.

Government transfers

The Dene 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 Dene Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

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

Segments

The Dene Nation conducts its business through 7 reportable segments:

- Administration - includes the administration and governance activities.
- Community Infrastructure - includes the operations and maintenance of the Dene Nation's buildings and infrastructure.
- Education - includes the operations of education programs.
- Health - includes the operations of health and community wellness programming.
- Capital - includes the operations and maintenance of all on reserve housing and capital construction.
- Social Development - includes all activities relating to income assistance for membership.
- Other Programs - includes all other band activities of the Dene Nation.

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. Inter program administration fees have been recorded based on a percentage of budgeted revenue, where permitted by the funder.

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



Buffalo River Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2018

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

Use of estimates

The preparation of consolidated 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 consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary.

Amortization is based on the estimated useful lives of tangible capital assets.

Legal provisions are recorded when the likelihood of loss and amount of settlement can be determined.

Liabilities for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Dene Nation is responsible for.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2018.

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

No liability has been recorded at March 31, 2018.

4. Accounts receivable

	2018	2017
Other	337,268	125,112
Meadow Lake Tribal Council	70,315	93,460
CMHC	49,083	13,024
Employee advances	39,959	25,181
	<hr/> 496,625	<hr/> 256,777



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

5. Restricted cash

	2018	2017
Current:		
Capital projects bank	301,919	235,816
Long-term:		
CMHC replacement reserve bank	72,821	14,925
CMHC replacement reserve guaranteed investment certificate	52,569	232,400
CMHC operating reserve bank	31,399	10,408
	156,789	257,733
	458,708	493,549

6. Portfolio investments

	2018	2017
Measured at cost:		
Mudjatik Enterprises Joint Venture	7,400	7,400
First Nations Bank	940	940
MLTC Resource Development Limited Partnership	1	1
MLTC Resource Development Inc.	1	1
	8,342	8,342

7. Advances to Buffalo River Mini Mart & Gas Bar Inc.

The advance bears no interest and has no fixed terms of repayment. Buffalo River Mini Mart & Gas Bar Inc. is a wholly owned business of Buffalo River Dene Nation.

8. Investments in Nation business entities

The First Nation has investments in the following entities:

	<i>Opening</i>	<i>Share of earnings</i>	<i>Distributions</i>	<i>2018 Total investment</i>
Buffalo River Mini Mart & Gas Bar	686,762	175,543	(59,403)	802,902

Continued on next page



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

8. Investments in Nation business entities *(Continued from previous page)*

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

<i>Buffalo River Mini Mart & Gas Bar Inc. As at March 31, 2018</i>	
Assets	
Cash	101,601
Guaranteed investment certificate	225,823
Trade and other receivables	348,307
Inventories	258,326
Property and equipment	278,243
Total assets	1,212,300
Liabilities	
Trade and other payables	154,443
Advances from related parties	254,951
Total liabilities	409,394
Total equity	802,906
Total revenue	4,544,624
Total expenses	4,369,081
Net income	175,543

During the year, the First Nation purchased supplies from Buffalo River Mini Mart & Gas Bar at their exchange amount.

9. Funds held in trust

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Department of Indigenous Services Canada, with the consent of the First Nation's Council.

	2018	2017
Capital Trust		
Balance, beginning and end of year	31,881	31,881
Revenue Trust		
Balance, beginning of year	27,822	26,125
Interest	633	1,697
Less: Transfers to Nation	15,000	-
Balance, end of year	13,455	27,822
	45,336	59,703

Transfer - \$15,000 BCR #17-18-49 * For installation of 4G LTE cellular network on existing cell tower. The expense is recorded to the Administration Segment as a contracted services expense.



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

10. Bank indebtedness

Bank indebtedness is represented by bank balances less outstanding cheques. At March 31, 2018 the Dene Nation has a line of credit available of \$500,000 (2017 - \$500,000). At March 31, 2018, \$nil (2017 - \$482,935) had been drawn against the line of credit. The line of credit charges interest at bank prime plus 2.00% and is secured by redirection of ISC funding.

