

Birch Narrows Dene Nation

Consolidated Financial Statements
March 31, 2018

Management's Responsibility for the Consolidated Financial Statements

September 11, 2018

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board and as such include amounts that are the best estimates and judgments of management.

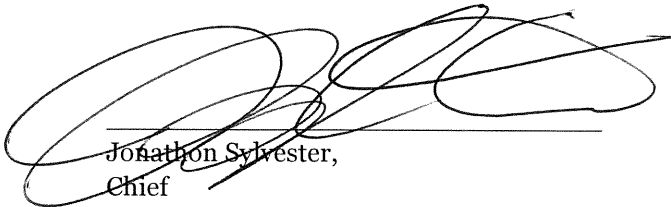
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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


The Chief and Council meets periodically with management and the external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, PricewaterhouseCoopers LLP, conduct an independent examination in accordance with Canadian auditing standards and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Birch Narrows Dene Nation and meet when required.

On behalf of Birch Narrows Dene Nation:



Jonathon Sylvester,
Chief



Chris Morin,
Band Manager



September 13, 2018

Independent Auditor's Report

To the Chief and Council of Birch Narrows Dene Nation

We have audited the accompanying consolidated financial statements of Birch Narrows Dene Nation, which comprise the consolidated statement of financial position as at March 31, 2018 and the consolidated statements of changes in net financial assets, operations and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

**Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Birch Narrows Dene Nation as at March 31, 2018 and the consolidated results of operations, remeasurement gains and losses, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The consolidated financial statements of the Birch Narrows Dene Nation for the year ended March 31, 2017, were audited by another auditor who expressed an unqualified opinion on those statements on August 15, 2017.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Birch Narrows Dene Nation

Consolidated Statement of Financial Position

As at March 31, 2018

	2018 \$	2017 \$
Financial assets		
Restricted cash	281,771	611,089
Term deposits	155,044	145,595
Accounts receivable (note 3)	890,863	1,366,578
Advances receivable (note 10)	160,677	160,677
Trust funds held by federal government (note 4)	32,461	32,120
Portfolio investments (note 5)	19,331	19,331
Investments in government business enterprises (note 6)	6,465,577	5,681,254
	<u>8,005,724</u>	<u>8,016,644</u>
Financial liabilities		
Bank overdrafts	316,027	271,291
Accounts payable and accrued liabilities	621,953	209,381
Deferred revenue (note 7)	425,302	1,309,963
Notes payable and long-term debt (notes 8 and 9)	3,922,329	3,261,712
	<u>5,285,611</u>	<u>5,052,347</u>
Net financial assets	<u>2,720,113</u>	<u>2,964,297</u>
Non-financial assets		
Tangible capital assets (note 12)	35,177,597	32,277,122
Inventories	143,684	193,683
	<u>35,321,281</u>	<u>32,470,805</u>
Accumulated surplus (note 11)	<u>38,041,394</u>	<u>35,435,102</u>
Commitments and contingencies (note 13)		

Approved by Band Council

Chief

Kini Syvester

Councilor

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

Birch Narrows Dene Nation

Consolidated Statement of Changes in Net Financial Assets

For the year ended March 31, 2018

	Budget \$ (unaudited)	2018 \$	2017 \$
Annual surplus	(119,675)	2,606,292	602,267
Purchase of tangible capital assets	(98,876)	(4,293,571)	(58,212)
Amortization of tangible capital assets	-	1,393,096	1,071,840
Net change in inventory	-	49,999	(51,583)
Surplus adjustments	-	-	950
	(98,876)	(2,850,476)	962,995
Net change in net financial assets	(218,551)	(244,184)	1,565,262
Net financial assets – beginning of year	2,964,297	2,964,297	1,399,035
Net financial assets – end of year	2,745,746	2,720,113	2,964,297

