

Clearwater River Dene Nation

Consolidated Financial Statements
March 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

December 14, 2021

The accompanying consolidated financial statements of Clearwater River Dene Nation are the responsibility of management.

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 and as such include amounts that are the best estimates and judgments of management.

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

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

The Chief and Council meets periodically with management and 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, PricewaterhouseCoopers LLP, 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 financial management of Clearwater River Dene Nation and meet when required.

On behalf of Clearwater River Dene Nation:

Walter Hainault
General Manager



Independent auditor's report

To the Chief and Council of Clearwater River Dene Nation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Clearwater River Dene Nation and its subsidiary (together, the Entity) as at March 31, 2020 and the results of its operations, changes in its net debt, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Entity's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2020;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include of significant accounting policies and other explanatory information.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 consolidated 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 consolidated 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 consolidated 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- 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 Entity'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 consolidated 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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 Entity 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan
December 14, 2021

Clearwater River Dene Nation
Consolidated Statement of Financial Position
As at March 31, 2020

	2020 \$	2019 \$
Financial assets		
Restricted cash	26,060	425,021
Accounts receivable (note 3)	816,390	193,678
Trust funds held by federal government (note 4)	42,021	40,946
Portfolio investments (note 5)	11,343	11,343
Investments in government business enterprises and partnerships (note 6)	21,674,550	21,847,351
	22,570,364	22,518,339
Financial liabilities		
Bank overdrafts (note 8)	1,829,718	1,820,556
Accounts payable and accrued liabilities	934,171	989,988
Long-term debt (note 7)	468,543	931,884
Deferred revenue (note 10)	2,571,618	2,108,986
	5,804,050	5,851,414
Net financial assets	16,766,314	16,666,925
Non-financial assets		
Tangible capital assets (note 16)	26,227,019	25,958,519
Prepaid expenses	166,392	158,912
	26,393,411	26,117,431
Accumulated surplus (note 9)	43,159,725	42,784,356

Approved by



Chief



Councilor

The accompanying notes are an integral part of these consolidated financial statements.

Clearwater River Dene Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2020

	Budget \$	2020 \$	2019 \$
Annual surplus	<u>1,090,417</u>	<u>375,369</u>	<u>1,841,865</u>
Acquisition of tangible capital assets	(930,000)	(1,396,267)	(2,610,983)
Amortization of tangible capital assets	-	1,127,767	1,121,556
Net change in prepaid expenses	-	(7,480)	(11,724)
	<u>(930,000)</u>	<u>(275,980)</u>	<u>(1,501,151)</u>
Net change in net financial assets	160,417	99,389	340,714
Net financial assets – Beginning of year	<u>16,666,925</u>	<u>16,666,925</u>	<u>16,326,211</u>
Net financial assets – End of year	<u>16,827,342</u>	<u>16,766,314</u>	<u>16,666,925</u>

The accompanying notes are an integral part of these consolidated financial statements.

Clearwater River Dene Nation

Consolidated Statement of Operations

For the year ended March 31, 2020

	Budget \$	2020 \$	2019 \$
Revenue			
Indigenous and Northern Affairs Canada	11,749,042	12,151,016	12,802,011
Meadow Lake Tribal Council	3,542,955	3,069,677	2,065,026
Health Canada	2,510,824	2,094,791	2,049,057
First Nations Trust Gaming	646,800	646,800	665,348
Ministry of Public Safety	431,020	362,834	438,482
Northern Lights Community Development	-	211,795	58,259
Northern Lights School Division	125,000	125,000	125,000
Fundraising	-	56,240	38,520
Rent	-	61,275	58,200
The Northern Village of LaLoche	100,000	100,000	50,000
Saskatchewan Lotteries	-	8,780	7,850
LaLoche Friendship Centre	-	41,211	86,117
Insurance proceeds	-	74,221	485,891
Expense recoveries and other income	-	794,287	243,823
	<u>19,105,641</u>	<u>19,797,927</u>	<u>19,173,584</u>
Expenses (note 15)			
Community development	2,256,931	4,469,270	4,143,314
Education	5,084,912	4,473,533	4,492,852
Band Government	1,074,615	3,948,504	3,238,017
Health	4,855,534	2,747,027	2,613,110
Social development	4,672,098	2,621,856	2,583,988
Economic development	71,134	76,800	22,530
	<u>18,015,224</u>	<u>18,336,990</u>	<u>17,093,811</u>
Annual surplus before the following			
Limited partnership equity earnings	-	42,199	883,648
Amortization of tangible capital assets	-	(1,127,767)	(1,121,556)
	<u>1,090,417</u>	<u>1,460,937</u>	<u>2,079,773</u>
Annual surplus			
Accumulated surplus – Beginning of year			
	<u>42,784,356</u>	<u>42,784,356</u>	<u>40,942,491</u>
Accumulated surplus – End of year (note 9)			
	<u>43,874,773</u>	<u>43,159,725</u>	<u>42,784,356</u>
Segment disclosure (note 17)			

