

BIRCH NARROWS DENE NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2015

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, HNG Accounting Group, 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:

[illegible]

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of **Birch Narrows Dene Nation** which are comprised of the statement of financial position as of March 31, 2015 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

Our responsibility is to express an opinion on these 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 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of **Birch Narrows Dene Nation** as at March 31, 2015, 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 our audit of the financial statements to the extent necessary to allow me to render an opinion thereon.

HNG Accounting Group

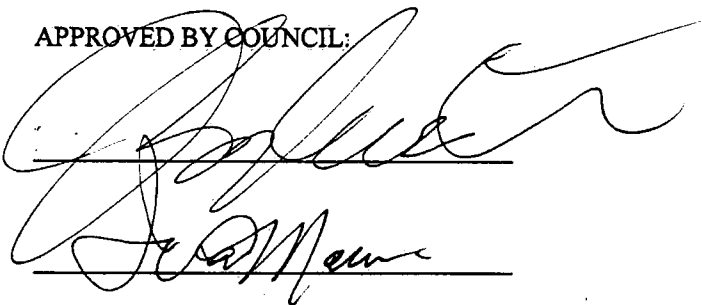
Saskatoon, Saskatchewan
August 24, 2015

Chartered Professional
Accountants

BIRCH NARROWS DENE NATION**STATEMENT OF FINANCIAL POSITION
as at March 31, 2015**

	<u>2015</u>	<u>2014</u>
FINANCIAL ASSETS		
Bank	\$ 54,050	\$ 40,909
Restricted deposits (Note 8 and 12)	1,200,589	704,704
Term deposits	131,706	346,807
Accounts receivable (Note 2)	200,386	457,910
Advances receivable (Note 3)	160,677	-
Trust funds (Note 4)	30,884	30,157
Investments (Note 5)	3,322	919
Limited partnership interests (Note 6)	<u>5,142,296</u>	<u>6,271,458</u>
	<u>6,923,910</u>	<u>7,852,864</u>
 FINANCIAL LIABILITIES		
Accounts payable (Note 7)	395,800	170,566
Unexpended revenue (Note 8)	1,120,854	541,153
Term debt (Note 9 & 10)	3,853,148	3,805,231
Advances payable (Note 11)	31,963	323,977
Funded reserves (Note 12)	<u>87,823</u>	<u>133,996</u>
	<u>5,489,588</u>	<u>4,974,923</u>
 NET FINANCIAL ASSETS	 1,434,322	 2,877,941
 NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	34,334,710	34,339,670
Inventories	<u>195,145</u>	<u>-</u>
 SURPLUS	 \$ 35,964,177	 \$ 37,217,611
	<u><u> </u></u>	<u><u> </u></u>

APPROVED BY COUNCIL:



THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATION**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ (276,126)	\$ (147,956)
Deferred capital receipt	-	59,911
Purchase of tangible capital assets	(1,327,173)	(59,911)
Amortization of tangible capital assets	354,587	239,417
Inventory increase	(195,145)	-
Surplus adjustments	<u>238</u>	<u>8,645</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(1,443,619)	100,106
BALANCE, beginning of the year	<u>2,877,941</u>	<u>2,777,835</u>
BALANCE, end of the year	<u>\$ 1,434,322</u>	<u>\$ 2,877,941</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
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BIRCH NARROWS DENE NATION**STATEMENT OF OPERATIONS
for the year ended March 31, 2015**

