

BIRCH NARROWS DENE NATION

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

for the year ended March 31, 2017

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.

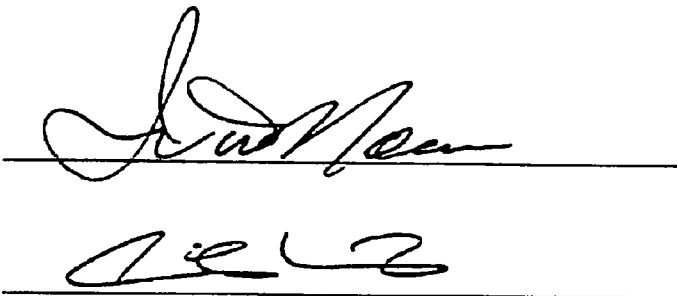
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board. Management is responsible for such internal control as management determines is necessary to enable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



The block contains two handwritten signatures, each positioned above a horizontal line. The top signature is a cursive script that appears to read 'J. A. Mearns'. The bottom signature is a more stylized cursive script, possibly reading 'J. A. Mearns' or a similar name. Both signatures are written in dark ink.



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, 2017 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.



bjorn@bjornsigurdson.ca



(306) 341-4005



www.bjornsigurdson.ca



1 (866) 882-7195



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, 2017, 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 C.P.A. Prof Corp.

Saskatoon, Saskatchewan
August 15, 2017

Chartered Professional
Accountant



bjorn@bjornsigurdson.ca



(306) 341-4005



www.bjornsigurdson.ca





1 (866) 882-7195

BIRCH NARROWS DENE NATION**STATEMENT OF FINANCIAL POSITION**
as at March 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Bank	\$ -	\$ 352,813
Restricted deposits (Note 8 and 12)	611,089	426,380
Term deposits	145,595	103,477
Accounts receivable (Note 2)	1,365,130	298,787
Advances receivable (Note 3)	160,677	160,677
Trust funds (Note 4)	32,120	31,519
Investments (Note 5)	4,721	4,302
Limited partnership interests (Note 6)	<u>5,681,254</u>	<u>4,384,785</u>
	<u>8,000,586</u>	<u>5,762,740</u>
FINANCIAL LIABILITIES		
Bank indebtedness	18,591	-
Accounts payable (Note 7)	184,774	431,659
Unexpended revenue (Note 8)	1,309,963	240,568
Term debt (Note 9 & 10)	3,149,679	3,550,823
Advances payable (Note 11)	306,740	192,830
Funded reserves (Note 12)	<u>344,224</u>	<u>178,989</u>
	<u>5,313,971</u>	<u>4,594,869</u>
NET FINANCIAL ASSETS	2,686,615	1,167,871
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 13)	32,012,162	33,177,255
Inventories	<u>193,683</u>	<u>142,100</u>
SURPLUS	<u>\$ 34,892,460</u>	<u>\$ 34,487,226</u>

APPROVED BY COUNCIL:





THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATIONSTATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ 1,200,207	\$ (521,257)
Deferred capital receipt	115,310	18,410
Purchase of tangible capital assets	(58,212)	(167,198)
Amortization of tangible capital assets	312,072	344,641
Inventory (increase) decrease	(51,583)	53,045
Surplus adjustments	<u>950</u>	<u>5,908</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	1,518,744	(266,451)
BALANCE, beginning of the year	<u>1,167,871</u>	<u>1,434,322</u>
BALANCE, end of the year	<u>\$ 2,686,615</u>	<u>\$ 1,167,871</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
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BIRCH NARROWS DENE NATION**STATEMENT OF OPERATIONS**
for the year ended March 31, 2017

	Budget <u>2017</u> (unaudited)	<u>2017</u> (unaudited)	<u>2016</u> (unaudited)
REVENUE:			
Grants and Contributions:			
- AANDC (Note 6)	\$ 4,908,054	\$ 4,908,054	\$ 2,943,057
- Health Canada	42,080	42,080	74,253
- Meadow Lake Tribal Council	2,828,435	2,860,920	2,632,978
- Government of Saskatchewan	8,500	8,500	12,340
- Northern Lights Development	59,164	59,164	117,459
Revenue Trust interest	600	600	635
First Nations Trust Gaming	250,000	250,826	266,803
Fundraising	90,000	101,885	14,368
Interest and earnings distributions	-	701	2,018
Expense recoveries and other income	375,416	590,046	502,827
Rentals	114,000	137,750	129,303
Store sales	2,875,000	2,953,214	2,773,475
Housing Fund rentals and subsidy	<u>297,942</u>	<u>297,942</u>	<u>305,853</u>
	11,849,191	12,211,682	9,775,369
Unexpended revenue - prior year	240,568	240,568	1,120,854
- current year	(<u>1,336,160</u>)	(<u>1,309,963</u>)	(<u>240,568</u>)
	10,753,599	11,142,287	10,655,655
EXPENSES	<u>10,654,466</u>	<u>11,238,573</u>	<u>10,869,421</u>
SURPLUS (DEFICIT) BEFORE THE UNDERNOTED	99,133	(96,286)	(213,766)
Limited partnership earnings (loss)	100,000	1,296,469	(307,511)
Change in investment equity	<u>20</u>	<u>24</u>	<u>20</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ <u>199,153</u>	\$ <u>1,200,207</u>	\$ (<u>521,257</u>)

