

BIRCH NARROWS DENE NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2016

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.

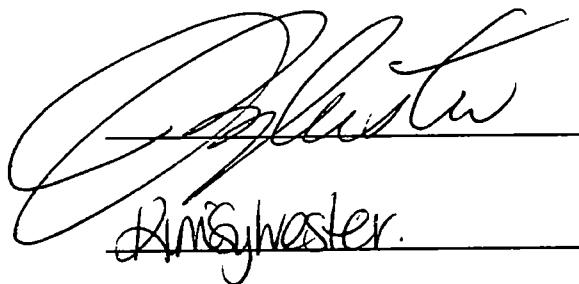
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable 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, Bjorn Sigurdson CPA 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:



Dennis Sylvester



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 comprise of the statement of financial position as of March 31, 2016 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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Bjorn Sigurdson CPA, CA
Accountant | Financial Consultant

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

Opinion

In our opinion, the financial statements present fairly, in all material aspects, the financial position of **Birch Narrows Dene Nation** as at March 31, 2016, and the results of its operation and its cash flows for the year then ended in accordance with Canadian 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.

Bjorn Sigurdson CPA Prof Corp

Saskatoon, Saskatchewan
September 30, 2016

Chartered Professional
Accountants



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BIRCH NARROWS DENE NATION**STATEMENT OF FINANCIAL POSITION**
as at March 31, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Bank	\$ 352,813	\$ 54,050
Restricted deposits (Note 8 and 12)	426,380	1,200,589
Term deposits	103,477	131,706
Accounts receivable (Note 2)	298,787	200,386
Advances receivable (Note 3)	160,677	160,677
Trust funds (Note 4)	31,519	30,884
Investments (Note 5)	4,302	3,322
Limited partnership interests (Note 6)	<u>4,384,785</u>	<u>5,142,296</u>
	<u>5,762,740</u>	<u>6,923,910</u>
FINANCIAL LIABILITIES		
Accounts payable (Note 7)	431,659	395,800
Unexpended revenue (Note 8)	240,568	1,120,854
Term debt (Note 9 & 10)	3,550,823	3,853,148
Advances payable (Note 11)	192,830	31,963
Funded reserves (Note 12)	<u>178,989</u>	<u>87,823</u>
	<u>4,594,869</u>	<u>5,489,588</u>
NET FINANCIAL ASSETS	1,167,871	1,434,322
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 12)	33,177,255	34,334,710
Inventories	<u>142,100</u>	<u>195,145</u>
SURPLUS	<u>\$ 34,487,226</u>	<u>\$ 35,964,177</u>

APPROVED BY COUNCIL:

Kim Sywester

BIRCH NARROWS DENE NATION

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

	<u>2016</u>	<u>2015</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ (521,257)	\$ (276,126)
Deferred capital receipt	18,410	-
Purchase of tangible capital assets	(167,198)	(1,327,173)
Amortization of tangible capital assets	344,641	354,587
Inventory (increase) decrease	53,045	(195,145)
Surplus adjustments	<u>5,908</u>	<u>238</u>
 INCREASE (DECREASE) IN NET FINANCIAL ASSETS	 (266,451)	 (1,443,619)
 BALANCE, beginning of the year	 <u>1,434,322</u>	 <u>2,877,941</u>
 BALANCE, end of the year	 \$ 1,167,871	 \$ 1,434,322