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

Birch Narrows Dene Nation

Consolidated Statement of Operations

For the year ended March 31, 2018

	Budget \$ (unaudited)	2018 \$	2017 \$ (note 15)
Revenue			
Indigenous and Northern Affairs Canada	3,248,117	6,277,550	3,838,659
Meadow Lake Tribal Council	2,682,042	3,110,523	2,860,920
Health Canada	35,000	44,760	42,080
Northern Lights Community Development	83,637	155,421	59,164
Government of Saskatchewan	-	19,769	8,500
Northern Lights School Division	860,000	785,611	884,114
First Nations Trust Gaming	244,000	254,364	250,826
Fundraising	-	27,976	101,885
Expense recoveries and other income	1,154,524	408,653	619,276
Rentals	-	110,817	200,687
Store sales	-	2,823,912	2,953,214
Housing Fund rentals and subsidy	-	444,668	297,942
	8,307,320	14,464,024	12,117,267
Expenses			
Education	3,605,149	3,263,488	3,543,117
Social and family services	847,300	871,357	765,425
Infrastructure	343,401	608,032	966,165
Band Support	1,168,803	946,900	802,249
Medical and health services	1,526,478	1,431,113	1,498,165
Band Revenue	935,864	794,703	1,262,599
Housing and community development	-	312,106	202,276
Enterprises and economic development	-	3,021,260	2,699,657
	8,426,995	11,248,959	11,739,653
Annual surplus (deficit) before the following	(119,675)	3,215,065	377,614
Limited partnership equity earnings	-	784,323	1,296,493
Amortization	-	(1,393,096)	(1,071,840)
Annual surplus	(119,675)	2,606,292	602,267
Accumulated surplus – Beginning of year	35,435,102	35,435,102	34,832,835
Accumulated surplus – End of year	35,315,427	38,041,394	35,435,102
Segment disclosures (note 19)			

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

Birch Narrows Dene Nation

Consolidated Statement of Cash Flows

For the year ended March 31, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	2,606,292	602,267
Items not affecting cash		
Amortization of tangible capital assets	1,393,096	1,071,840
Limited partnership equity earnings	(784,323)	(1,296,888)
Net change in non-cash items on statement of financial position		
Change in value of term deposits	(9,449)	(2,118)
Accounts receivable	475,715	(1,057,896)
Trust funds	(341)	(601)
Inventory	49,999	(51,583)
Funding agency adjustment	-	950
Accounts payable and accrued liabilities	412,572	(368,498)
Deferred revenue	(884,661)	1,069,395
	<u>3,258,900</u>	<u>(33,132)</u>
Investing activities		
Purchase of term deposits	-	(40,000)
Acquisition of tangible capital assets	(4,293,571)	(58,212)
	<u>(4,293,571)</u>	<u>(98,212)</u>
Financing activities		
Proceeds from debt issued	1,142,750	-
Debt repayments	(482,133)	(429,740)
	<u>660,617</u>	<u>(429,740)</u>
Net change in net cash	<u>(374,054)</u>	<u>(561,084)</u>
Net cash – Beginning of year	<u>339,798</u>	<u>900,882</u>
Net cash – End of year	<u>(34,256)</u>	<u>339,798</u>
Net cash consist of the following:		
Restricted cash	281,771	611,089
Bank overdrafts	(316,027)	(271,291)
	<u>(34,256)</u>	<u>339,798</u>

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

1 Reporting entity

The Birch Narrows Dene Nation (the “Dene Nation”) is located in the province of Saskatchewan, and provides various services to its members. The Dene Nation includes its members, administration and all related entities that are accountable to the Dene Nation are either owned or controlled by the Dene Nation.

2 Summary of accounting policies

Basis of accounting

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

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian public accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Items requiring the use of significant estimates include the useful life of tangible capital assets and provisions for uncollectible accounts receivable. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

Investments

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

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

Bank overdrafts

Bank overdrafts 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. Bank overdrafts are presented in a net position on the consolidated statement of financial position and are considered a component of net cash for purposes of the consolidated statement of cash flows.