The accompanying notes are an integral part of these consolidated financial statements.

Clearwater River Dene Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Annual surplus	375,369	1,841,865
Items not affecting cash		
Amortization of tangible capital assets	1,127,767	1,121,556
Limited partnership equity earnings	(42,199)	(883,648)
Change in non-cash items on consolidated statement of financial position		
Accounts receivable	(622,712)	225,892
Trust funds	(1,075)	(1,774)
Prepaid expenses	(7,480)	(11,724)
Accounts payable and accrued liabilities	(55,817)	(984,228)
Deferred revenue	462,632	(33,678)
	<hr/>	<hr/>
	1,236,485	1,274,261
Capital activities		
Acquisition of tangible capital assets	(1,396,267)	(2,610,983)
Investing activities		
Limited partnership distribution	215,000	621,235
Financing activities		
Debt repayments	<hr/>	<hr/>
	(463,341)	(386,136)
Net change in net cash	<hr/>	<hr/>
	(408,123)	(1,101,623)
Net cash – Beginning of year	<hr/>	<hr/>
	(1,395,535)	(293,912)
Net cash – End of year	<hr/>	<hr/>
	(1,803,658)	(1,395,535)
Net cash consists of the following:		
Restricted cash	26,060	425,021
Bank overdrafts	<hr/>	<hr/>
	(1,829,718)	(1,820,556)
	<hr/>	<hr/>
	(1,803,658)	(1,395,535)

The accompanying notes are an integral part of these consolidated financial statements.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

1 Reporting entity

Clearwater River Dene Nation (the Dene Nation) is located in the Province of Saskatchewan and provides various services to its members. Dene Nation includes its members, administration and all related entities that are accountable to Dene Nation and are either owned or controlled by Dene Nation.

2 Summary of significant accounting policies

Basis of accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments by the Public Sector Accounting Board.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises, which meet the definition of a government business enterprise or government business partnership, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated on consolidation.

Under the modified equity method of accounting, only Dene Nation's investment in the commercial enterprise and the enterprise's net income (or net loss) and other changes in equity are recorded. No adjustment is made for accounting policies of the enterprise that are different from those of Dene Nation.

Organizations consolidated in Dene Nation's financial statements include the Armand Bekkattla Treatment Centre Inc.

Organizations accounted for on a modified equity basis include the following:

- Clearwater River Development Corporation
- MLTC Resource Development Limited Partnership
- Robwel Constructors Limited Partnership
- IWL Steel Fabricators Limited Partnership
- Clearwater River Enviro Limited Partnership
- Clearwater Pipe Rentals Limited Partnership

Measurement uncertainty

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 amount of assets and liabilities and the disclosures 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. Items requiring the use of significant estimates include the useful life of tangible capital assets and provisions for uncollectible accounts receivable. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from those estimates.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned, or service performed.

Cash and bank overdrafts

Cash and bank overdrafts include cash on hand and balances with banks. Cash and bank overdrafts are presented in a net position on the consolidated statement of financial position and are considered a component of net cash for purposes of the consolidated statement of cash flows.

Restricted cash

Restricted cash includes balances with banks and term deposits having maturity of three months or less at acquisition, which are held for the purposes of meeting short-term cash commitments. Restricted cash has been internally or externally restricted for future use.

Portfolio investments

Portfolio investments are carried at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

Pension plan

Dene Nation provides a defined contribution pension plan for eligible employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount whereby the employer matches that paid by the employee.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or constructions of the asset. Amortization is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

Housing	25 years
Buildings	20 to 70 years
Infrastructure	5 to 45 years
General equipment	5 years
Roads	35 years
Trailers and machinery	20 years
Vehicles	4 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Dene Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net writedowns are accounted for as expenses in the consolidated statement of operations.

