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**BIRCH NARROWS DENE NATION**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2014

**BIRCH NARROWS DENE NATION**

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## **Management's Responsibility for the Financial Statements**

**To the Members of Birch Narrows Dene Nation:**

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

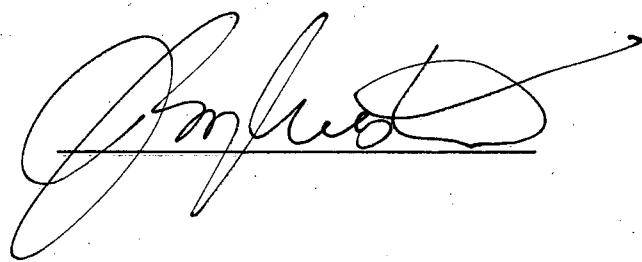
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Chief and Council are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the 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 financial statements and the external auditor's report.

The external auditors, Lorne Horning CA PC Inc., conduct an audit in accordance with Canadian general auditing standards, and express their opinion on the financial statements. The external auditors have access to financial management of Birch Narrows Dene Nation and meet when required.

On behalf of Birch Narrows Dene Nation:

A handwritten signature in black ink, appearing to read "Lorne Horning", is written over a horizontal line. The signature is fluid and cursive, with a distinct flourish at the end.

2911A CLEVELAND AVENUE  
SASKATOON, SASK  
S7K 8A9  
Phone (306) 931-2131  
Fax (306) 931-2323

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Birch Narrows Dene Nation

I have audited the accompanying consolidated financial statements of **Birch Narrows Dene Nation** which are comprise of the statement of financial position as of March 31, 2014 and the statements of operations, changes in net financial assets 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 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Independent Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dene 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 Dene 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.

# LORNE HORNING CHARTERED ACCOUNTANT

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

### *Opinion*

In my opinion, the financial statements present fairly, in all material aspects, the financial position of **Birch Narrows Dene Nation** as at March 31, 2014, and the results of its operation and its cash flows for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

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.

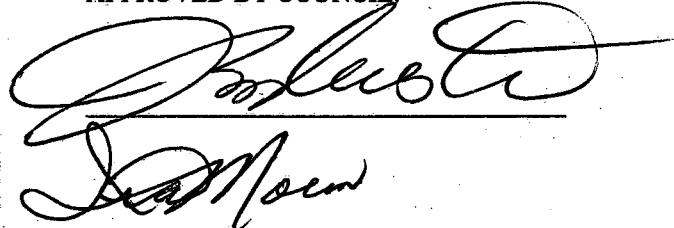
Saskatoon, Saskatchewan  
July 20, 2014

*Lorne Horning*  
Chartered Accountant.

**BIRCH NARROWS DENE NATION****STATEMENT OF FINANCIAL POSITION**  
as at March 31, 2014

	<u>2014</u>	<u>2013</u>
		(as restated)
<b>FINANCIAL ASSETS</b>		
Bank	\$ 40,909	\$ 190,219
Restricted deposits (Note 6 and 11)	704,704	450,303
Term deposits	346,807	968,692
Accounts receivable (Note 2)	457,910	257,590
Trust funds (Note 3)	30,157	29,084
Investments (Note 4)	919	943
Limited partnership interests (Note 5)	<u>6,271,458</u>	<u>5,976,375</u>
	<u>7,852,864</u>	<u>7,873,206</u>
<b>FINANCIAL LIABILITIES</b>		
Accounts payable (Note 6)	170,566	263,496
Unexpended revenue (Note 7)	541,153	337,775
Term debt (Note 8 & 9)	3,805,231	4,204,251
Advances payable (Note 10)	323,977	239,106
Funded reserves (Note 11)	<u>133,996</u>	<u>50,743</u>
	<u>4,974,923</u>	<u>5,095,371</u>
<b>NET FINANCIAL ASSETS</b>	<b>2,877,941</b>	<b>2,777,835</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 12)	<u>34,339,670</u>	<u>35,466,005</u>
<b>SURPLUS</b>	<b>\$ 37,217,611</b>	<b>\$ 38,243,840</b>