BIRCH NARROWS DENE NATION

STATEMENT OF OPERATIONS
for the year ended March 31, 2016

	Budget		
	<u>2016</u>	<u>2016</u>	<u>2015</u>
	(unaudited)	(unaudited)	(unaudited)
REVENUE:			
Grants and Contributions:			
- AANDC (Note 6)	\$ 2,943,057	\$ 2,943,057	\$ 4,209,512
- Health Canada	74,253	74,253	72,355
- Meadow Lake Tribal Council	2,615,706	2,632,978	2,489,403
- Government of Saskatchewan	12,340	12,340	40,520
- Solicitor General	-	-	12,992
- Northern Lights Development	117,549	117,459	143,342
- Northern Sport and Culture	-	-	17,679
Revenue Trust interest	1,000	635	727
First Nations Trust Gaming	266,803	266,803	266,666
Fundraising	12,000	14,368	82,381
Interest and earnings distributions	-	2,018	2,436
Expense recoveries and other income	40,421	502,827	298,800
Rentals	83,400	129,303	231,008
Store sales	2,848,000	2,773,475	2,861,323
Housing Fund rentals and subsidy	<u>305,853</u>	<u>305,853</u>	<u>236,300</u>
	9,320,382	9,775,369	10,965,444
Unexpended revenue - prior year	1,120,854	1,120,854	541,153
- current year	<u>-</u>	<u>(240,568)</u>	<u>(1,120,854)</u>
	10,441,236	10,655,655	10,385,743
EXPENSES	<u>10,315,401</u>	<u>10,869,421</u>	<u>10,679,893</u>
SURPLUS (DEFICIT) BEFORE THE UNDERNOTED			
Limited partnership earnings (loss)	125,835	(213,766)	(294,150)
Change in investment equity	<u>200,000</u>	<u>(307,511)</u>	<u>18,024</u>
	<u>-</u>	<u>20</u>	<u>24</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ 335,835	\$ (521,257)	\$ (276,102)
	<u>=====</u>	<u>=====</u>	<u>=====</u>

BIRCH NARROWS DENE NATION

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

	<u>2016</u>	<u>2015</u>
<u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u>		
BALANCE, beginning of the year	\$ 26,395,203	\$ 27,372,773
Plus: Capital funding received	18,410	-
Less: Amortization recorded	(980,012)	(977,570)
 BALANCE, end of the year	 \$ 25,433,601	 \$ 26,395,203
	<hr/>	<hr/>
<u>SURPLUS, APPROPRIATED FOR INVESTMENTS</u>		
BALANCE, beginning of the year	\$ 943	\$ 919
Plus: Birch Narrows Dene Development Inc.		
- Net earnings (loss) for the year	<hr/> 20	<hr/> 24
 BALANCE, end of the year	 \$ 963	 \$ 943

BIRCH NARROWS DENE NATION

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

	<u>2016</u>	<u>2015</u>
<u>SURPLUS APPROPRIATED FOR CMHC HOUSING AUTHORITY</u>		
BALANCE, as previously reported	\$ (369)	\$ (607)
Prior period adjustments		
- adjustments by funding agency	<u>5,908</u>	<u>238</u>
BALANCE, as restated	5,539	(369)
SURPLUS (DEFICIT) FOR THE YEAR	—	—
 BALANCE, end of the year	 \$ 5,539	 \$ (369)
 =====	 =====	 =====
<u>SURPLUS, UNAPPROPRIATED</u>		
BALANCE, beginning of the year	\$ 9,568,400	\$ 9,844,526
SURPLUS (DEFICIT) FOR THE YEAR	<u>(521,257)</u>	<u>(276,102)</u>
	9,047,143	9,568,424
- Investment equity	(20)	(24)
 BALANCE, end of the year	 \$ 9,047,123	 \$ 9,568,400
 =====	 =====	 =====