Assets under construction are not amortized until the asset is available to be put into service.

Net financial assets

Net financial assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets, which are convertible into cash and not intended for consumption in the normal course of operations.

Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Financial instruments

Dene Nation recognizes and measures its financial assets and liabilities as follows: restricted cash, accounts receivable, restricted trust, bank overdrafts, portfolio investments, other investments, and notes payable and long-term debt, deferred revenue, accounts payable and accrued liabilities are initially recorded at fair value. All financial assets and liabilities are subsequently measured at amortized cost. Interest attributable to financial instruments is reported in the consolidated statement of operations. Financial assets are tested for impairment at the end of each reporting period when there are indications that an asset may be impaired. When financial assets are impaired, impairment losses are recorded in the consolidated statement of operations.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

3 Accounts receivable

	2020 \$	2019 \$
Meadow Lake Tribal Council	334,207	57,442
Indigenous Services Canada	148,927	-
Northern Lights Community Development Corporation	118,904	112,447
Health Canada	112,705	-
University of Saskatchewan	41,667	-
Federation of Sovereign Indigenous Nations	21,759	-
NexGen Energy Ltd.	21,600	-
Other	16,621	23,789
	<hr/>	<hr/>
	816,390	193,678

4 Trust funds held by federal government

	March 31, 2019 \$	Additions \$	Withdrawals \$	March 31, 2020 \$
Revenue	22,256	1,075	-	23,331
Capital	18,690	-	-	18,690
	<hr/>	<hr/>	<hr/>	<hr/>
	40,946	1,075	-	42,021

The trust funds arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

5 Portfolio investments

Dene Nation has the following investments:

	2020 \$	2019 \$
Meadow Lake Co-op	10,000	10,000
First Nations Bank		
- 537 common shares	940	940
MLTC Program Services Inc.		
- 1 Class A common share (11% ownership)	1	1
MLTC Resource Development Management Corp.		
- 1 Class A common share (11% ownership)	1	1
MLTC Resource Development Inc.		
- 1 Class A common share (11% ownership)	1	1
IWL Steel Fabricators Inc.		
- Share capital	100	100
Robwel Constructors Inc.		
- Share capital	100	100
Clearwater Enviro Inc.		
- Share capital	100	100
Clearwater Pipe Rentals Inc.		
- Share capital	100	100
	<hr/>	<hr/>
	11,343	11,343
	<hr/>	<hr/>

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

6 Investments in government business enterprises and partnerships

Dene Nation has investments in the following entities:

						2020
	Investment balance, beginning of year \$	Withdrawals \$	Contributions \$	Share of earnings (loss) \$	Adjustments/ purchase price amortization \$	Investment balance, end of year \$
Businesses						
IWL Steel Fabricators Limited Partnership – 99.99%	7,251,278	-	-	881,945	(129,988)	8,003,235
Robwel Constructors Limited Partnership – 99.99%	6,477,920	-	-	(680,229)	(6,836)	5,790,855
Clearwater River Enviro Limited Partnership – 99.99%	1,182,357	-	-	(202,704)	-	979,653
Clearwater Pipe Rentals Limited Partnership – 79.99%	1	-	-	-	-	1
MLTC Resource Development Limited Partnership – 11.11%	6,334,478	(185,000)	-	287,191	-	6,436,669
Clearwater River Development Corp. – 100%	601,317	(30,000)	-	(74,399)	(32,781)	464,137
	21,847,351	(215,000)	-	211,804	(169,605)	21,674,550
						2019
	Investment balance, beginning of year \$	Withdrawals \$	Contributions \$	Share of earnings (loss) \$	Adjustments/ purchase price amortization \$	Investment balance, end of year \$
Businesses						
IWL Steel Fabricators Limited Partnership – 99.99%	6,403,691	-	-	977,575	(129,988)	7,251,278
Robwel Constructors Limited Partnership – 99.99%	6,937,556	(1,752)	-	(445,148)	(12,736)	6,477,920
Clearwater River Enviro Limited Partnership – 99.99%	1,550,013	-	-	(367,656)	-	1,182,357
Clearwater Pipe Rentals Limited Partnership – 79.99%	1	-	-	-	-	1
MLTC Resource Development Limited Partnership – 11.11%	5,873,783	(366,000)	-	887,339	(60,644)	6,334,478
Clearwater River Development Corp. – 100%	819,894	(253,483)	-	34,906	-	601,317
	21,584,938	(621,235)	-	1,087,016	(203,368)	21,847,351

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

The following table presents condensed financial information for those commercial enterprises, which are accounted for using the modified equity method.