APPROVED BY COUNCIL:



**BIRCH NARROWS DENE NATION**

**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
		(as restated)
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	\$ ( 147,956)	\$ 226,995
Deferred capital receipt	59,911	-
Purchase of tangible capital assets	( 59,911)	-
Amortization of tangible capital assets	239,417	236,066
Surplus adjustments	<u>8,645</u>	<u>7,265</u>
 <b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	 100,106	 470,326
 <b>BALANCE, beginning of the year</b>	 <u>2,777,835</u>	 <u>2,307,509</u>
 <b>BALANCE, end of the year</b>	 \$ 2,877,941	 \$ 2,777,835

## BIRCH NARROWS DENE NATION

### STATEMENT OF OPERATIONS for the year ended March 31, 2014

	Budget 2014	2014	2013 (as restated)
<b>REVENUE:</b>			
Grants and Contributions:			
- AANDC (Note 6)	\$ 3,238,748	\$ 3,238,748	\$ 3,033,410
- Health Canada	60,264	60,264	49,888
- Meadow Lake Tribal Council	2,298,077	2,305,538	2,527,316
- Canada Mortgage and Housing	-	7,238	13,625
- Government of Saskatchewan	21,000	10,620	13,551
- Solicitor General	-	-	10,562
- Northern Lights Development	83,107	83,527	115,355
- Government of Canada	142,210	105,577	38,250
- Northern Sport and Culture	21,880	21,880	-
Revenue Trust interest	1,500	1,073	432
First Nations Trust Gaming	270,000	277,539	270,567
Fundraising	30,000	140,541	50,042
Interest and earnings distributions	1,500	6,958	130,964
Expense recoveries and other income	86,252	187,915	138,576
Rentals	62,500	71,529	106,362
Housing Fund rentals and subsidy	<u>310,699</u>	<u>310,699</u>	<u>311,850</u>
	6,627,737	6,829,646	6,810,750
Unexpended revenue - prior year	337,775	337,775	569,656
- current year	<u>( 87,138)</u>	<u>( 541,153)</u>	<u>( 337,775)</u>
	6,878,374	6,626,268	7,042,631
 <b>EXPENSES</b>	 <u>7,016,896</u>	 <u>6,819,283</u>	 <u>7,248,927</u>
 <b>SURPLUS (DEFICIT) BEFORE THE UNDERTONED</b>	 <u>( 138,522)</u>	 <u>( 193,015)</u>	 <u>( 206,296)</u>
Limited partnership earnings (loss)	200,000	45,083	433,291
Change in investment equity	<u>-</u>	<u>( 24)</u>	<u>-</u>
 <b>SURPLUS (DEFICIT) FOR THE YEAR</b>	 <u>\$ 61,478</u>	 <u>\$ ( 147,956)</u>	 <u>\$ 226,995</u>

**BIRCH NARROWS DENE NATION**

**STATEMENT OF SURPLUS / EQUITY BALANCES**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u></b>		
BALANCE, beginning of the year	\$ 28,259,691	\$ 29,236,755
Plus: Capital funding received	59,911	
Less: Amortization recorded	( 946,829)	( 977,064)
BALANCE, end of the year	\$ 27,372,773	\$ 28,259,691
	<hr/>	<hr/>
<b><u>SURPLUS, APPROPRIATED FOR INVESTMENTS</u></b>		
BALANCE, beginning of the year	\$ 943	\$ 1,190,643
Plus: Birch Narrows Dene Development Inc.		
- Share exchange for limited partnership		( 1,189,700)
- Net earnings (loss) for the year	( 24)	<hr/>
BALANCE, end of the year	\$ 919	\$ 943
	<hr/>	<hr/>