11. Deferred revenue

Deferred revenues represent the amount of funds received by the Dene Nation that relate to the future fiscal periods or that must be spent on certain projects that are incomplete at year-end.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Amounts received</i>	<i>Amounts expended in current year</i>	<i>Balance, end of year</i>
ISC - Water Treatment Plant	92,823	4,935,000	4,003,950	1,023,873
ISC - Fire Truck	5,154	-	-	5,154
ISC - School Crawl Space	85,897	-	9,000	76,897
ISC - New Elementary School	56,312	-	37,145	19,167
ISC - School Controls	28,678	-	5,968	22,710
MLTC Program Services Inc. - CRIF	107,618	431,685	204,040	335,263
MLHSDA Inc. - Jordan's Principal	-	85,680	28,726	56,954
	376,482	5,452,365	4,288,829	1,540,018



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Long-term debt

	2018	2017
First Nations Bank Consolidation Loan, interest at prime plus 2.90%, maturity date of April 2025 with interest paid monthly and principal of \$81,563 paid quarterly, secured by a general security agreement.	2,353,781	-
First Nations Bank Loan, to finance the purchase of equipment, interest at prime plus 1.90%, maturity date of March 2021, repayable in monthly principal payments of \$2,778 plus interest, secured by a general security agreement.	100,000	-
First Nations Bank Loan, to finance the purchase of equipment, interest at prime plus 2.00%, maturity date of January 2019 with interest paid monthly and principal of \$20,000 paid quarterly, secured by a general security agreement.	71,408	151,708
First Nations Bank Consolidation Loan, repaid during the year.	-	1,870,000
First Nations Bank Loan, to fund working capital, complete capital projects and fund reserve account, repaid during the year.	-	28,846
Royal Bank Loan, to finance the purchase of a vehicle, repaid during the year.	-	11,465
Royal Bank Loan, to finance the purchase of a vehicle, repaid during the year.	-	7,042
CMHC housing mortgage - Phase IV, interest at 1.05%, maturity date of May 2026, repayable in monthly principal and interest payments of \$1,576. Secured by a ministerial guarantee.	147,910	165,168
CMHC housing mortgage - Phase V, interest at 1.53%, maturity date of October 2027, repayable in monthly principal and interest payments of \$1,594. Secured by a ministerial guarantee.	170,559	186,870
CMHC housing mortgage - Phase VI, interest at 1.05%, maturity date of March 2030, repayable in monthly principal and interest payments of \$1,449. Secured by a ministerial guarantee.	196,038	211,289
CMHC housing mortgage - Phase VII, interest at 2.18%, maturity date of November 2028, repayable in monthly principal and interest payments of \$4,069. Secured by a ministerial guarantee.	464,454	502,742
CMHC housing mortgage - Phase VIII, interest at 1.23%, maturity date of May 2030, repayable in monthly principal and interest payments of \$3,042. Secured by a ministerial guarantee.	412,465	443,707
CMHC housing mortgage - Phase IX, interest at 2.13%, maturity date of October 2032, repayable in monthly principal and interest payments of \$15,531. Secured by a ministerial guarantee.	2,335,860	499,342
	6,252,475	4,078,179
<u>Less: current portion</u>	<u>688,824</u>	<u>686,112</u>
	<u>5,563,651</u>	<u>3,392,067</u>



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

12. Long-term debt *(Continued from previous page)*

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	688,824
2020	622,302
2021	627,293
2022	599,046
2023	604,236

Long-term debt is subject to certain financial covenants with respect to timely submission of the annual audited consolidated financial statements to their lender as well as other restrictions that may be in place. As at March 31, 2018, the Dene Nation is in compliance with all such covenants. It is management's opinion that the First Nation is likely to remain in compliance with all long-term debt covenants throughout the next twelve months subsequent to March 31, 2018.