Pension plan

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

Principles of consolidation

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

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

Organizations consolidated in the Dene Nation's financial statements include the following:

- Birch Ridge Educational Authority Inc.
- Birch Narrows Dene Nation – Housing Fund
- Birch Narrows Dene Nation Store and Gas Bar

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

- Birch Narrows Development Corp.
- MLTC Resource Development Limited Partnership

Leased assets

Leased assets that transfer substantially all 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 Dene 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 expensed as incurred.

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Costs include 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	20 to 50 years
Housing	40 years
Machinery and equipment	5 to 10 years
Vehicles	4 years
Infrastructure	25 years
Trailers	10 years

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Dene 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. Other revenues are recognized as services are provided or good are sold.

Portfolio investments

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

Financial instruments

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

3 Accounts receivable

	2018 \$	2017 \$
Canadian Mortgage and Housing Corporation	216,997	14,050
Indigenous and Northern Affairs Canada	204,500	1,120,545
Meadow Lake Health and Social Development Inc.	142,483	34,515
Store enterprise receivables	101,735	100,074
Other receivables	72,156	14,183
RRAP funding	52,840	-
Expense recoveries	42,000	20,192
Northern Lights Community Development Corporation	37,880	15,000
MLTC Program Services Inc.	20,272	40,419
Payroll advances	-	7,600
	<hr/>	<hr/>
	890,863	1,366,578

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

4 Trust funds held by federal government

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

	Capital \$	Revenue \$	Total \$
Balance, March 31, 2017	6,511	25,609	32,120
Plus: Interest earned	-	341	341
Balance, March 31, 2018	6,511	25,950	32,461

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 Portfolio investments

The Dene Nation has the following investments:

	2018 \$	2017 \$
Birch Narrows Dene Development Inc.	34	34
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
MLTC Resource Development Management Corp. - 1 Class A common share (11% ownership)	1	1
First Nations Bank - 537 Common shares	940	940
Meadow Lake Co-op	18,354	18,354
	19,331	19,331

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

6 Investment in government business enterprises

The Dene Nation has investments in the following entities:

	2018		
	Investment balance, beginning of year \$	Share of earnings (loss) \$	Investment balance, end of year \$
Business			
MLTC Resource Development LP – 11.11%	5,079,177	794,606	5,873,783
Birch Narrows Dene Development LP – 99.99%	602,077	(10,283)	591,794
	5,681,254	784,323	6,465,577

	2017		
	Investment balance, beginning of year \$	Share of earnings (loss) \$	Investment balance, end of year \$
Business			
MLTC Resource Development LP – 11.11%	3,842,343	1,236,834	5,079,177
Birch Narrows Dene Development LP – 99.99%	542,442	59,635	602,077
	4,384,785	1,296,469	5,681,254

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

6 Investment in government business enterprises (continued)

	MLTC Resource Development		Birch Narrows Dene Developments LP	
	2018	2017	2018	2017
	\$	\$	\$	\$
Cash	1,728,354	4,985,897	40,825	40,032
Accounts receivable	8,741,830	19,044,477	2,114	2,037
Capital assets	40,238,278	19,916,285	-	-
Other assets	32,660,998	27,277,662	713,297	726,769
	83,369,460	71,224,321	756,236	768,838
Accounts payable	11,517,131	5,618,886	3,731	6,050
Long term debt	13,771,107	14,449,237	-	-
Other liabilities	5,211,889	4,905,113	160,677	160,677
	30,500,127	24,973,236	164,408	166,727
Net assets	52,869,333	46,251,085	591,828	602,111
Total revenue	58,717,336	76,746,071	(1,572)	69,524
Total expenses	52,099,088	65,601,535	8,711	9,875
Net income/(loss)	6,618,248	11,144,536	(10,283)	59,649

The estimated principal repayments for the Government Business Enterprises owed to external organizations in each of the next five year are as follows:

	\$
2019	1,334,437
2020	1,391,099
2021	1,408,089
2022	2,692,676
2023	1,031,070

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

7 Deferred revenue

	Balance at March 31, 2017 \$	Funding Deferred \$	Revenue Recognized \$	Balance at March 31, 2018 \$
Indigenous and Northern Affairs Canada	1,309,963	387,682	(1,272,343)	425,302