BIRCH NARROWS DENE NATION

STATEMENT OF CASH FLOWS
for the year ended March 31, 2016

	<u>2016</u>	<u>2015</u>
OPERATIONS:		
Surplus (deficit) for the year	\$ (521,257)	\$ (276,126)
Plus: Funding agency adjustment	5,908	238
Amortization	<u>344,641</u>	<u>354,587</u>
	(170,708)	78,699
Changes in non-cash Working Capital items:		
Accounts receivable	(98,401)	257,524
Accounts payable	35,859	225,235
Inventories	53,045	(195,145)
Unexpended revenue	<u>(880,286)</u>	<u>579,701</u>
	(1,060,491)	946,014
INVESTING ACTIVITIES:		
Trust fund changes	(635)	(727)
Investment equity changes	756,531	1,126,759
Tangible capital asset additions	(167,198)	(1,327,173)
Advances receivable/payable	<u>160,867</u>	<u>(452,691)</u>
	<u>749,565</u>	<u>(653,832)</u>
FINANCING ACTIVITIES:		
Proceeds of term debt	342,100	595,844
Receipt of deferred funding	18,410	-
Repayment of term debt	<u>(644,425)</u>	<u>(547,928)</u>
	<u>(283,915)</u>	<u>47,916</u>
INCREASE (DECREASE) IN CASH RESOURCES	(594,841)	340,098
CASH AND CASH EQUIVALENTS, beginning of the year	<u>1,298,522</u>	<u>958,424</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ 703,681	\$ 1,298,522
Cash and cash equivalents are represented by:		
Bank balances	\$ 352,813	\$ 54,050
Restricted deposits	426,380	1,200,589
Term deposits	103,477	131,706
Funded reserves	<u>(178,989)</u>	<u>(87,823)</u>
	<u>\$ 703,681</u>	<u>\$ 1,298,522</u>

BIRCH NARROWS DENE NATION

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

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, 2016

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, 2016

2. ACCOUNTS RECEIVABLE:

	<u>2016</u>	<u>2015</u>
Store enterprise receivables	\$ 64,231	\$ 73,587
Housing subsidy receivable	179,961	15,479
Northern Lights Development	25,205	27,242
Aboriginal Affairs	6,000	6,000
MLHSDA	7,875	13,934
MLTC Program Services	3,389	-
Expense recoveries	8,456	54,799
Payroll advances	<u>3,670</u>	<u>9,345</u>
	<u>\$ 298 m,787</u>	<u>\$ 200,386</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, 2015	\$ 6,511	\$ 24,373	\$ 30,884
Plus: Interest earned	<u>-</u>	<u>635</u>	<u>635</u>
	<u>6,511</u>	<u>25,008</u>	<u>31,519</u>
Less: Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Balance, March 31, 2016	<u>\$ 6,511</u>	<u>\$ 25,008</u>	<u>\$ 31,519</u>

BIRCH NARROWS DENE NATION

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

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>2016</u>	<u>2015</u>
Birch Narrows Dene Development Inc. (Note 11)		
- Share Capital	\$ 100	\$ 100
- Retained Earnings (Deficit)	(80)	(100)
	20	-
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>3,339</u>	<u>2,379</u>
	<u>\$ 4,302</u>	<u>\$ 3,322</u>

BIRCH NARROWS DENE NATION

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

6. LIMITED PARTNERSHIP:

The Dene Nation has the following limited partnership interests:

	<u>2016</u>	<u>2015</u>
MLTC Resource Development LP 11.11% interest	\$ 3,842,343	\$ 4,686,541
Birch Narrows Dene Development LP 99.99% interest	542,442	455,755
	<hr/>	<hr/>
	\$ 4,384,785	\$ 5,142,296
	<hr/>	<hr/>

The Dene Nation has the following limited partnership interests:

	<u>2016</u>	<u>2015</u>
<u>MLTC Resource Development LP</u>		
Balance, beginning of the year	\$ 4,686,541	\$ 4,789,661
Plus: share of earnings	(394,198)	46,880
Less: distribution received	(450,000)	(150,000)
Balance, end of the year	\$ 3,842,343	\$ 4,686,541
	<hr/>	<hr/>

	<u>2016</u>	<u>2015</u>
<u>Birch Narrows Dene Development LP</u>		
Balance, beginning of the year	\$ 455,755	\$ 1,481,797
Plus: investment made realized share of earnings (loss)	- 86,687	(997,186) (28,856)
Balance, end of the year	\$ 542,442	\$ 455,755
	<hr/>	<hr/>

BIRCH NARROWS DENE NATION

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

7. ACCOUNTS PAYABLE:

Accounts payable includes:

	<u>2016</u>	<u>2015</u>
Store enterprise payables	\$ 6,698	\$ 15,081
Accrued mortgage interest	8,096	9,899
Housing reserve liability (Note 11)	195,844	226,798
Trade creditors	139,812	144,022
Employee source deductions	67,345	-
Employee payroll deductions	<u>13,864</u>	<u>-</u>
	<u>\$ 431,659</u>	<u>\$ 395,800</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>2016</u>	<u>2015</u>
Environment	12	\$ 12,463	\$ 20,000
Benefits	14	12,488	387
Capital Lagoon*	18	24,803	24,850
Capital Subdivision*	18	153,229	852,948
Capital School*	19	37,585	203,192
TB Program	27	-	10,262
Social Assistance	38	<u>-</u>	<u>9,215</u>
		<u>\$ 240,568</u>	<u>\$ 1,120,854</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, 2016

9. BANK LOANS:

The Dene Nation has the following term debt outstanding:

	<u>2016</u>	<u>2015</u>
1) Royal Bank - Arena - repayable at \$31,250 quarterly plus interest monthly at prime plus 1.25%.	\$ 231,188	\$ 343,881
2) Royal Bank - RCMP Building - repayable monthly at \$2,900 including interest at prime plus 1.25%.	152,281	180,359
3) Royal Bank – Equipment	-	4,876
4) Royal Bank – Housing	-	192,570
5) Royal Bank - repayable monthly at \$5,208 plus interest monthly at prime plus 1.25%.	234,376	-
6) Royal Bank – Store Enterprise - repayable monthly at \$7,452 including interest at 4%.	398,413	470,333
7) Royal Bank – Store Enterprise	-	8
	<u>\$ 1,016,258</u>	<u>\$ 1,192,027</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>
2017	\$ 215,796	\$ 74,850
2018	197,384	77,899
2019	91,896	81,073
2020	77,088	84,376
Subsequent years	<u>35,681</u>	<u>80,215</u>
	<u>\$ 617,845</u>	<u>\$ 398,413</u>

BIRCH NARROWS DENE NATION

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

10. RENTAL MORTGAGES:

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

	<u>2016</u>	<u>2015</u>
(1) Canada Mortgage and Housing Corporation; interest at 5.24% per annum, repayable at \$1,254 per month including interest. Term expires on May 1, 2018 and matures on May 1, 2018.	\$ 30,794	\$ 43,874
(2) Canada Mortgage and Housing Corporation; repayable at \$3,503 per month including interest at 0.94%. Term expires on August 1, 2020 and matures on July 1, 2035.	743,023	774,758
(3) Canada Mortgage and Housing Corporation; repayable at \$1,461 per month including interest at 1.04%. Term expires October 1, 2020 and matures on October 1, 2035.	310,642	323,731
(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.	806,690	849,199
(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.	643,416	669,558
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	\$ 2,534,565	\$ 2,661,120
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>

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

2017	\$ 130,000
2018	135,000
2019	142,000
2020	150,000
2021	160,000
Subsequent years	<u>1,817,565</u>
	<hr style="border-top: 1px solid black;"/>
	\$ 2,534,565
	<hr style="border-top: 1px solid black;"/>

BIRCH NARROWS DENE NATION

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

11. ADVANCES PAYABLE:

The Dene Nation has received the following unsecured advances:

	<u>2016</u>	<u>2015</u>
Birch Ridge Education Authority Inc.	\$ 392,830	\$ 31,963
	<hr/>	<hr/>

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, 2016 the outstanding reserve obligation was \$195,844 which is reported as an account payable.