	Clearwater Group of Companies		MLTC Resource Development Limited Partnership		Clearwater River Development Corporation	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Cash	1,143,809	324,522	2,663,845	2,722,057	-	1,545
Accounts receivable	3,958,580	4,188,290	11,407,485	8,822,406	-	-
Capital assets	11534,210	12,484,876	41,885,841	43,484,218	-	65,000
Other assets	5,400,734	4,365,518	37,066,756	31,661,203	464,134	706,950
	22,037,333	21,363,206	93,023,927	86,689,884	464,134	773,495
Accounts payable	3,348,559	2,692,402	6,975,215	5,698,363	-	-
Notes payable	3,466,178	3,698,901	18,000,769	20,394,792	-	-
Other liabilities	-	-	8,892,450	3,390,219	-	-
	6,814,737	6,391,303	33,868,434	29,483,374	-	-
Net assets	15,222,596	14,971,903	59,155,493	57,206,510	464,134	773,495
Total revenue	19,496,383	23,061,019	81,245,248	84,274,547	-	207,084
Total expenses	19,367,581	22,944,133	78,676,546	76,643,370	74,399	-
Net income/(loss)	128,802	116,886	2,568,702	7,631,177	(74,399)	207,084

The Clearwater Group of Companies includes IWL Steel Fabricators Limited Partnership, Robwel Constructors Limited Partnership, Clearwater River Enviro Limited Partnership and Clearwater Pipe Rentals Limited Partnership.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

Contracted debt repayments for the commercial enterprises owed to external organizations in each of the next five years are as follows:

	\$
2021	1,856,697
2022	526,068
2023	427,979
2024	427,979
2025	<u>427,979</u>
	<u>3,666,702</u>

7 Long-term debt

	2020 \$	2019 \$
Royal Bank #25 (housing/firehall) with quarterly payments of \$31,574 including interest at prime plus 1.50%	93,543	239,114
Royal Bank (housing/renovations) with quarterly payments of \$62,500 plus interest monthly at the bank's prime plus 2%	375,000	687,500
Royal Bank term loan payable in monthly payments of \$1,810 including interest at the bank's prime plus 1.50%	-	5,270
	<u>468,543</u>	<u>931,884</u>

The estimated principal repayments due in each of the next two years are as follows:

	\$
2021	343,543
2022	125,000

8 Bank indebtedness

Dene Nation maintains authorized lines of credit available by way of business operating account overdraft and are used for day-to-day cash flow requirements of Dene Nation. Interest on outstanding credit is calculated at the prime rate plus 1.5%. The line of credit is secured by a general security agreement. At year-end, an amount of \$1,829,718 (2019 – \$1,820,556) was drawn on the line of credit.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

9 Accumulated surplus

	2020 \$	2019 \$
Internally restricted		
Invested in tangible capital assets	26,227,019	25,958,519
Less: Capital debt	(468,543)	(931,884)
Invested in business investments	21,674,550	21,847,351
Externally restricted		
Trust funds	42,021	40,946
Unrestricted accumulated deficit	<u>(4,315,322)</u>	<u>(4,130,576)</u>
Accumulated surplus	<u>43,159,725</u>	<u>42,784,356</u>

10 Deferred revenue

	Balance at March 31, 2019 \$	Funding deferred \$	Revenue recognized \$	Balance at March 31, 2020 \$
Indigenous Services Canada	1,199,050	250,000	(573,364)	875,686
Meadow Lake Tribal Council	108,119	594,836	(78,387)	624,568
Northern Lights Community				
Development Corporation	92,891	-	(92,891)	-
Ministry of Public Safety and				
Emergency Preparedness	-	68,186	-	68,186
Health Canada	708,926	1,003,178	(708,926)	1,003,178
	<u>2,108,986</u>	<u>1,916,200</u>	<u>(1,453,568)</u>	<u>2,571,618</u>

11 Pension plan

Dene Nation provides a defined contribution pension plan for eligible members of its staff. Members are required to contribute a portion of their salary up to a maximum amount of their basic salary. Dene Nation contributes matching contributions up to a limit, which contributions are directed to the member's contribution account. The pension expense in the current year was \$148,020.