**BIRCH NARROWS DENE NATION****STATEMENT OF SURPLUS BALANCES  
for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
<b><u>SURPLUS APPROPRIATED FOR CMHC HOUSING AUTHORITY</u></b>		
BALANCE, as previously reported	\$ ( 9,252)	\$ ( 19,328)
Prior period adjustments		
- adjustments by funding agency	<u>8,645</u>	<u>7,265</u>
BALANCE, as restated	( 607)	( 12,063)
SURPLUS (DEFICIT) FOR THE YEAR	<u>—</u>	<u>2,811</u>
BALANCE, end of the year	\$ ( 607)	\$ ( 9,252)
	<u>—</u>	<u>—</u>
<b><u>SURPLUS, UNAPPROPRIATED</u></b>		
BALANCE, as previously reported	\$ 10,071,852	\$ 8,603,422
PRIOR PERIOD ADJUSTMENT:		
- Change in policy (Note 12)	—	( 48,848)
- Surplus Adjustments (Note 19)	<u>( 79,394)</u>	<u>24,000</u>
BALANCE, as restated	9,992,458	8,578,574
SURPLUS (DEFICIT) FOR THE YEAR	<u>( 147,956)</u>	<u>226,995</u>
	9,844,502	8,805,569
- Appropriated surplus	—	( 2,811)
- Investment equity	<u>24</u>	<u>1,189,700</u>
BALANCE, end of the year	\$ 9,844,526	\$ 9,992,458
	<u>—</u>	<u>—</u>

**BIRCH NARROWS DENE NATION**

**STATEMENT OF CASH FLOWS**  
**for the year ended March 31, 2014**

	<u>2014</u>	<u>2013</u>
		(as restated)
<b>OPERATIONS:</b>		
Surplus (deficit) for the year	\$ ( 147,956)	\$ 226,995
Plus: Funding agency adjustment	8,645	7,265
Amortization	<u>239,417</u>	<u>236,066</u>
	100,106	470,326
<b>Changes in non-cash Working Capital items:</b>		
Accounts receivable	( 200,320)	283,024
Accounts payable	( 92,930)	108,352
Unexpended revenue	<u>203,378</u>	<u>( 231,881)</u>
	<u>10,234</u>	<u>629,821</u>
<b>INVESTING ACTIVITIES:</b>		
Trust fund changes	( 1,073)	( 432)
Investment equity changes	( 295,059)	( 556,832)
Tangible capital asset additions	( 59,911)	-
Advances payable	<u>84,871</u>	<u>34,790</u>
	<u>( 271,172)</u>	<u>( 522,474)</u>
<b>FINANCING ACTIVITIES:</b>		
Receipt of deferred funding	59,911	-
Repayment of term debt	<u>( 399,020)</u>	<u>( 383,958)</u>
	<u>( 339,109)</u>	<u>( 383,958)</u>
<b>INCREASE (DECREASE) IN CASH RESOURCES</b>	<b>( 600,047)</b>	<b>( 276,611)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of the year</b>	<b><u>1,558,471</u></b>	<b><u>1,835,082</u></b>
<b>CASH AND CASH EQUIVALENTS, end of the year</b>	<b><u>\$ 958,424</u></b>	<b><u>\$ 1,558,471</u></b>
 <b>Cash and cash equivalents are represented by:</b>		
Bank balances	\$ 40,909	\$ 190,219
Restricted deposits	704,704	450,303
Term deposits	346,807	968,692
Funded reserves	<u>( 133,996)</u>	<u>( 50,743)</u>
	<u>\$ 958,424</u>	<u>\$ 1,558,471</u>

SEE ACCOMPANYING NOTES SUBJECT TO  
INDEPENDENT AUDITOR'S REPORT DATED JULY 20, 2014

**BIRCH NARROWS DENE NATION****STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY**  
**for the year ended March 31, 2014**