	<u>2016</u>	<u>2015</u>
Housing reserve obligation	\$ 374,833	\$ 314,621
Funds on deposit	(178,989)	(87,823)
Balance due to reserves (Note 6)	\$ 195,844	\$ 226,798
	<hr/>	<hr/>

BIRCH NARROWS DENE NATION

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

13. CAPITAL ASSETS:

The Dene Nation's capital assets include:

	<u>2016</u>	<u>2015</u>
<u>Cost</u>		
Store enterprise building and equipment	\$ 1,811,872	\$ 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	334,906	736,243
Lodge	300,000	300,000
Computers	-	173,377
Vehicles	303,419	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>48,389,375</u>	<u>49,035,094</u>
<u>Accumulated Amortization</u>		
Store enterprise	687,859	592,634
Rental houses	707,168	580,614
Buildings	4,965,556	4,348,685
Trailers	272,793	245,127
Heavy equipment	218,919	218,919
Equipment	226,330	548,589
Lodge	37,500	30,000
Computers	-	138,700
Vehicles	174,424	378,424
Roads	61,820	58,477
Infrastructure	1,189,159	1,111,866
Houses	6,598,056	6,393,947
Bus	72,536	54,402
	<u>15,212,120</u>	<u>14,700,384</u>
	 <u>\$ 33,177,255</u>	 <u>\$ 34,334,710</u>

BIRCH NARROWS DENE NATION

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

14. CONTINGENT LIABILITIES:

Birch Narrows Dene Nation has guaranteed three bank loans that were for funds borrowed by other entities. The loan balances are:

RBC #29 BREA (see note 11)	\$ 140,629
First Nations Bank (Saskatoon Fast Print)	392,321
First Nations Bank (SFP Properties LP)	<u>1,343,429</u>
	 <u>1,876,379</u>

The loans are reported as part of the financial reports of the respective entities and were at a current position at March 31, 2016.

The First Nation's interests in Saskatoon Fast Print and SFP Properties LP are held by Birch Narrows Dene Development LP (see note 6).

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, 2016

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, 2016

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 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.

BIRCH NARROWS DENE NATION**STATEMENT OF SCHEDULES
for the year ended March 31, 2016**

		<u>(unaudited)</u>		<u>Unexpended</u>		<u>Surplus</u>
	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>		<u>(Deficit)</u>
RESERVES AND TRUSTS:						
Registry	1	\$ 5,403	5,403	-	\$ -	-
EDUCATION:						
Administration Support	1	65,068	65,068	-	-	-
Instruction	2	910,501	910,501	-	-	-
Enhanced Salaries	2	33,537	33,537	-	-	-
Bussing	3	49,805	49,805	-	-	-
Low Cost	3	81,007	81,007	-	-	-
Student Improvement	4	236,303	236,303	-	-	-
Band Operated	4	143,197	143,197	-	-	-
Post Sec Administration	5	-	1,596	-	(1,596)	-
Post Sec Allowances	5	<u>262,716</u>	<u>276,861</u>	<u>-</u>	<u>(14,145)</u>	<u>-</u>
		<u>1,782,134</u>	<u>1,797,875</u>	<u>-</u>	<u>(15,741)</u>	<u>-</u>
SOCIAL SERVICES:						
Assistance	6	561,213	571,712	9,215	(1,284)	-
Home Care	6	24,003	24,003	-	-	-
National Child Benefit	7	105,681	105,831	-	(150)	-
Summer Student	8	<u>26,096</u>	<u>26,200</u>	<u>-</u>	<u>(104)</u>	<u>-</u>
		<u>716,993</u>	<u>727,746</u>	<u>9,215</u>	<u>(1,538)</u>	<u>-</u>
INFRASTRUCTURE:						
Municipal	9	16,876	16,876	-	-	-
Water Operators	9	21,600	21,600	-	-	-
Community	10	268,465	274,936	-	(6,471)	-
Firehall	11	23,273	40,536	-	(17,263)	-
Other Protection	11	5,735	6,708	-	(973)	-
School Maintenance	12	248,094	248,094	-	-	-
Teacherage	12	33,131	33,131	-	-	-
Environmental Prevention	13	<u>20,000</u>	<u>27,537</u>	<u>7,537</u>	<u>-</u>	<u>(24,707)</u>
		<u>637,174</u>	<u>669,418</u>	<u>7,537</u>	<u>7,537</u>	<u>(24,707)</u>