12 Economic dependence

Dene Nation's existence as a going concern is dependent on its ability to receive continued financial support from its funding agencies. If, as a result of a default or otherwise, the support of Indigenous Services Canada is withdrawn, Dene Nation may be unable to continue realizing its assets and discharging its liabilities in the normal course of business. These consolidated financial statements have been prepared on the basis that Dene Nation will receive continued financial support.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

13 Budget amounts

Unaudited budgeted figures have been provided for comparison purposes and have been derived from the estimates provided by the management of Dene Nation.

14 Risk management

Dene Nation's financial assets and liabilities consist of cash, accounts receivable, accounts payable and accrued liabilities and long-term debt.

Liquidity risk

Liquidity risk is the risk Dene Nation will not be able to meet its financial obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. Dene Nation is exposed to liquidity risk as a result of being economically dependent on funding from Indigenous Services Canada. Dene Nation's approach to managing liquidity is to ensure that it has sufficient cash flows available to fund its operations and to meet its obligations when due, under both normal and stressed circumstances.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject Dene Nation to credit risk consist principally of cash and accounts receivable.

Dene Nation's cash is maintained at major financial institutions; therefore, Dene Nation considers the risk of non-performance of these instruments to be remote.

Dene Nation's financial assets, including accounts receivable, are not exposed to significant credit risk due to the nature of the receivables being primarily comprised of amounts due from both government funders.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Dene Nation is exposed to interest rate risk.

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Dene Nation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject Dene Nation to fair value risk, while floating interest rate instruments subject it to cash flow risk. As at March 31, 2020, Dene Nation's exposure to interest rate risk was as follows:

- long-term debt (note 7) – fixed interest rate; and
- line of credit (note 8) – floating interest rate.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

COVID-19

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. The impact of the pandemic continues to evolve and has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused significant disruption to businesses. Given the rapidly evolving situation, it is not possible to predict the extent of the financial impact on Dene Nation, which could be material, or the duration of the outbreak's disruption. As a result, Dene Nation's financial results will be subject to volatility.

15 Expenses

	2020 \$	2019 \$
Wages	6,180,117	5,768,653
Member assistance	2,149,641	2,100,364
Materials	1,306,061	1,002,084
Contractors	1,213,649	952,999
Supplies	1,024,933	814,552
Travel	992,325	873,607
Post secondary	812,147	634,533
Honorarium	767,422	793,738
Utilities	621,507	762,328
Benefits	581,959	551,456
Repairs and maintenance	485,939	612,452
Professional fees	461,696	391,129
Cultural activities	389,842	385,041
Vehicle	314,897	318,087
Telephone	174,078	120,944
Other	138,516	112,294
Office supplies	134,179	296,047
Insurance	119,134	144,120
Bank charges and interest	114,316	54,904
Fuel	88,078	96,208
Equipment rental	83,344	42,388
Security	58,944	103,752
Training	47,473	46,854
Funerals	45,727	39,564
Administration	31,066	66,963
Transportation	-	8,750
	<hr/> 18,336,990	<hr/> 17,093,811