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue Adjust</u>	<u>Surplus (Deficit)</u>
<b>RESERVES AND TRUSTS:</b>					
Registry	1	\$ 5,157	5,157	-	\$ -
<b>EDUCATION:</b>					
Administration	1	70,100	70,100	-	-
Instruction	2	898,454	901,618	-	( 3,164)
Enhanced Salaries	2	32,385	32,385	-	-
Bussing	3	49,805	49,805	-	-
Low Cost	3	78,225	78,225	-	-
Student Improvement	4	236,003	236,003	-	-
Band Operated	4	151,811	151,811	-	-
Post Sec Administration	5	-	558	-	( 558)
Post Sec Allowance	5	252,063	256,750	-	( 4,687)
		<u>1,768,846</u>	<u>1,777,255</u>	<u>-</u>	<u>( 8,409)</u>
<b>SOCIAL SERVICES:</b>					
Community Care	6	55,517	35,210	-	20,307
Home Care	6	24,003	24,003	-	-
Child Benefit	7	143,900	144,000	-	( 100)
Early Childhood	8	67,500	67,574	-	( 74)
Summer Student	8	-	29,884	-	( 29,884)
		<u>290,920</u>	<u>300,671</u>	<u>-</u>	<u>( 9,751)</u>
<b>INFRASTRUCTURE:</b>					
Municipal	9	31,752	31,752	-	-
Water Operators	9	21,600	21,600	-	-
Community	10	216,647	237,224	-	( 20,577)
Firehall	11	19,566	25,548	-	( 5,982)
Security	11	5,678	5,678	-	-
School	12	242,018	242,018	-	-
Teacherage	12	33,131	33,131	-	-
		<u>570,392</u>	<u>596,951</u>	<u>-</u>	<u>( 26,559)</u>

**BIRCH NARROWS DENE NATION**

**STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY**  
**for the year ended March 31, 2014**

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue Adjust</u>	<u>Surplus (Deficit)</u>
<b>BAND SUPPORT:</b>					
Administration	13	\$ 478,918	559,589	-	\$ ( 80,671)
Service Delivery	14	53,002	41,168	-	11,834
Benefits	14	136,745	165,540	28,795	-
Benefits	15	<u>37,200</u>	<u>37,200</u>	-	-
		<u>705,865</u>	<u>803,497</u>	<u>28,795</u>	<u>( 68,837)</u>
<b>CAPITAL:</b>					
Renovations	16	137,360	193,965	-	( 56,605)
Water	17	( 63,219)	9,133	72,352	-
Lagoon	18	61	24	( 37)	-
Subdivision	18	200,000	77,782	( 122,218)	-
School	19	<u>125,054</u>	<u>3,780</u>	<u>( 121,274)</u>	-
		<u>399,256</u>	<u>284,684</u>	<u>( 171,177)</u>	<u>( 56,605)</u>
<b>HEALTH:</b>					
Co-ordinator	20	63,881	44,602	-	19,279
Health Rep	21	54,569	45,935	-	8,634
Addictions	22	68,810	50,674	-	18,136
Facility Management	23	72,570	99,769	-	( 27,199)
Health Committee	24	4,726	1,571	-	3,155
Wellness	24	83,087	81,611	-	1,476
Transportation	25	53,113	39,435	-	13,678
Nursing	26	157,465	144,096	-	13,369
Maternal Child	27	34,496	24,298	-	10,198
TB Program	27	25,264	11,837	-	13,427
Family Support	28	114,970	112,476	-	2,494
Program Secretary	28	13,271	24,550	-	( 11,279)
Daycare	29	82,462	82,462	-	-
Community Based	30	48,527	33,891	-	14,636
Headstart	31	71,307	71,307	-	-
Protection	31	113,508	55,631	-	57,877
Prevention	32	<u>50,932</u>	<u>50,932</u>	-	-
		<u>1,112,958</u>	<u>975,077</u>	-	<u>137,881</u>