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATIONSTATEMENT OF SURPLUS / EQUITY BALANCES
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<u>SURPLUS, DEFERRED CAPITAL TRANSFERS</u>		
BALANCE, beginning of the year	\$ 25,433,601	\$ 26,395,203
Plus: Capital funding received	115,310	18,410
Less: Depreciation recorded	(<u>911,233</u>)	(<u>980,012</u>)
BALANCE, end of the year	<u>\$ 24,637,678</u>	<u>\$ 25,433,601</u>
<u>SURPLUS, APPROPRIATED FOR INVESTMENTS</u>		
BALANCE, beginning of the year	\$ 963	\$ 943
Plus: Birch Narrows Dene Development Inc. - Net earnings (loss) for the year	<u>24</u>	<u>20</u>
BALANCE, end of the year	<u>\$ 987</u>	<u>\$ 963</u>

BIRCH NARROWS DENE NATION**STATEMENT OF SURPLUS BALANCES**
for the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
<u>SURPLUS APPROPRIATED FOR CMHC HOUSING AUTHORITY</u>		
BALANCE, as previously reported	\$ 5,539	\$ (369)
Prior period adjustments		
- adjustments by funding agency	<u>950</u>	<u>5,908</u>
BALANCE, as restated	6,489	5,539
SURPLUS (DEFICIT) FOR THE YEAR	<u>-</u>	<u>-</u>
BALANCE, end of the year	\$ <u>6,489</u>	\$ <u>5,539</u>
<u>SURPLUS, UNAPPROPRIATED</u>		
BALANCE, beginning of the year	\$ 9,047,123	\$ 9,568,400
SURPLUS (DEFICIT) FOR THE YEAR	<u>1,200,207</u>	(<u>521,257</u>)
	10,247,330	9,047,143
- Investment equity	(<u>24</u>)	(<u>20</u>)
BALANCE, end of the year	\$ <u>10,247,306</u>	\$ <u>9,047,123</u>

BIRCH NARROWS DENE NATION**STATEMENT OF CASH FLOWS
for the year ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
OPERATIONS:		
Surplus (deficit) for the year	\$ 1,200,207	\$ (521,257)
Plus: Funding agency adjustment	950	5,908
Depreciation	<u>312,072</u>	<u>344,641</u>
	1,513,229	(170,708)
Changes in non-cash Working Capital items:		
Accounts receivable	(1,066,343)	(98,401)
Accounts payable	(246,885)	35,859
Inventories	(51,583)	53,045
Unexpended revenue	<u>1,069,395</u>	<u>(880,286)</u>
	<u>1,217,813</u>	<u>(1,060,491)</u>
INVESTING ACTIVITIES:		
Trust fund changes	(601)	(635)
Investment equity changes	(1,296,888)	756,531
Tangible capital asset additions	(58,212)	(167,198)
Advances receivable/payable	<u>113,910</u>	<u>160,867</u>
	<u>(1,241,791)</u>	<u>749,565</u>
FINANCING ACTIVITIES:		
Proceeds of term debt	-	342,100
Receipt of deferred funding	115,310	18,410
Repayment of term debt	<u>(401,144)</u>	<u>(644,425)</u>
	<u>(285,834)</u>	<u>(283,915)</u>
INCREASE (DECREASE) IN CASH RESOURCES	(309,812)	(594,841)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>703,681</u>	<u>1,298,522</u>
CASH AND CASH EQUIVALENTS, end of the year	\$ 393,869	\$ 703,681
	<hr/>	<hr/>
Cash and cash equivalents are represented by:		
Bank balances	\$ (18,591)	\$ 352,813
Restricted deposits	611,089	426,380
Term deposits	145,595	103,477
Funded reserves	<u>(344,224)</u>	<u>(178,989)</u>
	\$ 393,869	\$ 703,681
	<hr/>	<hr/>