BIRCH NARROWS DENE NATION**STATEMENT OF SCHEDULES**
for the year ended March 31, 2016

(unaudited)

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
BAND SUPPORT:					
Administration	14	\$ 742,813	729,741	-	\$ 13,072
Service Delivery	15	43,411	41,382	-	2,029
Benefits	15	153,653	153,653	(12,101)	(12,101)
Benefits	16	<u>36,667</u>	<u>44,089</u>	<u>-</u>	<u>(7,422)</u>
		<u>976,544</u>	<u>968,865</u>	<u>(12,101)</u>	<u>(4,422)</u>
CAPITAL:					
Renovations	17	117,025	226,012	-	(108,987)
Lagoon	18	43	90	47	-
Subdivision	18	308	700,027	699,719	-
School	19	<u>1,110</u>	<u>166,717</u>	<u>165,607</u>	<u>-</u>
		<u>118,486</u>	<u>1,092,846</u>	<u>865,373</u>	<u>(108,987)</u>
HEALTH:					
Management	20	142,020	142,367	-	(347)
Community Health Rep	21	57,700	58,118	-	(418)
Addictions	22	66,600	67,089	-	(489)
Facility Management	23	109,987	103,514	-	6,473
Wellness	24	84,107	83,378	-	729
Transportation Co-ordinator	25	38,253	38,219	-	34
Nursing	26	252,625	252,815	-	(190)
Maternal Child	27	34,496	34,729	-	(233)
Tuberculosis Program	27	36,000	45,718	10,262	544
Child & Family	28	115,705	118,899	-	(3,194)
Daycare	29	110,293	105,408	-	4,885
Community Based Programs	30	62,417	62,513	-	(96)
Community Care	31	58,623	59,102	-	(479)
Headstart	32	78,990	78,990	-	-
Family Support	32	173,433	178,220	-	(4,787)
Prevention	33	<u>40,376</u>	<u>40,376</u>	<u>-</u>	<u>-</u>
		<u>1,461,625</u>	<u>1,469,455</u>	<u>10,262</u>	<u>2,432</u>

BIRCH NARROWS DENE NATION**STATEMENT OF SCHEDULES
for the year ended March 31, 2016**

	<u>(unaudited)</u>			<u>Unexpended</u>	<u>Surplus</u>
	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Revenue</u>	<u>(Deficit)</u>
BAND REVENUE:					
Justice	33	\$ 40,771	40,860	-	\$ (89)
Enhanced Services	34	25,943	26,193	-	(250)
Police Council	35	12,610	13,135	-	(525)
Community Re-Invest	35	104,698	105,473	-	(775)
Economic Development	36	82,370	49,710	-	32,660
Fire Suppression	37	206,059	236,520	-	(30,461)
Recreation	38	29,158	59,446	-	(30,288)
RCMP Rentals	39	51,283	33,425	-	17,858
First Nation Funds	39	-	143,532	-	(143,532)
Gaming	40	125,000	-	-	125,000
Brush Contract	40	81,276	81,100	-	176
Arena Operations	41	108,855	158,280	-	(49,425)
Primrose Legal Challenge	41	16,581	26,680	-	(10,099)
Northern Lights	42	62,968	60,359	-	2,609
Zander Lake	43	15,358	25,358	-	(10,000)
Evacuation	43	34,117	34,117	-	-
Trust Funds	44	<u>635</u>	<u>-</u>	<u>-</u>	<u>635</u>
		<u>997,682</u>	<u>1,094,188</u>	<u>-</u>	<u>(96,506)</u>
APPROPRIATED:					
Housing Fund	44	<u>305,853</u>	<u>305,853</u>	<u>-</u>	<u>-</u>
ENTERPRISES:					
Grocery and Gas Bar	45	<u>2,773,475</u>	<u>2,737,772</u>	<u>-</u>	<u>35,703</u>
		<u>\$ 9,775,369</u>	<u>\$ 10,869,421</u>	<u>\$ 880,286</u>	<u>\$ (213,766)</u>