**BIRCH NARROWS DENE NATION****STATEMENT OF REVENUE AND EXPENSES BY ACTIVITY**  
**for the year ended March 31, 2014**

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue Adjust</u>	<u>Surplus (Deficit)</u>
<b>BAND REVENUE:</b>					
Justice	32	\$ 40,771	40,771	-	\$ -
Self Government	33	15,300	20,905	-	( 5,605)
Active Measures	33	25,000	30,502	3,474	( 2,028)
Police Council	34	10,620	24,500	-	( 13,880)
Economic	35	47,609	2,633	-	44,976
Language Initiative	35	42,210	16,254	-	25,956
Training	36	70,560	89,321	-	( 18,761)
Fire Suppression	36	129,267	130,967	-	( 1,700)
Recreation	37	227,822	188,700	-	39,122
Northern Sport	37	21,880	21,880	-	-
Social Assistance	38	607,792	587,975	( 19,486)	331
CRIF	38	22,135	32,541	-	( 10,406)
RCMP rentals	39	61,300	25,634	-	35,666
First Nation Funds	39	5,062	140,328	-	( 135,266)
FSIN Gaming	40	6,060	6,060	-	-
Arena Operations	41	163,414	163,414	-	-
Northern Lights	42	83,527	97,602	-	( 14,075)
Community Initiatives	42	63,367	121,604	( 44,984)	( 103,221)
Zander Lake	43	20,784	20,784	-	-
Trust Funds	44	1,073	-	-	1,073
		<u>1,665,553</u>	<u>1,762,375</u>	<u>( 60,996)</u>	<u>( 157,818)</u>
<b>APPROPRIATED:</b>					
Housing Fund	44	<u>310,699</u>	<u>313,616</u>	<u>-</u>	<u>( 2,917)</u>
		<u>\$ 6,829,646</u>	<u>\$ 6,819,283</u>	<u>\$ ( 203,378)</u>	<u>\$ ( 193,015)</u>

## **BIRCH NARROWS DENE NATION**

### **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended March 31, 2014**

#### **1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:**

##### **Basis of Accounting**

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

##### **Reporting Entity and Principles of Financial Reporting**

The Birch Narrows Dene Nation reporting entity includes the Birch Narrows Dene Nation government and all related entities which are accountable to the First Nation and are either owned or controlled by the First 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:

- Birch Narrows Dene Nation – 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.

##### **Investments**

Incorporated business entities, which are owned or controlled by the Birch Narrows Dene Nation for their continuing operations, are included in the financial statements using the modified equity method.

Long term investments in non-controlled entities are recorded at the lower of cost or net realizable value.

##### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, 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.

##### **Pension Plan**

Birch Narrows Dene Nation provides a defined contribution pension plan for its 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.

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

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

##### Leased Assets

Leased assets that transfer substantially all of the benefits and risks of ownership are recorded as the acquisition of a tangible capital asset and in the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the First Nation, and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases, and the rental costs are expenses as incurred.

##### Tangible Capital Assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Costs include overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Amortization is provided for on a straight-line basis over the estimated lives as follows:

Roads	25
Buildings	50 to 75
Housing	40
Machinery and equipment	10 to 50
Vehicles	4
Infrastructure	20 to 80
Trailers	10

Tangible capital assets are written down when conditions indicate that they no longer contribute to Birch Narrows First Nation's ability to provide goods and services, or when the value of future economic benefits associated with tangible capital assets are less than their book value. The net write downs are accounted for as expenses in the consolidated financial statements.

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

##### Revenue Recognition

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements which relates to a subsequent fiscal period is reflected as unexpended revenue in the year of receipt.

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 2. ACCOUNTS RECEIVABLE:

Government of Saskatchewan	\$ 10,500
RCMP rental	62,400
Housing subsidy receivable	17,205
Northern Lights Development	27,512
Aboriginal Affairs	56,250
MLHSDA	17,824
MLTC Program Services	206,842
Expense recoveries	48,219
Payroll advances	<u>11,158</u>
	 <u>457,910</u>

#### 3. TRUST FUNDS:

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

	<u>Capital</u>	<u>Revenue</u>	<u>Total</u>
Balance, March 31, 2013	\$ 6,511	\$ 22,573	\$ 29,084
Plus: Interest earned	<u>—</u>	<u>1,073</u>	<u>1,073</u>
	6,511	23,646	30,157
Less: Disbursements	<u>—</u>	<u>—</u>	<u>—</u>
Balance, March 31, 2014	<u>6,511</u>	<u>23,646</u>	<u>30,157</u>

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.