13. Capital lease obligations

	2018	2017
National Leasing, for Grader purchased under capital lease, payable in equal monthly instalments of \$3,860 including interest at 6.20%, due April 2022, having a net book value of \$134,187 (2017 - \$187,862).	158,743	194,027
Mercado Capital Corporation, for Sanitation Truck purchased under capital lease, payable in equal monthly instalments of \$3,039 including interest at 8.39%, due March 2021, having a net book value of \$84,812 (2017 - \$118,737).	99,477	123,525
	258,220	317,552
Less: current portion	70,080	62,384
	188,140	255,168

Minimum lease payments related to the obligations under capital lease are as follows:

2019	82,786
2020	82,786
2021	82,786
2022	39,951
	288,309
Less: imputed interest	30,089
	258,220
Balance of obligation	258,220
Less: current portion	70,080
	188,140



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

14. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1. The Dene Nation has the following major capital projects in progress at March 31, 2018.

Project	Budget	Cumulative costs to March 31, 2018
WTP Upgrade (AT262)	7,422,200	4,898,327
School Crawl Space (AT284)	2,397,000	223,103
New Elementary School (AT319)	80,000	55,833
Band Housing Unit - Fire Rebuild	153,000	76,500

The First Nation holds works of art and historical treasures, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2018	2017
Equity in Ottawa Trust Funds	45,336	59,703
Equity in investments	811,244	695,104
Equity in CMHC reserves	649,410	540,553
Equity in tangible capital assets	17,565,829	14,006,864
Operating deficit	(4,439,595)	(3,361,287)
	14,632,224	11,940,937

The equity in tangible capital assets represents accumulated surplus amounts not available for operations, but rather past transactions creating tangible capital assets that will be used to provide future services.

The CMHC reserves are replacement and operating reserves required to be funded for future housing replacements, as per agreements with CMHC.



Buffalo River Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2018

16. Reconciliation of funding from Indigenous Services Canada

Funding per ISC confirmation	9,808,994
Add:	
Prior year unearned funding relating to capital projects	268,864
Less:	
Current year unearned funding relating to capital projects	(1,147,801)
Funding reported per financial statements	<u>8,930,057</u>

17. Economic dependence

Buffalo River Dene Nation receives substantially all of its revenue from Indigenous Services Canada (ISC) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the Dene Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties. The Dene Nation is also dependent on MLTC for funding in order to provide services to membership.

18. Budget information

The disclosed budget information was approved by the Chief and Council of Buffalo River Dene Nation at a meeting held on April 7, 2017.

In preparation of the annual budget of the Dene Nation management does not budget for purchases of capital assets, amortization, principal payments on debt and distributions from investments in Nation business entities.

The budget process followed by management only includes activities directed by the Dene Nation. Management does not prepare a budget for capital projects administered through third party project managers.

19. Canada Mortgage and Housing Corporation reserves

Under agreements with Canada Mortgage and Housing Corporation (CMHC) the Nation established the following:

- The replacement reserve to ensure replacement of capital equipment and for major repairs to housing units, which requires an annual cash allocation of \$48,768 to the reserve. At March 31, 2018, the reserve is required to be funded to a level of \$496,374 (2017 - \$447,937). At March 31, 2018 the cash balance in the reserve is \$125,390 (2017 - \$247,325).
- An operating surplus reserve established for housing units under the Post 1997 Fixed Subsidy Program which requires surpluses to be funded with cash. Future operating losses are able to draw on the reserve funds to sustain operations. At March 31, 2018 the operating reserve is required to be funded to a level of \$153,036 (2017 - \$92,616). At March 31, 2018 the cash balance in the reserve is \$31,399 (2017 - \$10,408).

In accordance with terms of the agreement, CMHC reserve monies must be held or invested only in accounts or instruments guaranteed by the Canada Deposit Insurance Corporation, or as otherwise approved by CMHC. Reserve withdrawals are credited first to interest and then to principal.