	<u>Budget 2015</u>	<u>2015</u>	<u>2014</u>
REVENUE:			
Grants and Contributions:			
- AANDC (Note 6)	\$ 4,213,219	\$ 4,209,512	\$ 3,238,748
- Health Canada	72,355	72,355	60,264
- Meadow Lake Tribal Council	2,332,333	2,489,403	2,305,538
- Canada Mortgage and Housing	-	-	7,238
- Government of Saskatchewan	21,000	40,520	10,620
- Solicitor General	-	12,992	-
- Northern Lights Development	143,342	143,342	83,527
- Government of Canada	-	-	105,577
- Northern Sport and Culture	17,679	17,679	21,880
Revenue Trust interest	-	727	1,073
First Nations Trust Gaming	250,000	266,666	277,539
Fundraising	28,831	82,381	140,541
Interest and earnings distributions	-	2,436	6,958
Expense recoveries and other income	280,326	298,800	187,915
Rentals	212,692	231,008	71,529
Limited partnership earnings	100,000	18,024	45,083
Store sales	2,670,000	2,861,323	-
Housing Fund rentals and subsidy	<u>236,300</u>	<u>236,300</u>	<u>310,699</u>
	10,578,077	10,983,468	6,874,729
Unexpended revenue - prior year	541,153	541,153	337,775
- current year	(24,823)	(1,120,854)	(541,153)
	11,233,732	10,403,767	6,671,351
EXPENSES	<u>11,319,659</u>	<u>10,679,893</u>	<u>6,819,283</u>
SURPLUS (DEFICIT) BEFORE THE UNDERNOTED	(225,252)	(276,126)	(147,932)
Change in investment equity	<u>-</u>	<u>24</u>	<u>(24)</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ (225,252)</u>	<u>\$ (276,102)</u>	<u>\$ (147,956)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATION**STATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
<u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u>		
BALANCE, beginning of the year	\$ 27,372,773	\$ 28,259,691
Plus: Capital funding received	-	59,911
Less: Amortization recorded	(977,570)	(946,829)
BALANCE, end of the year	<u>\$ 26,395,203</u>	<u>\$ 27,372,773</u>

SURPLUS, APPROPRIATED FOR INVESTMENTS

BALANCE, beginning of the year	\$ 919	\$ 943
Plus: Birch Narrows Dene Development Inc. - Net earnings (loss) for the year	<u>24</u>	(<u>24</u>)
BALANCE, end of the year	<u>\$ 943</u>	<u>\$ 919</u>

BIRCH NARROWS DENE NATION**STATEMENT OF SURPLUS BALANCES
for the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
<u>SURPLUS APPROPRIATED FOR CMHC HOUSING AUTHORITY</u>		
BALANCE, as previously reported	\$ (607)	\$ (9,252)
Prior period adjustments		
- adjustments by funding agency	<u>238</u>	<u>8,645</u>
BALANCE, as restated	(369)	(607)
SURPLUS (DEFICIT) FOR THE YEAR	<u>-</u>	<u>-</u>
BALANCE, end of the year	<u>\$ (369)</u>	<u>\$ (607)</u>

SURPLUS, UNAPPROPRIATED

BALANCE, as previously reported	\$ 9,844,526	\$ 10,071,852
PRIOR PERIOD ADJUSTMENT:		
- Surplus Adjustments	<u>-</u>	<u>(79,394)</u>
BALANCE, as restated	9,844,526	9,992,458
SURPLUS (DEFICIT) FOR THE YEAR	<u>(276,102)</u> 9,568,424	<u>(147,956)</u> 9,844,502
- Appropriated surplus	-	-
- Investment equity	<u>(24)</u>	<u>24</u>
BALANCE, end of the year	<u>\$ 9,568,400</u>	<u>\$ 9,844,526</u>

BIRCH NARROWS DENE NATION**STATEMENT OF CASH FLOWS
for the year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
OPERATIONS:		
Surplus (deficit) for the year	\$ (276,126)	\$ (147,956)
Plus: Funding agency adjustment	238	8,645
Amortization	<u>354,587</u>	<u>239,417</u>
	78,699	100,106
Changes in non-cash Working Capital items:		
Accounts receivable	257,524	(200,320)
Accounts payable	225,235	(92,930)
Inventories	(195,145)	-
Unexpended revenue	<u>579,701</u>	<u>203,378</u>
	<u>946,014</u>	<u>10,234</u>
INVESTING ACTIVITIES:		
Trust fund changes	(727)	(1,073)
Investment equity changes	1,126,759	(295,059)
Tangible capital asset additions	(1,327,173)	(59,911)
Advances receivable/payable	<u>(452,691)</u>	<u>84,871</u>
	<u>(653,832)</u>	<u>(271,172)</u>
FINANCING ACTIVITIES:		
Proceeds of term debt	595,844	-
Receipt of deferred funding	-	59,911
Repayment of term debt	<u>(547,928)</u>	<u>(399,020)</u>
	<u>47,916</u>	<u>(339,109)</u>
INCREASE (DECREASE) IN CASH RESOURCES	340,098	(600,047)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>958,424</u>	<u>1,558,471</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ 1,298,522	\$ 958,424
	<u><u> </u></u>	<u><u> </u></u>
Cash and cash equivalents are represented by:		
Bank balances	\$ 54,050	\$ 40,909
Restricted deposits	1,200,589	704,704
Term deposits	131,706	346,807
Funded reserves	<u>(87,823)</u>	<u>(133,996)</u>
	<u>\$ 1,298,522</u>	<u>\$ 958,424</u>
	<u><u> </u></u>	<u><u> </u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS for the year ended March 31, 2015