8 Bank loans

The Dene Nation has the following term debt outstanding:

	2018 \$	2017 \$
Royal Bank – Arena, repayable at \$31,250 quarterly plus interest monthly at prime plus 1.25%	-	113,577
Royal Bank – RCMP Building, repayable monthly at \$2,900 including interest at prime plus 1.25%	95,419	122,973
Royal Bank, repayable monthly at \$5,208 plus interest monthly at prime plus 1.75%	109,384	171,880
Royal Bank – Store Enterprise, repayable monthly at \$7,389 including interest at 3.58%	245,191	342,622
Royal Bank – Store Enterprise, repayable monthly at \$1,440 including interest at prime plus 1.5%	22,360	-
Royal Bank – Education, repayable monthly at \$2,754 including interest at 4.39%	82,990	112,033
Royal Bank – Housing, repayable on August 31, 2018, plus interest at prime plus 1.5%	1,109,750	-
	<u>1,665,094</u>	<u>863,085</u>

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

	\$
2019	1,330,785
2020	200,456
2021	133,854

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

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9 Rental mortgages

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

	2018 \$	2017 \$
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. Loan is guaranteed by the Government of Canada.	2,503	17,013
Canada Mortgage and Housing Corporation; repayable at \$3,503 per month including interest at 0.94%. Term expires on September 1, 2020 and matures on July 1, 2035. Loan is guaranteed by the Government of Canada.	672,239	707,789
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. Loan is guaranteed by the Government of Canada.	281,725	296,255
Canada Mortgage and Housing Corporation; repayable at \$4,785 per month including interest at 1.03%. Term expires October 1, 2021 and matures on June 1, 2031. Loan is guaranteed by the Government of Canada.	710,904	760,733
Canada Mortgage and Housing Corporation; repayable at \$2,991 per month including interest at 1.48%. Term expires on January 1, 2022 and matures on January 1, 2037. Loan is guaranteed by the Government of Canada.	589,864	616,837
	<u>2,257,235</u>	<u>2,398,627</u>

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

	\$
2019	130,792
2020	129,707
2021	131,141
2022	132,591
2023	134,058

10 Advances receivable

The Dene Nation has received the following unsecured advances:

	2018 \$	2017 \$
Birch Narrows Dene Development LP	<u>160,677</u>	<u>160,677</u>

The advance receivable is non-interest bearing and contains no specific terms for repayment.

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

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11 Accumulated Surplus

	2018 \$	2017 \$
Internally restricted		
Invested in tangible capital assets	35,177,597	32,277,122
Less: Capital debt	(3,812,945)	(2,976,255)
Invested in government enterprises	6,463,824	5,681,254
Externally restricted		
Trust funds	32,461	32,120
CMHC reserves	490,850	431,683
Unrestricted accumulated deficit	<u>(310,393)</u>	<u>(10,822)</u>
Accumulated surplus	<u>38,041,394</u>	<u>35,435,102</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

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12 Tangible capital assets

	Cost				Accumulated amortization				2018
	Beginning of year \$	Additions \$	Disposals \$	End of year \$	Beginning of year \$	Additions \$	Disposals \$	End of year \$	Net \$
Store enterprise building and equipment	1,826,772	37,900	-	1,864,672	772,351	77,760	-	850,111	1,014,561
Rental houses	4,029,152	-	-	4,029,152	843,107	141,392	-	984,499	3,044,653
Buildings	30,843,570	202,478	-	31,046,048	5,582,427	629,581	-	6,212,008	24,834,040
Trailers	276,665	-	-	276,665	276,664	-	-	276,664	1
Heavy equipment	218,919	-	-	218,919	218,919	-	-	218,919	-
Equipment	302,595	-	-	302,595	256,321	54,234	-	310,555	(7,960)
Lodge	300,000	-	-	300,000	45,000	7,500	-	52,500	247,500
Fish plant	38,203	-	-	38,203	7,641	7,641	-	15,282	22,921
Vehicles	435,323	-	-	435,323	301,157	79,210	-	380,367	54,956
Roads	83,577	-	-	83,577	67,036	3,343	-	70,379	13,198
Infrastructure	1,932,321	2,513,454	-	4,445,775	1,266,452	173,607	-	1,440,059	3,005,716
Teacherages	368,000	-	-	368,000	103,040	14,720	-	117,760	250,240
Houses	8,164,304	1,539,739	-	9,704,043	6,802,164	204,108	-	7,006,272	2,697,771
Bus	90,670	-	-	90,670	90,670	-	-	90,670	-
	48,910,071	4,293,571	-	53,203,642	16,632,949	1,393,096	-	18,026,045	35,177,597