20. Comparative figures

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



Buffalo River Dene Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2018

	<i>Infrastructure</i>	<i>Buildings</i>	<i>Equipment</i>	<i>Equipment under capital lease</i>	<i>Assets under construction</i>	<i>2018</i>	<i>2017</i>
Cost							
Balance, beginning of year	6,126,315	29,919,262	1,836,502	350,398	1,696,834	39,929,311	37,721,634
Acquisition of tangible capital assets	-	404,968	70,000	-	6,008,127	6,483,095	2,207,677
Transfer of assets under construction	-	2,451,198	-	-	(2,451,198)	-	-
Disposal of tangible capital assets	-	(664,588)	-	-	-	(664,588)	-
Balance, end of year	6,126,315	32,110,840	1,906,502	350,398	5,253,763	45,747,818	39,929,311
Accumulated amortization							
Balance, beginning of year	3,359,255	18,480,850	1,502,256	43,800	-	23,386,161	22,442,580
Annual amortization	117,437	715,869	117,820	87,599	-	1,038,725	943,581
Accumulated amortization on disposals	-	(424,746)	-	-	-	(424,746)	-
Balance, end of year	3,476,692	18,771,973	1,620,076	131,399	-	24,000,140	23,386,161
Net book value of tangible capital assets	2,649,623	13,338,867	286,426	218,999	5,253,763	21,747,678	16,543,150
Net book value of tangible capital assets	2,767,060	11,438,412	334,246	306,598	1,696,834	16,543,150	



Buffalo River Dene Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Amortization	-	1,038,725	943,581
Assistance	80,034	1,880,116	1,815,618
Bank charges and interest	12,500	60,458	34,470
Contracted services	632,506	849,037	1,144,583
Cultural	1,000	47,402	105,441
Equipment lease	90,942	50,175	67,496
Equipment purchase	53,450	85,439	44,863
Fuel	44,340	40,214	26,768
Honouraria	364,160	352,291	304,510
Insurance	13,172	245,285	133,755
Interest on long-term debt	-	188,491	147,003
Meeting	31,825	11,523	6,923
Miscellaneous	4,600	10,286	6,363
Office supplies	78,276	84,502	100,781
Professional fees	164,000	385,456	295,169
Program expense	201,624	257,282	195,482
Repairs and maintenance	268,794	460,175	576,783
Salaries and benefits	3,992,324	5,213,263	4,605,276
Student expenses	387,500	573,138	454,634
Supplies	966,040	530,124	336,591
Telephone	86,296	66,483	64,298
Training	65,027	33,625	71,368
Travel	334,334	946,825	705,268
Utilities	388,840	364,206	347,263
	8,261,584	13,774,521	12,534,287



Buffalo River Dene Nation
Administration

Schedule 3 - Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
Indigenous Services Canada	645,484	810,608	603,137
MLTC Program Services Inc.	114,702	334,669	129,524
Other revenue	145,678	336,112	227,226
Expense recoveries	(141,523)	59,735	37,545
User fees	2,000	-	-
	766,341	1,541,124	997,432
Expenses			
Administration (recovery)	(110,220)	(175,984)	(185,563)
Assistance	30,000	17,674	40,803
Bank charges and interest	12,500	60,458	34,470
Contracted services	20,800	150,728	175,411
Equipment lease	30,000	36,989	44,051
Equipment purchase	-	8,677	2,665
Fuel	2,000	63	-
Honouraria	326,000	328,491	276,252
Meeting	2,000	594	1,114
Miscellaneous	1,000	6,699	2,926
Office supplies	22,000	23,320	18,225
Professional fees	162,000	356,110	168,797
Repairs and maintenance	5,000	10,490	8,099
Salaries and benefits	410,948	836,752	504,656
Supplies	2,000	6,586	3,121
Telephone	29,000	41,918	33,630
Training	3,500	-	249
Travel	129,500	499,755	369,323
Utilities	-	1,989	525
	1,078,028	2,211,309	1,498,754
Deficit	(311,687)	(670,185)	(501,322)