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

16 Tangible capital assets

	Cost				Accumulated amortization				2020
	Beginning of year	Additions	Transfers	End of year	Beginning of year	Additions	Disposals	End of year	Net
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	18,473,510	-	-	18,473,510	5,120,448	315,295	-	5,435,743	13,037,767
Teacherages	595,088	-	-	595,088	119,018	23,804	-	142,822	452,266
Trailers	349,570	-	-	349,570	334,854	14,716	-	349,570	-
Vehicles	1,203,102	138,270	-	1,341,372	1,082,252	134,263	-	1,216,515	124,857
Equipment	832,986	148,389	-	981,375	732,830	60,999	-	793,829	187,546
Roads/culverts	378,433	-	-	378,433	358,733	1,095	-	359,828	18,605
Paved roads	771,125	-	-	771,125	165,179	19,483	-	184,662	586,463
Heavy equipment	270,754	113,361	-	384,115	225,254	17,836	-	243,090	141,025
Houses	9,914,556	-	-	9,914,556	6,165,785	343,628	-	6,509,413	3,405,143
Infrastructure	9,394,200	-	-	9,394,200	4,281,426	196,648	-	4,478,074	4,916,126
Construction-in-progress	2,360,974	996,247	-	3,357,221	-	-	-	-	3,357,221
	44,544,298	1,396,267	-	45,940,565	18,585,779	1,127,767	-	19,713,546	26,227,019
	Cost				Accumulated amortization				2019
	Beginning of year	Additions	Transfers	End of year	Beginning of year	Additions	Disposals	End of year	Net
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Buildings	16,600,510	45,000	1,828,000	18,473,510	4,805,149	315,299	-	5,120,448	13,353,062
Teacherages	595,088	-	-	595,088	95,214	23,804	-	119,018	476,070
Trailers	349,570	-	-	349,570	320,139	14,715	-	334,854	14,716
Vehicles	1,103,520	99,582	-	1,203,102	934,264	147,988	-	1,082,252	120,850
Equipment	727,559	105,427	-	832,986	680,431	52,399	-	732,830	100,156
Roads/culverts	378,433	-	-	378,433	357,638	1,095	-	358,733	19,700
Paved roads	771,125	-	-	771,125	145,696	19,483	-	165,179	605,946
Heavy equipment	270,754	-	-	270,754	218,754	6,500	-	225,254	45,500
Houses	8,144,556	-	1,770,000	9,914,556	5,822,157	343,628	-	6,165,785	3,748,771
Infrastructure	9,394,200	-	-	9,394,200	4,084,781	196,645	-	4,281,426	5,112,774
Construction-in-progress	3,598,000	2,360,974	(3,598,000)	2,360,974	-	-	-	-	2,360,974
	41,933,315	2,610,983	-	44,544,298	17,464,223	1,121,556	-	18,585,779	25,958,519

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

17 Segment disclosure

Dene Nation provides a range of services to its members. For management reporting purposes, operations and activities are organized and reported by department. The segments of Dene Nation and the services provided by each are as follows:

- Band Government – handles the finances and administration of Dene Nation including support to Chief and Council and all other departments. The department provides internal support and central services to ensure the efficient and effective operations of Dene Nation.
- Education – provides a variety of services for students from nursery school to a complete grade 12 that meets all provincial criteria with a cultural influence that reflects Dene Nation's identity. The department includes a nutrition program, student counselling services, a resource centre, a Cree language and culture program, and a community school program.
- Community Development – includes operating and maintenance of various facilities operated by Dene Nation. Additionally, this department includes capital and water projects.
- Economic Development – represents a variety of programs aimed at improving the economic environment in the community.
- Social Development – various social initiatives including adult care that require government funding.
- Health – offers community-based programs aimed towards the well-being and health of Dene Nation's residents. Dene Nation operates community care programs, prevention programs and other community-based health initiatives, including the Armand Bekkattla Treatment Centre Inc.

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

	Education			Community Development			Band Government		
	Budget \$	2020 \$	2019 \$	Budget \$	2020 \$	2019 \$	Budget \$	2020 \$	2019 \$
Revenue:									
Indigenous and Northern Affairs Canada	5,157,860	5,334,328	4,893,481	1,780,915	1,841,846	890,213	875,099	905,039	1,089,774
Meadow Lake Tribal Council	506,278	438,648	431,950	288,613	250,059	266,486	307,317	266,265	231,830
Health Canada	-	-	-	-	-	2,476,911	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Northern Lights Community Development	-	-	-	-	211,795	-	-	-	-
Northern Lights School Division	125,000	125,000	-	-	-	-	-	-	-
Ministry of Public Safety	-	-	-	362,834	362,834	-	-	-	-
Other Revenue	-	95,331	190,231	-	244,597	663,827	-	703,260	624,894
Total	5,789,138	5,993,307	5,515,662	2,432,362	2,911,131	4,297,437	1,182,416	1,874,564	1,946,498
Expenses:									
Wages and Benefits	3,577,029	2,893,647	2,767,565	889,609	1,689,187	1,433,153	303,833	871,324	736,269
Supplies Expenses	162,028	131,073	335,064	372,161	706,659	251,146	(4,937)	(14,157)	18,609
Member Assistance	-	-	21,332	10,351	19,655	47,852	-	-	-
Vehicle/Equipment Expenses	93,533	75,664	133,006	383,659	728,491	384,331	123	352	462,627
Facilities	22,211	17,968	185,529	374,276	710,674	1,140,162	6,241	17,897	25,080
Other Operating Expenses	6,628	5,362	187,327	40,677	77,237	67,714	167,493	480,332	98,384
Administrative Expenses	195,922	158,492	247,224	186,198	353,553	456,037	597,326	1,712,994	1,208,707
Personnel Expenses	1,027,560	831,247	637,149	-	-	362,918	4,535	13,005	688,341
Total	5,084,912	4,113,453	4,514,195	2,256,931	4,285,456	4,143,314	1,074,615	3,081,747	3,238,017
Surplus (deficit) for the year	704,226	1,879,854	1,001,466	175,431	(1,374,325)	154,124	107,801	(1,207,183)	(1,291,519)