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, 2017****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, 2017

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, 2017

2. ACCOUNTS RECEIVABLE:

	<u>2017</u>	<u>2016</u>
Store enterprise receivables	\$ 100,074	\$ 64,231
Housing subsidy receivable	14,050	179,961
Northern Lights Development	15,000	25,205
Aboriginal Affairs	1,120,545	6,000
ML Health and Social Development	34,515	7,875
MLTC Program Services	40,419	3,389
Ile a la Cross Fish Corp	12,735	-
Expense recoveries	20,192	8,456
Payroll advances	<u>7,600</u>	<u>3,670</u>
	\$ 1,365,130	\$ 298,787
	<u><u> </u></u>	<u><u> </u></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, 2016	\$ 6,511	\$ 25,008	\$ 31,519
Plus: Interest earned	<u>-</u>	<u>601</u>	<u>601</u>
	6,511	25,609	32,120
Less: Disbursements	<u>-</u>	<u>-</u>	<u>-</u>
Balance, March 31, 2017	\$ 6,511	\$ 25,609	\$ 32,120
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

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>2017</u>	<u>2016</u>
Birch Narrows Dene Development Inc. (Note 11)		
- Share Capital	\$ 100	\$ 100
- Retained Earnings (Deficit)	(66)	(80)
	34	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>3,744</u>	<u>3,339</u>
	<u>\$ 4,721</u>	<u>\$ 4,302</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

6. LIMITED PARTNERSHIP:

The Dene Nation has the following limited partnership capital:

	<u>2017</u>	<u>2016</u>
MLTC Resource Development LP 11.11% interest	\$ 5,079,177	\$ 3,842,343
Birch Narrows Dene Development LP 99.99% interest	602,077	542,442
	<u>\$ 5,681,254</u>	<u>\$ 4,384,785</u>

The Dene Nation has the following limited partnership equity:

	<u>2017</u>	<u>2016</u>
<u>MLTC Resource Development LP</u>		
Balance, beginning of the year	\$ 3,842,343	\$ 4,686,541
Plus: share of earnings (loss)	1,236,834	(394,198)
Less: distribution received	<u>-</u>	<u>(450,000)</u>
Balance, end of the year	<u>\$ 5,079,177</u>	<u>\$ 3,842,343</u>
<u>Birch Narrows Dene Development LP</u>		
Balance, beginning of the year	\$ 542,442	\$ 455,755
Plus: share of earnings (loss)	<u>59,635</u>	<u>86,687</u>
Balance, end of the year	<u>\$ 602,077</u>	<u>\$ 542,442</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

7. ACCOUNTS PAYABLE:

Accounts payable includes:

	<u>2017</u>	<u>2016</u>
Store enterprise payables	\$ 11,942	\$ 6,698
Accrued mortgage interest	6,837	8,096
Housing reserve liability (Note 11)	87,459	195,844
Trade creditors	67,827	139,812
Employee source deductions	-	67,345
Employee payroll deductions	<u>10,709</u>	<u>13,864</u>
	\$ 184,774	\$ 431,659
	<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>2017</u>	<u>2016</u>
Environment	13	\$ -	\$ 12,463
Benefits	15	(23,880)	12,488
Skill Development	16	19,583	-
Capital Lagoon*	18	24,688	24,803
Capital Subdivision*	18	1,251,952	153,229
Capital School*	19	<u>37,620</u>	<u>37,585</u>
		\$ 1,309,963	\$ 240,568
		<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, 2017

9. BANK LOANS:

The Dene Nation has the following term debt outstanding:

	<u>2017</u>	<u>2016</u>
1) Royal Bank - Arena - repayable at \$31,250 quarterly plus interest monthly at prime plus 1.25%.	\$ 113,577	\$ 231,188
2) Royal Bank - RCMP Building - repayable monthly at \$2,900 including interest at prime plus 1.25%.	122,973	152,281
3) Royal Bank - repayable monthly at \$5,208 plus interest monthly at prime plus 1.25%.	171,880	234,376
4) Royal Bank – Store Enterprise - repayable monthly at \$7,452 including interest at 4%.	342,622	398,413
	<u> </u>	<u> </u>
	\$ 751,052	\$ 1,016,258
	<u> </u>	<u> </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>
2018	\$ 217,384	\$ 77,899
2019	91,896	81,073
2020	99,150	84,376
Subsequent years	<u>-</u>	<u>99,274</u>
	\$ 408,430	\$ 342,622
	<u> </u>	<u> </u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