Buffalo River Dene Nation
Community Infrastructure
Schedule 4 - Segment Revenues and Expenses and Surplus (Deficit)
For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
Indigenous Services Canada	744,747	785,185	765,448
Rental income	47,455	36,460	38,254
Government of Saskatchewan	112,875	25,445	38,500
User fees	20,000	7,802	11,608
Expense recoveries	11,200	3,375	-
Other revenue	250	133,009	8,441
	936,527	991,276	862,251
Expenses			
Contracted services	261,526	323,332	311,907
Equipment lease	9,000	-	3,187
Equipment purchase	41,000	1,066	17,814
Fuel	37,000	38,633	26,270
Insurance	1,500	94,123	99,916
Interest on long-term debt	-	21,895	5,092
Office supplies	12,000	11,890	9,921
Repairs and maintenance	115,092	201,796	169,331
Salaries and benefits	268,960	377,664	335,491
Supplies	111,000	178,596	121,986
Telephone	3,500	6,471	6,662
Training	2,075	2,048	450
Travel	17,120	56,001	22,880
Utilities	345,840	321,602	299,833
	1,225,613	1,635,117	1,430,740
Deficit	(289,086)	(643,841)	(568,489)



Buffalo River Dene Nation

Education

Schedule 5 - Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
Indigenous Services Canada	2,571,061	2,817,031	2,744,757
MLTC Program Services Inc.	426,301	425,701	430,832
NCSRC	43,050	58,600	53,400
Expense recoveries	18,740	9,782	10,932
Other revenue	63,855	-	24,000
	3,123,007	3,311,114	3,263,921
Expenses			
Administration	-	-	10,150
Assistance	16,534	-	1,812
Contracted services	142,934	133,863	213,511
Cultural	1,000	47,402	105,441
Equipment lease	42,560	10,916	20,258
Equipment purchase	1,200	47,690	12,719
Fuel	1,000	-	426
Honouraria	-	400	200
Insurance	1,604	4,717	4,704
Meeting	3,500	5,510	5,301
Miscellaneous	2,500	1,700	600
Office supplies	16,750	23,944	53,566
Professional fees	2,000	-	-
Program expense	13,410	31,938	36,447
Repairs and maintenance	15,000	5,792	6,102
Salaries and benefits	1,953,231	2,449,036	2,126,016
Student expenses	387,500	573,138	454,634
Supplies	67,500	127,753	134,837
Telephone	10,776	9,350	7,674
Training	17,000	1,235	38,864
Travel	98,500	208,192	81,268
	2,794,499	3,682,576	3,314,530
Surplus (deficit)	328,508	(371,462)	(50,609)



Buffalo River Dene Nation

Health

Schedule 6 - Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
Meadow Lake Health & Social Development Authority Inc.	1,301,909	1,442,595	1,402,265
Meadow Lake Tribal Council CFS Inc.	231,245	231,245	231,245
Health Canada	116,000	97,539	124,016
Indigenous Services Canada	102,484	42,484	42,484
MLTC Program Services Inc.	12,000	14,676	12,000
Expense recoveries	39,984	-	23,847
Other revenue	(36,620)	13,927	10,365
	1,767,002	1,842,466	1,846,222
Expenses			
Administration	143,027	175,984	175,413
Amortization	-	34,752	34,752
Assistance	10,000	-	600
Contracted services	108,756	119,908	99,704
Equipment lease	9,382	2,270	-
Equipment purchase	3,750	23,808	7,969
Fuel	500	-	72
Honouraria	200	-	-
Insurance	10,068	4,741	3,925
Interest on long-term debt	-	465	1,515
Meeting	4,725	100	-
Miscellaneous	1,000	-	992
Office supplies	27,526	20,777	17,517
Professional fees	-	5,523	-
Program expense	163,214	215,085	137,721
Repairs and maintenance	79,305	89,391	43,489
Salaries and benefits	1,056,478	1,120,796	1,180,525
Supplies	82,488	46,066	64,789
Telephone	41,020	8,744	16,132
Training	42,452	29,995	31,805
Travel	74,691	124,059	133,965
Utilities	39,500	27,130	45,542
	1,898,082	2,049,594	1,996,427
Deficit before transfers	(131,080)	(207,128)	(150,205)
Transfers between programs	-	60,000	75,388
Deficit	(131,080)	(147,128)	(74,817)