## BIRCH NARROWS DENE NATION

**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended March 31, 2014

#### 4. INVESTMENTS:

**The Dene Nation has the following investments:**

	<u>2014</u>	<u>2013</u>
Birch Narrows Dene Development Inc. (Note 11)		
- Share Capital	\$ 100	\$ 100
- Retained Earnings (Deficit)	( 124)	( 100)
	( 24)	-
MLTC Resource Development Inc.		
- 1 Class A common share (11% ownership)	1	1
MLTC Program Services Inc.		
- 1 Class A common share (11% ownership)	1	1
MLDC Investment Co. Ltd.		
- 1 Class A common share (11% ownership)	1	1
First Nations Bank		
- 537 Common shares	<u>940</u>	<u>940</u>
	\$ 919	\$ 943

5. **LIMITED PARTNERSHIP:**

The Dene Nation has the following limited partnership interests:

	<u>2014</u>	<u>2013</u> (as restated)
MLTC Resource Development LP 11.1% interest	\$ 4,789,661	\$ 4,658,561
Birch Narrows Dene Development LP 99.999% interest	<u>1,481,797</u>	<u>1,317,814</u>
	\$ 6,271,458	\$ 5,976,375

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 5. LIMITED PARTNERSHIP: (Continued)

The Dene Nation has the following limited partnership interests:

	<u>2014</u>	<u>2013</u>
<b><u>MLTC Resource Development LP</u></b>		
Balance, beginning of the year	\$ 4,658,561	\$ 4,229,844
Plus: share of earnings	231,100	428,717
Less: distribution received	( 100,000)	-
Balance, end of the year	<u>\$ 4,789,661</u>	<u>\$ 4,658,561</u>
 <b><u>Birch Narrows Dene Development LP</u></b>		
Balance, beginning of the year	\$ 1,317,814	\$ 1,313,240
Plus: investment share of earnings (loss)	350,000 ( 186,017)	4,574
Balance, end of the year	<u>\$ 1,481,797</u>	<u>\$ 1,317,814</u>

#### 6. ACCOUNTS PAYABLE:

Accounts payable includes:

Accrued mortgage interest	\$ 10,169
Housing reserve liability (Note 11)	100,993
Trade creditors	<u>59,404</u>
	 <u>\$ 170,566</u>

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 7. UNEXPENDED REVENUE:

The Dene Nation has the following programs which had funding that was unspent at the year end:

	<u>Sch</u>	<u>2014</u>	<u>2013</u>
Benefits	14	\$ ( 17,295)	\$ 11,500
Capital Water *	17	-	72,352
Capital Lagoon *	18	24,823	24,786
Capital Subdivision *	18	264,948	142,730
Capital School*	19	249,191	127,917
Active Measures	33	-	3,474
Social Assistance	38	19,486	-
Community Initiatives	42	-	( 44,984)
		<hr/> \$ 541,153	<hr/> \$ 337,775

Certain programs (marked with \*) have their funding in a separate capital project account where the funds for the project are maintained specifically for that purpose.

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 8. BANK LOANS:

The Dene Nation has the following term debt outstanding:

	<u>2014</u>	<u>2013</u>
1) Royal Bank - Arena - repayable at \$125,000 annually plus interest monthly at prime plus 1.25%.	\$ 500,000	\$ 625,000
2) Royal Bank - RCMP Building - repayable monthly at \$2,900 including interest at prime plus 1.25%.	206,915	234,379
3) Royal Bank - RCMP Buildings - repayable monthly at \$1,450 including interest at prime plus 1.25%.	6,044	22,794
4) Royal Bank - - repayable monthly at \$1,490 including interest at prime plus 1.25%.	22,530	39,495
5) Royal Bank – Housing - repayable annually at \$96,285 plus interest monthly at prime plus 1.25%.	288,855	385,140
	<hr/>	<hr/>
	\$ 1,024,344	\$ 1,306,808
	<hr/>	<hr/>

Assuming renewal on comparable terms, principal payments required on long term debt for the next five years and thereafter are as follows:

2015	\$ 274,369
2016	257,355
2017	252,705
2018	159,000
2019	35,000
Subsequent years	<u>45,915</u>
	<hr/>
	\$ 1,024,344
	<hr/>