10. RENTAL MORTGAGES:

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

	<u>2017</u>	<u>2016</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.	\$ 17,013	\$ 30,794
(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.	707,789	743,023
(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.	296,255	310,642
(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.	760,733	806,690
(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.	616,837	643,416
	<u>\$ 2,398,627</u>	<u>\$ 2,534,565</u>

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

2018	\$ 142,000
2019	150,000
2020	160,000
2021	172,000
2022	184,000
Subsequent years	<u>1,590,627</u>
	<u>\$ 2,398,627</u>

BIRCH NARROWS DENE NATIONNOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

11. ADVANCES PAYABLE:

The Dene Nation has received the following unsecured advances:

	<u>2017</u>	<u>2016</u>
Birch Ridge Education Authority Inc.	\$ 306,740	\$ 192,830
	<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, 2017 the outstanding reserve obligation was \$87,459 which is reported as an account payable.

	<u>2017</u>	<u>2016</u>
Housing reserve obligation	\$ 431,683	\$ 374,833
Funds on deposit	(344,224)	(178,989)
Balance due to reserves (Note 6)	\$ 87,459	\$ 195,844
	<u> </u>	<u> </u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

13. CAPITAL ASSETS:

The Dene Nation's capital assets include:

	<u>2017</u>	<u>2016</u>
<u>Cost</u>		
Store enterprise building and equipment	\$ 1,826,772	\$ 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	340,798	334,906
Lodge	300,000	300,000
Fish plant	38,203	-
Vehicles	316,838	303,419
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>48,423,587</u>	<u>48,389,375</u>
 <u>Accumulated Amortization</u>		
Store enterprise	772,351	687,859
Rental houses	843,107	707,168
Buildings	5,582,427	4,965,556
Trailers	276,664	272,793
Heavy equipment	218,919	218,919
Equipment	256,321	226,330
Lodge	45,000	37,500
Fish plant	7,641	-
Vehicles	182,673	174,424
Roads	67,036	61,820
Infrastructure	1,266,452	1,189,159
Houses	6,802,164	6,598,056
Bus	90,670	72,536
	<u>16,411,425</u>	<u>15,212,120</u>
	 <u>\$ 32,012,162</u>	 <u>\$ 33,177,255</u>

BIRCH NARROWS DENE NATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended March 31, 2017

14. CONTINGENT LIABILITIES:

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

	<u>2017</u>	<u>2016</u>
Royal Bank (BREA see note 11)	\$ 112,033	\$ 140,629
First Nations Bank (Saskatoon Fast Print)	256,000	393,271
First Nations Bank (SFP Properties LP)	<u>1,297,059</u>	<u>1,345,137</u>
	<u>\$ 1,665,092</u>	<u>\$ 1,897,037</u>

The loans are reported as part of the financial reports of the respective entities and were at a current position at March 31, 2017.

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, 2017

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 employee's 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, 2017

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.

BIRCH NARROWS DENE NATIONSTATEMENT OF SCHEDULES
for the year ended March 31, 2017

(unaudited)

	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
RESERVES AND TRUSTS:					
Registry	1	\$ <u>5,628</u>	<u>5,628</u>	<u>-</u>	\$ <u>-</u>
EDUCATION:					
Administration Support	1	66,058	66,058	-	-
Instruction	2	993,041	993,041	-	-
Enhanced Salaries	2	34,113	34,113	-	-
Bussing	3	51,905	51,905	-	-
Low Cost	3	82,399	82,399	-	-
Student Improvement	4	261,626	261,626	-	-
Band Operated	4	430,832	430,832	-	-
Post Sec Administration	5	-	3,722	-	(3,722)
Post Sec Allowances	5	<u>276,726</u>	<u>318,266</u>	<u>-</u>	<u>(41,540)</u>
		<u>2,196,700</u>	<u>2,241,962</u>	<u>-</u>	<u>(45,262)</u>
SOCIAL SERVICES:					
Assistance	6	582,485	620,777	-	(38,292)
Home Care	6	24,003	24,003	-	-
National Child Benefit	7	100,056	100,156	-	-
Summer Student	8	<u>26,096</u>	<u>26,133</u>	<u>-</u>	<u>(37)</u>
		<u>732,640</u>	<u>770,969</u>	<u>-</u>	<u>(38,329)</u>
INFRASTRUCTURE:					
Municipal	9	39,287	39,287	-	-
Water Operators	9	21,600	21,600	-	-
Community	10	263,944	276,701	-	(12,757)
Firehall	11	27,273	16,291	-	10,982
Other Protection	11	5,774	5,774	-	-
School Maintenance	12	252,450	252,450	-	-
Teacherage	12	33,130	33,131	-	-
Environmental Prevention	13	<u>-</u>	<u>12,465</u>	<u>12,463</u>	<u>(2)</u>
		<u>643,459</u>	<u>657,699</u>	<u>12,463</u>	<u>(1,777)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATIONSTATEMENT OF SCHEDULES
for the year ended March 31, 2017