Buffalo River Dene Nation
Capital

Schedule 7 - Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
Indigenous Services Canada	242,608	4,255,872	1,811,401
Canada Mortgage and Housing Corporation	-	498,468	230,436
Expense recoveries	-	103,575	-
Rental income	-	80,229	69,120
	242,608	4,938,144	2,110,957
Expenses			
Amortization	-	1,003,973	908,829
Contracted services	71,400	10,668	187,831
Equipment purchase	5,000	-	3,696
Fuel	-	66	-
Insurance	-	136,789	20,460
Interest on long-term debt	-	166,131	140,396
Office supplies	-	4,571	1,552
Professional fees	-	-	11,000
Repairs and maintenance	54,247	151,758	349,762
Salaries and benefits	2,000	-	-
Supplies	155,000	91,170	31
Telephone	1,000	-	-
Travel	1,600	10,670	9,623
Utilities	-	13,485	661
	290,247	1,589,281	1,633,841
Surplus before other items	(47,639)	3,348,863	477,116
Other income			
Gain on disposal of capital assets	-	371,011	-
Surplus (deficit)	(47,639)	3,719,874	477,116



Buffalo River Dene Nation
Other Programs

Schedule 8 - Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
MLTC Program Services Inc.	341,369	259,867	277,818
First Nations Trust	493,495	459,631	453,119
Investment income	-	171,379	150,004
Northern Lights Community Development Corporation	-	97,787	115,372
Rental income	36,000	39,892	46,475
Other revenue	1,500	325,781	314,863
Government of Saskatchewan	50,260	21,948	4,470
Earnings from investment in Nation business entities	400,000	175,543	21,226
	1,322,624	1,551,828	1,383,347
Expenses			
Assistance	23,500	129,641	85,477
Contracted services	15,000	103,513	152,328
Equipment purchase	2,500	-	-
Fuel	3,840	1,452	-
Honouraria	14,560	-	4,038
Insurance	-	4,915	4,750
Meeting	21,600	5,319	508
Miscellaneous	100	500	-
Professional fees	-	23,823	115,372
Program expense	25,000	-	-
Repairs and maintenance	150	948	-
Salaries and benefits	241,116	335,732	382,007
Supplies	470,245	50,414	-
Telephone	1,000	-	200
Travel	12,924	48,038	87,653
Utilities	3,500	-	702
	835,035	704,295	833,035
Surplus	487,589	847,533	550,312



**Buffalo River Dene Nation
Social Development**

Schedule 9 - Segment Revenues and Expenses and Surplus (Deficit)

For the year ended March 31, 2018

	2018 Budget (Note 18)	2018 Actual	2017 Actual
Revenue			
MLTC Program Services Inc.	-	1,685,045	1,647,359
Indigenous Services Canada	349,304	218,877	215,422
Meadow Lake Health & Social Development Authority Inc.	-	9,659	-
Northern Lights Community Development Corporation	25,456	-	-
Other revenue	25,000	5,264	-
	399,760	1,918,845	1,862,781
Expenses			
Assistance	-	1,732,801	1,686,926
Contracted services	12,091	7,025	3,891
Equipment purchase	-	4,198	-
Honouraria	23,400	23,400	24,020
Miscellaneous	-	1,387	1,845
Program expense	-	10,259	21,314
Salaries and benefits	59,589	93,283	76,581
Supplies	45,000	29,539	11,827
Training	-	347	-
Travel	-	110	556
	140,080	1,902,349	1,826,960
Surplus before transfers	259,680	16,496	35,821
Transfers between programs	-	(60,000)	(75,388)
Surplus (deficit)	259,680	(43,504)	(39,567)