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Notes to Consolidated Financial Statements ...continued

March 31, 2018

	Cost				Accumulated amortization				2017
	Beginning of year \$	Additions \$	Disposals \$	End of year \$	Beginning of year \$	Additions \$	Disposals \$	End of year \$	Net \$
Store enterprise building and equipment	1,811,872	14,900	-	1,826,772	687,859	84,492	-	772,351	1,054,421
Rental houses	4,029,152	-	-	4,029,152	707,168	135,939	-	843,107	3,186,045
Buildings	30,843,570	-	-	30,843,570	4,965,556	616,871	-	5,582,427	25,261,143
Trailers	276,665	-	-	276,665	272,793	3,871	-	276,664	1
Heavy equipment	218,919	-	-	218,919	218,919	-	-	218,919	-
Equipment	296,703	5,892	-	302,595	226,330	29,991	-	256,321	46,274
Lodge	300,000	-	-	300,000	37,500	7,500	-	45,000	255,000
Fish plant	38,203	-	-	38,203	-	7,641	-	7,641	30,562
Vehicles	421,903	13,420	-	435,323	292,908	32,249	24,000	301,157	134,166
Roads	83,577	-	-	83,577	61,820	5,216	-	67,036	16,541
Infrastructure	1,932,321	-	-	1,932,321	1,189,159	77,293	-	1,266,452	665,869
Teacherages	368,000	-	-	368,000	88,320	14,720	-	103,040	264,960
Houses	8,164,304	-	-	8,164,304	6,598,056	204,108	-	6,802,164	1,362,140
Bus	90,670	-	-	90,670	72,536	18,134	-	90,670	-
	48,875,859	34,212	-	48,910,071	15,418,924	1,238,025	24,000	16,632,949	32,277,122

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

13 Commitments and contingencies

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

	2018 \$	2017 \$
First Nations Bank (Saskatoon Fast Print)	112,249	256,000
First Nations Bank (SFP Properties LP)	1,246,909	1,297,059
	<u>1,359,158</u>	<u>1,553,059</u>

The loans are reported as part of the financial reports of the respective entities and were at a current position at March 31, 2018.

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

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, 2018 the outstanding reserve obligation was \$439,984 (2017 – \$87,459).

	2018 \$	2017 \$
Housing reserve obligation	490,850	431,683
Funds on deposit	<u>(50,866)</u>	<u>(344,224)</u>
Balance due to reserves (note 6)	<u>439,984</u>	<u>87,459</u>

14 Risk management

Credit risk

The Dene Nation's financial assets, including accounts receivable, are not exposed to significant credit risk.

Liquidity risk

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2018

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

15 Comparative figures

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

In the prior year Birch Ridge Education Authority Inc. was not consolidated into the prior year financial statements. In the current year Birch Ridge Education Authority Inc. was consolidated. The prior year figures have been restated as follows:

- Net financial assets decreased by \$66,542
- Accumulated surplus increased by \$198,418
- Revenues increased by \$974,980
- Expenses decreased by \$943,182