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
- Birch Narrows Dene Nation Store and Gas Bar

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, 2015

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

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, 2015

2. ACCOUNTS RECEIVABLE:

	<u>2015</u>	<u>2014</u>
Store enterprise receivables	\$ 73,587	\$ -
Government of Saskatchewan	-	10,500
RCMP rental	-	62,400
Housing subsidy receivable	15,479	17,205
Northern Lights Development	27,242	27,512
Aboriginal Affairs	6,000	56,250
MLHSDA	13,934	17,824
MLTC Program Services	-	206,842
Expense recoveries	54,799	48,219
Payroll advances	<u>9,345</u>	<u>11,158</u>
	<u>\$ 200,386</u>	<u>\$ 457,910</u>

3. ADVANCE RECEIVABLE:

The First Nation has advanced \$160,677 to Birch Narrows Dene Development LP. The advances are unsecured, non-interest bearing and not subject to a fixed repayment schedule - See note 6.

4. 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, 2014	\$ 6,511	\$ 23,646	\$ 30,157
Plus: Interest earned	<u>-</u>	<u>727</u>	<u>727</u>
	6,511	24,373	30,884
Less: Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Balance, March 31, 2015	<u>\$ 6,511</u>	<u>\$ 24,373</u>	<u>\$ 30,884</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

4. TRUST FUNDS: (Continued)

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.

5. INVESTMENTS:

The Dene Nation has the following investments:

	<u>2015</u>	<u>2014</u>
Birch Narrows Dene Development Inc. (Note 11)		
- Share Capital	\$ 100	\$ 100
- Retained Earnings (Deficit)	(100)	(124)
	-	(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	940	940
Meadow Lake Co-op	<u>2,379</u>	<u>-</u>
	<u>\$ 3,322</u>	<u>\$ 919</u>

BIRCH NARROWS DENE NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015****6. LIMITED PARTNERSHIP:**

The Dene Nation has the following limited partnership interests:

	<u>2015</u>	<u>2014</u>
MLTC Resource Development LP 11.11% interest	\$ 4,686,541	\$ 4,789,661
Birch Narrows Dene Development LP 99.99% interest	455,755	1,481,797
	<u>\$ 5,142,296</u>	<u>\$ 6,271,458</u>

The Dene Nation has the following limited partnership interests:

	<u>2015</u>	<u>2014</u>
<u>MLTC Resource Development LP</u>		
Balance, beginning of the year	\$ 4,789,661	\$ 4,658,561
Plus: share of earnings	46,880	231,100
Less: distribution received	(150,000)	(100,000)
Balance, end of the year	<u>\$ 4,686,541</u>	<u>\$ 4,789,661</u>
<u>Birch Narrows Dene Development LP</u>		
Balance, beginning of the year	\$ 1,481,797	\$ 1,317,814
Plus: investment made realized	(997,186)	350,000
share of earnings (loss)	(28,856)	(186,017)
Balance, end of the year	<u>\$ 455,755</u>	<u>\$ 1,481,797</u>

BIRCH NARROWS DENE NATION

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015**

7. ACCOUNTS PAYABLE:

Accounts payable includes:

	<u>2015</u>	<u>2014</u>
Store enterprise payables	\$ 15,081	\$ -
Accrued mortgage interest	9,899	10,169
Housing reserve liability (Note 11)	226,798	100,993
Trade creditors	<u>144,022</u>	<u>59,404</u>
	\$ 395,800	\$ 170,566
	<u><u> </u></u>	<u><u> </u></u>

8. UNEXPENDED REVENUE:

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

	<u>Sch</u>	<u>2015</u>	<u>2014</u>
Environment	12	\$ 20,000	\$ -
Benefits	14	387	(17,295)
Capital Lagoon*	18	24,850	24,823
Capital Subdivision*	18	852,948	264,948
Capital School*	19	203,192	249,191
TB Program	27	10,262	-
Social Assistance	38	<u>9,215</u>	<u>19,486</u>
		\$ 1,120,854	\$ 541,153
		<u><u> </u></u>	<u><u> </u></u>

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, 2015

9. BANK LOANS:

The Dene Nation has the following term debt outstanding:

	<u>2015</u>	<u>2014</u>
1) Royal Bank - Arena - repayable at \$31,250 quarterly plus interest monthly at prime plus 1.25%.	\$ 343,881	\$ 500,000
2) Royal Bank - RCMP Building - repayable monthly at \$2,900 including interest at prime plus 1.25%.	180,359	206,915
3) Royal Bank - RCMP Buildings	-	6,044
4) Royal Bank - Equipment - repayable monthly at \$1,490 including interest at prime plus 1.25%.	4,876	22,530
5) Royal Bank - Housing - repayable annually at \$96,285 plus interest monthly at prime plus 1.25%.	192,570	288,855
6) Royal Bank - Store Enterprise - repayable monthly at \$7,452 including Interest at 4%.	470,333	-
7) Royal Bank - Store Enterprise	<u>8</u>	<u>-</u>
	<u>\$ 1,192,027</u>	<u>\$ 1,024,344</u>

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

	<u>First Nation</u>	<u>Store Enterprise</u>
2016	\$ 257,355	\$ 71,928
2017	252,705	74,850
2018	159,000	77,899
2019	52,626	81,073
2020	-	80,215
Subsequent years	<u>-</u>	<u>84,376</u>
	<u>\$ 721,686</u>	<u>\$ 470,341</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

10. RENTAL MORTGAGES:

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

	<u>2015</u>	<u>2014</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.	\$ 43,874	\$ 56,298
(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.	774,758	802,817
(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.	323,731	335,777
(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.	849,199	890,659
(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.	669,558	695,336
	<u>\$ 2,661,120</u>	<u>\$ 2,780,887</u>

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

2016	\$ 122,000
2017	125,000
2018	128,500
2019	132,500
2020	136,500
Subsequent years	<u>2,016,620</u>
	<u>\$ 2,661,120</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

11. ADVANCES PAYABLE:

The Dene Nation has received the following unsecured advances:

	<u>2015</u>	<u>2014</u>
Birch Ridge Education Authority Inc.	\$ 31,963	\$ 302,665
Birch Narrows Dene Development LP (see Note 5)	<u>-</u>	<u>21,312</u>
	\$ 31,963	\$ 323,977
	<u> </u>	<u> </u>

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

12. 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, 2015 the outstanding reserve obligation was \$100,993 which is reported as an account payable.

	<u>2015</u>	<u>2014</u>
Housing reserve obligation	\$ 314,621	\$ 234,989
Funds on deposit	<u>(87,823)</u>	<u>(133,996)</u>
Balance due to reserves (Note 6)	\$ 226,798	\$ 100,993
	<u> </u>	<u> </u>

BIRCH NARROWS DENE NATION**NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015****13. CAPITAL ASSETS:**

The Dene Nation's capital assets include:

	<u>2015</u>	<u>2014</u>
<u>Cost</u>		
Store enterprise building and equipment	\$ 1,811,872	\$ -
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	736,243	739,993
Lodge	300,000	300,000
Computers	173,377	173,377
Vehicles	374,424	378,424
Roads	83,577	83,577
Infrastructure	1,932,321	1,932,321
Houses	8,164,304	8,164,304
Bus	90,670	90,670
	<u>49,035,094</u>	<u>47,230,972</u>
<u>Accumulated Amortization</u>		
Store enterprise	592,634	-
Rental houses	580,614	460,847
Buildings	4,348,685	3,731,814
Trailers	245,127	217,461
Heavy equipment	218,919	218,919
Equipment	548,589	441,498
Lodge	30,000	22,500
Computers	138,700	104,025
Vehicles	378,424	378,424
Roads	58,477	55,134
Infrastructure	1,111,866	1,034,573
Houses	6,393,947	6,189,839
Bus	54,402	36,268
	<u>14,700,384</u>	<u>12,891,302</u>
	<u>\$ 34,334,710</u>	<u>\$ 34,339,670</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2015

14. 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, 2015.

The loan balances are:

	<u>2015</u>	<u>2014</u>
RBC #24 (BNDDLDP - see note 5)	\$ -	\$ 56,355
RBC #29 (BREA - see note 10)	167,844	193,743
RBC #32 (BNDDLDP - see note 5)	<u>-</u>	<u>539,489</u>
	<u>\$ 167,844</u>	<u>\$ 789,587</u>

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 \$524,310 at March 31, 2015 and was in a current position.

15. FINANCIAL INSTRUMENTS:

For bank balances, 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. Bank balances are in place with major financial institutions.

16. 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, 2015**

17. 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.

18. 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.

19. 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 administering 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, 2015

19. **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 promoting 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.