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

	Social Development			Health		
	Budget \$	2020 \$	2019 \$	Budget \$	2020 \$	2019 \$
Revenue:						
Indigenous and Northern Affairs Canada	3,830,677	3,961,737	3,479,631	104,491	108,066	-
Meadow Lake Tribal Council	463,271	401,386	205,350	1,895,375	1,642,186	850,693
Health Canada	-	-	-	2,510,824	2,061,191	1,949,856
First Nations Trust Gaming	646,800	646,800	-	-	-	86,117
Northern Lights Community Development	-	-	-	-	-	2,100
Northern Lights School Division	-	-	-	-	-	6,000
Ministry of Public Safety	-	-	-	-	-	63,982
Other Revenue	-	31,995	686,957	50,000	87,255	2,683
Total	4,940,748	5,041,918	4,371,938	4,560,691	3,898,698	2,961,432
Expenses:						
Wages and Benefits	290,304	242,093	253,392	1,812,529	1,065,825	1,129,729
Supplies Expenses	61,362	51,172	1,857,118	144,882	85,195	375,992
Member Assistance	2,468,787	2,058,795	-	22,572	13,273	14,001
Vehicle/Equipment Expenses	2,272	1,895	72,679	98,734	58,059	84,004
Facilities	115,411	96,245	10,110	222,573	130,880	221,446
Other Operating Expenses	1,580,810	1,318,285	18,234	376,611	221,459	525,465
Administrative Expenses	153,151	127,717	375,474	2,119,018	1,246,050	182,570
Personnel Expenses	-	-	29,198	58,616	34,468	26,343
Total	4,672,098	3,896,202	2,616,205	4,855,534	2,855,209	2,559,550
Surplus (deficit) for the year	268,650	1,145,716	1,755,733	(294,843)	1,043,489	401,881

Clearwater River Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

	Economic Development			Total		
	Budget \$	2020 \$	2019 \$	Budget \$	2020 \$	2019 \$
Revenue:						
Indigenous and Northern Affairs Canada	-	-	-	11,749,042	12,151,016	10,353,099
Meadow Lake Tribal Council	82,101	71,134	70,617	3,542,955	3,069,678	2,056,926
Health Canada	-	-	-	2,510,824	2,061,191	4,426,767
First Nations Trust Gaming	-	-	-	646,800	646,800	86,117
Northern Lights Community Development	-	-	-	-	211,795	2,100
Northern Lights School Division	-	-	-	125,000	125,000	6,000
Ministry of Public Safety	-	-	-	431,020	362,834	63,982
Other Revenue	-	7,175	10,000	100,000	1,169,613	2,178,592
Total	82,101	78,309	80,617	19,105,641	19,797,927	19,173,584
Expenses:						
Wages and Benefits	-	-	-	6,873,304	6,762,076	6,320,109
Supplies Expenses	-	-	-	735,497	959,942	2,837,929
Member Assistance	44,927	66,268	-	2,546,637	2,157,991	83,185
Vehicle/Equipment Expenses	21,325	31,455	2,100	599,647	895,916	1,138,746
Facilities	-	-	20,430	740,712	973,664	1,602,757
Other Operating Expenses	-	-	-	2,172,219	2,102,675	897,124
Administrative Expenses	4,881	7,200	-	3,256,497	3,606,006	2,470,012
Personnel Expenses	-	-	-	1,090,710	878,720	1,743,950
Total	71,134	104,923	22,530	18,015,224	18,336,990	17,093,811
Surplus (deficit) for the year	10,967	(26,614)	58,087	1,090,417	1,460,937	2,079,773