16 Economic dependence

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

17 Budget amounts

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

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18 Expense by type

	2018 \$	2017 \$
Wages	3,552,541	3,576,250
Store cost of sales	2,476,663	2,227,753
Program costs	748,254	622,676
Social assistance	688,780	620,777
Store expenses	544,598	471,904
Other	404,582	1,374,588
Travel	358,536	292,839
Facility	293,713	65,320
Supplies and materials	278,810	454,979
Repairs and maintenance	271,985	294,076
Utilities	247,356	215,692
Community activities	245,132	146,329
Honorarium	153,894	158,392
Propane	127,944	78,704
Professional fees	108,590	219,242
Assistance to members	88,301	45,286
Insurance	73,803	71,324
Housing	71,193	7,809
Office supplies	64,933	61,493
Contract	60,627	123,704
Telephone	57,189	60,095
Cultural	55,644	83,723
Training	50,522	147,480
Bank charges and interest	34,772	30,375
Consulting	34,351	68,349
Activities	31,109	11,150
Vehicle operating costs	22,003	30,967
Security alarm system	21,873	6,414
Professional development	21,287	91,575
Fuel	17,109	68,229
Administration costs	16,079	-
Conferences and training	9,125	1,714
Patient trips	8,953	2,807
Cable	4,111	2,164
Pump-out	2,100	1,679
Transportation	1,237	3,520
Committee expenses	960	-
Advertising	300	275
	<hr/>	<hr/>
	11,248,959	11,739,653

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

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19 Segmented information

The Birch Narrows Dene Nation is a diversified government institution that provides a wide range of services to its members, including social and family services, education, infrastructure, medical and health services, band support, housing and community development and enterprises and economic development. For management report purposes, the Dene Nation's operations and activities are organized and reported by segment. Segments 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 segments. 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.

Infrastructure

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 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.

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Band support

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 included the governance activities of Chief and Council.

Housing and community development

This department oversees construction and renovation of housing in the community and 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

Notes to Consolidated Financial Statements

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	Social and family services			Education			Infrastructure		
	Budget 2018 (Unaudited) \$	2018 \$	2017 \$	Budget 2018 (Unaudited) \$	2018 \$	2017 \$	Budget 2018 (Unaudited) \$	2018 \$	2017 \$
Revenue:									
Indigenous and Norther Affairs Canada	220,000	222,018	180,395	2,079,490	1,875,297	1,765,868	277,627	3,432,464	1,129,667
Meadow Lake Tribal Council	627,300	660,881	582,486	323,832	425,701	430,832	-	-	-
Health Canada	-	-	-	-	-	-	-	-	-
Northern Lights Community Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	-	-	-	-	-
Northern Lights School Division	-	-	-	860,000	785,611	884,114	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Expense recoveries and other income	-	-	(19,544)	340,531	44,312	51,931	61,776	53,040	74,815
Rentals	-	-	-	-	54,625	62,938	-	-	-
Store Sales	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	-	-
Total	847,300	882,899	743,337	3,603,853	3,185,546	3,195,683	339,403	3,485,504	1,204,482
Expenses									
Wages and benefits	70,000	82,219	54,796	2,190,817	1,952,100	1,964,513	69,276	53,001	122,049
Supplies expenses	9,000	9,483	3,100	150,053	98,929	108,509	37,324	11,885	84,191
Community activities	-	-	-	171,763	23,083	4,147	-	100	-
Vehicle/equipment expenses	-	-	-	76,775	8,404	12,813	15,000	200	36
Facilities	-	-	-	-	-	-	203,628	83,571	81,901
Other operating expenses	768,300	779,655	707,529	991,031	1,040,318	1,440,635	18,173	459,275	677,988
Administrative expenses	-	-	-	24,710	140,654	12,500	-	-	-
Total	847,300	871,357	765,425	3,605,149	3,263,488	3,543,117	343,401	608,032	966,165
Surplus (deficit) for the year	-	11,542	(22,088)	(1,296)	(77,942)	(347,434)	(3,998)	2,877,472	238,317