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 9. RENTAL MORTGAGES:

The Housing Fund has the following mortgages secured by a loan guarantee from Aboriginal Affairs Canada:

	<u>2014</u>	<u>2013</u>
(1) Canada Mortgage and Housing Corporation; interest at 6.99% per annum, repayable at \$1,307 per month including interest. Term expires on May 1, 2018 and matures on May 1, 2018.	\$ 56,298	\$ 68,008
(2) Canada Mortgage and Housing Corporation; repayable at \$4,158 per month including interest at 2.78%. Term expires on August 1, 2015 and matures on July 1, 2035.	802,817	830,112
(3) Canada Mortgage and Housing Corporation; repayable at \$1,661 per month including interest at 2.40%. Term expires October 1, 2015 and matures on October 1, 2035.	335,777	347,540
(4) Canada Mortgage and Housing Corporation; repayable at \$5,356 per month including interest at 2.63%. Term expires June 1, 2016 and matures on June 1, 2031.	890,659	931,049
(5) Canada Mortgage and Housing Corporation; repayable at \$2,994 per month including interest at 1.49%. Term expires on January 1, 2017 and matures on January 1, 2037.	695,336	720,734
	<hr/>	<hr/>
	\$ 2,780,887	\$ 2,897,443
	<hr/>	<hr/>

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

2015	\$ 118,000
2016	120,000
2017	123,500
2018	128,000
2019	133,000
Subsequent years	<u>2,158,387</u>
	<hr/>
	\$ 2,780,887
	<hr/>

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 10. ADVANCES PAYABLE:

The Dene Nation has made the following unsecured advances:

	<u>2014</u>	<u>2013</u>
Birch Ridge Education Authority Inc.	\$ 302,665	\$ 134,783
Birch Narrows Dene Development LP (see Note 5)	<u>21,312</u>	<u>104,323</u>
	<u>\$ 323,977</u>	<u>\$ 239,106</u>

Birch Ridge Education Authority Inc. is a non-profit corporation that operates the school on the First Nation.

#### 11. FUNDED RESERVES:

The Dene Nation has an obligation under its agreement with the Canada Mortgage and Housing Corporation to fund replacements and operating reserves.

At March 31, 2014 the outstanding reserve obligation was \$100,993 which is reported as an account payable.

	<u>2014</u>	<u>2013</u>
Housing reserve obligation	\$ 234,989	\$ 175,792
Funds on deposit	( 133,996)	( 50,743)
Balance due to reserves (Note 6)	<u>\$ 100,993</u>	<u>\$ 125,049</u>

## **BIRCH NARROWS DENE NATION**

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended March 31, 2014**

## 12. CAPITAL ASSETS:

The Dene Nation's capital assets include:

	2014	2013
<u>Cost</u>		
Rental houses	\$ 4,029,152	\$ 4,029,152
Buildings	30,843,570	30,843,570
Trailers	276,665	276,665
Heavy equipment	218,919	218,919
Equipment	739,993	676,332
Lodge	300,000	300,000
Computers	173,377	177,127
Vehicles	378,424	378,424
Roads	83,577	83,577
Infrastructure	1,932,321	1,932,321
Houses	8,164,304	8,164,304
Bus	<u>90,670</u>	<u>90,670</u>
	<u>47,230,972</u>	<u>47,171,061</u>
<u>Accumulated Amortization</u>		
Rental houses	460,847	344,290
Buildings	3,731,814	3,114,943
Trailers	217,461	189,795
Heavy equipment	218,919	218,919
Equipment	441,498	361,399
Lodge	22,500	15,000
Computers	104,025	69,350
Vehicles	378,424	378,424
Roads	55,134	51,791
Infrastructure	1,034,573	957,280
Houses	6,189,839	5,985,731
Bus	<u>36,268</u>	<u>18,134</u>
	<u>12,891,302</u>	<u>11,705,056</u>
	\$ 34,339,670	\$ 35,466,005

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 13. CONTINGENT LIABILITIES:

Birch Narrows Dene Nation has three bank loans that were for funds borrowed by other entities. The loans were in a current position at March 31, 2014.