		<u>(unaudited)</u>			
	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
BAND SUPPORT:					
Administration	14	\$ 777,355	665,651	-	\$ 111,704
Service Delivery	15	70,118	65,554	-	4,564
Benefits	15	142,165	178,533	36,368	-
Benefits	16	30,293	25,376	-	4,917
Skill Development	16	<u>96,000</u>	<u>76,417</u>	<u>(19,583)</u>	<u>-</u>
		<u>1,115,931</u>	<u>1,011,531</u>	<u>16,785</u>	<u>121,185</u>
CAPITAL:					
Renovations	17	566,797	612,295	-	(45,498)
Lagoon	18	7	122	115	-
Subdivision	18	1,120,545	21,822	(1,098,723)	-
School	19	275	240	(35)	-
Fire Truck		<u>86,000</u>	<u>86,000</u>	<u>-</u>	<u>-</u>
		<u>1,773,624</u>	<u>720,479</u>	<u>(1,098,643)</u>	<u>(45,498)</u>
HEALTH:					
Management	20	145,418	135,285	-	10,133
Community Health Rep	21	58,854	53,445	-	5,409
Addictions	22	64,278	45,454	-	18,824
Facility Management	23	103,160	147,109	-	(43,949)
Wellness	24	85,092	85,541	-	(449)
Transportation Co-ordinator	25	32,080	39,318	-	(7,238)
Nursing	26	242,380	234,616	-	7,764
Maternal Child	27	34,496	38,346	-	(3,850)
Tuberculosis Program	27	10,000	7,948	-	2,052
Family Support	28	115,706	97,950	-	17,756
Daycare	29	115,220	139,816	-	(24,596)
Community Based Programs	30	105,561	104,130	-	1,431
Community Care	31	60,415	56,702	-	3,713
Headstart	32	82,060	82,060	-	-
Child and Family Protection	32	179,806	157,613	-	22,193
Prevention	33	<u>44,228</u>	<u>44,228</u>	<u>-</u>	<u>-</u>
		<u>1,478,754</u>	<u>1,469,561</u>	<u>-</u>	<u>9,193</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL
PART OF THESE FINANCIAL STATEMENTS

BIRCH NARROWS DENE NATIONSTATEMENT OF SCHEDULES
for the year ended March 31, 2017

		<u>(unaudited)</u>			
	<u>Sch</u>	<u>Revenue</u>	<u>Expenses</u>	<u>Unexpended Revenue</u>	<u>Surplus (Deficit)</u>
BAND REVENUE:					
Justice	33	\$ 41,931	42,982	-	\$ (51)
Enhanced Services	34	32,500	38,624	-	(6,124)
Police Council	35	8,500	8,619	-	(119)
Community Re-Invest	35	156,086	160,440	-	(4,354)
Economic Development	36	95,226	80,706	-	14,522
LEDSP	36	350	350	-	-
Fire Suppression	37	160,298	163,764	-	(3,466)
Recreation	38	58,940	63,141	-	(4,201)
RCMP Rentals	39	79,535	25,319	-	54,216
First Nation Funds	39	-	154,619	-	(154,619)
Gaming	40	-	-	-	-
Brush Contract	40	25,874	25,874	-	-
Arena Operations	41	182,247	183,855	-	(1,608)
Primrose Legal Challenge	41	23,700	86,353	-	(62,653)
Northern Lights	42	31,034	31,034	-	-
Community Activities	42	101,885	101,359	-	526
Zander Lake	43	15,071	18,331	-	(3,260)
Trust Funds	44	601	-	-	601
		<u>1,013,790</u>	<u>1,184,370</u>	<u>-</u>	<u>(170,580)</u>
APPROPRIATED:					
Housing Fund	44	<u>297,942</u>	<u>297,942</u>	<u>-</u>	<u>-</u>
ENTERPRISES:					
Grocery and Gas Bar	45	<u>2,953,214</u>	<u>2,878,430</u>	<u>-</u>	<u>74,784</u>
		<u>\$ 12,211,682</u>	<u>\$ 11,238,573</u>	<u>\$ (1,069,395)</u>	<u>\$ (96,286)</u>

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