The loan balances are:

	<u>2014</u>	<u>2013</u>
RBC #24 (BNDDLP - see note 5)	\$ 56,355	\$ 110,772
RBC #29 (BREA - see note 10)	193,743	218,617
RBC #32 (BNDDLP - see note 5)	<u>539,489</u>	<u>605,755</u>
	<hr/> \$ 789,587	<hr/> \$ 935,144
	<hr/> <hr/>	<hr/> <hr/>

The loans are reported as part of the financial reports of the respective entities.

The First Nation has also provided a loan guarantee to First Nations Bank in the amount of \$476,000. The guarantee is part of the security package for a loan (original amount of \$680,000) guaranteed to Saskatoon Fast Print Limited Partnership (SFLP). SFLP is 70% owned by Birch Narrows Dene Development LP (see note 5). The loan had a balance of \$648,624 at March 31, 2014 and was in a current position.

#### 14. FINANCIAL INSTRUMENTS:

For cash accounts receivable and accounts payable, the carrying amounts of these financial instruments approximate their fair value due to their short-term maturity or capacity for prompt liquidation.

The organization does not believe it is subject to any significant concentration of credit risk. Cash and short-term investments are in place with major financial institutions.

#### 15. COMPARATIVE FIGURES:

Comparative figures have been restated where necessary to conform to the presentation adopted during the current fiscal year.

## **BIRCH NARROWS DENE NATION**

### **NOTES TO THE FINANCIAL STATEMENTS** for the year ended March 31, 2014

#### **16. ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT CANADA FUNDING:**

The First Nation has entered into funding arrangements with Aboriginal Affairs and Northern Development Canada. The funds are used by the First Nation to administer its operations and provide service to its members in accordance with the funding arrangement.

#### **17. PENSION AGREEMENT:**

The First Nation provides a defined contribution plan for eligible members of its staff. The First Nation matches employee contributions. The amount to be received by employees will be the amount of retirement gratuity that could be purchased based on the employees share of the pension plan at the time of the employee's withdrawal from the plan.

#### **18. SEGMENTED INFORMATION:**

The Birch Narrows Dene Nation is a diversified government institution that provides a wide range of services to its members, including education, infrastructure maintenance, medical and other health services, administration, capital, enterprises, and other services. For management reporting purposes, the Dene Nation's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

##### **Social and family services**

This department is responsible for administrating programs focusing on improving the lives of members and families of the Dene Nation, including: better living, education and funeral policies; promoting awareness of cultural ties by gathering together youth and elders; youth employment projects; and distribution of trust settlement proceeds to members.

##### **Education**

The education department provides services to elementary and secondary students primarily by entering into service contracts with provincially funded area school boards, as well as native language study. In addition, the department reimburses tuition costs and provides living and other allowances to students who are attending post-secondary institutions.

## BIRCH NARROWS DENE NATION

### NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2014

#### 18. SEGMENTED INFORMATION: (Continued)

##### **Operations and maintenance**

The infrastructure department provides public services that contribute to community development and sustainability through the provision of operating services such as water and sanitation, fire protection, electrical and community buildings.

##### **Medical and other health services**

The community wellness department provides a diverse bundle of services directed towards the well-being of members including such activities as medical transportation, pre-natal and early childhood care, nursing, health representation, traditional healing, family violence prevention, and many other smaller programs designed to enhance the health of members.

##### **Administration**

The administration department oversees the delivery of all governmental services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of Chief and Council.

##### **Housing and community development**

This department oversees construction and renovation of housing in the community and as well, operates the CMHC project and other band-owned homes. In addition, this department undertakes planning activities to ensure the long-term improvement of the community.

##### **Enterprises and economic development**

Band operated enterprises are activities conducted by the Dene Nation with the objective of promotion economic self-sufficiency. These activities could include income generated from renting out band-owned equipment, lease income, and other projects from time to time. This department also oversees economic development programs within the community.

For each reported segment, revenues and expenses include 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.

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