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	Medical and health services			Band Support			Housing and community development		
	Budget 2018 (Unaudited) \$	2018 \$	2017 \$	Budget 2018 (Unaudited) \$	2018 \$	2017 \$	Budget 2018 (Unaudited) \$	2018 \$	2017 \$
Revenue:									
Indigenous and Norther Affairs Canada	-	-	137,476	617,351	668,235	613,826	-	-	-
Meadow Lake Tribal Council	1,354,235	1,592,828	1,290,784	96,108	77,287	70,118	-	-	-
Health Canada	35,000	44,760	42,080	-	-	-	-	-	-
Northern Lights Community Development	-	-	23,700	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	19,629	-	-	-	-
Northern Lights School Division	-	-	-	-	-	-	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	25,000	-	-	2,550	-	-	-	-
Expense recoveries and other income	5,068	27,155	247,569	454,069	164,231	177,071	-	12,285	-
Rentals	-	-	-	-	-	-	-	-	-
Store Sales	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	444,668	297,942
Total	1,394,303	1,689,743	1,741,609	1,167,528	931,932	861,015	-	456,953	297,942
Expenses									
Wages and benefits	850,182	764,934	760,375	361,162	282,552	223,577	-	17,128	-
Supplies expenses	53,050	56,062	50,685	85,968	41,611	32,847	-	-	-
Community activities	127,380	84,317	51,929	-	59,035	8,504	-	200	-
Vehicle/equipment expenses	84,588	10,545	14,079	166,799	-	2,786	-	-	-
Facilities	87,958	30,017	46,040	11,103	-	-	-	11,206	-
Other operating expenses	323,320	484,859	575,057	385,666	508,702	489,260	-	276,072	195,353
Administrative expenses	-	379	-	158,105	55,000	45,275	-	7,500	6,923
Total	1,526,478	1,431,113	1,498,165	1,168,803	946,900	802,249	-	312,106	202,276
Surplus (deficit) for the year	(132,175)	258,630	243,444	(1,275)	(14,968)	58,766	-	144,847	95,666

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	Band Revenue			Enterprises and economic development			Total		
	Budget 2018 (Unaudited) \$	2018 \$	2017 \$	Budget 2018 (Unaudited) \$	2018 \$	2017 \$	Budget 2018 (Unaudited) \$	2018 \$	2017 \$
Revenue:									
Indigenous and Norther Affairs Canada	53,649	79,536	11,427	-	-	-	3,248,117	6,277,550	3,838,659
Meadow Lake Tribal Council	280,567	353,826	486,700	-	-	-	2,682,042	3,110,523	2,860,920
Health Canada	-	-	-	-	-	-	35,000	44,760	42,080
Northern Lights Community Development	83,637	155,421	35,464	-	-	-	83,637	155,421	59,164
Government of Saskatchewan	-	140	8,500	-	-	-	-	19,769	8,500
Northern Lights School Division	-	-	-	-	-	-	860,000	785,611	884,114
First Nations Trust Gaming	244,000	254,364	250,826	-	-	-	244,000	254,364	250,826
Fundraising	-	426	101,885	-	-	-	-	27,976	101,885
Expense recoveries and other income	293,080	107,630	87,434	-	-	-	1,154,524	408,653	619,276
Rentals	-	56,192	137,749	-	-	-	-	110,817	200,687
Store Sales	-	-	-	-	2,823,912	2,953,214	-	2,823,912	2,953,214
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	444,668	297,942
Total	954,933	1,007,535	1,119,985	-	2,823,912	2,953,214	8,307,320	14,464,024	12,117,267
Expenses									
Wages and benefits	202,233	220,679	275,958	-	229,169	192,367	3,743,670	3,601,782	3,593,635
Supplies expenses	6,159	11,888	38,859	-	10,866	23,950	341,554	240,724	342,141
Community activities	-	1,333	7,246	-	-	-	299,143	168,068	71,826
Vehicle/equipment expenses	-	32,458	5,718	-	-	-	343,162	51,607	35,432
Facilities	-	48,583	30,330	-	37,141	32,004	302,689	210,518	190,275
Other operating expenses	727,472	479,762	903,588	-	2,737,013	2,438,469	3,213,962	6,765,656	7,427,879
Administrative expenses	-	-	900	-	7,071	12,867	182,815	210,604	78,465
Total	935,864	794,703	1,262,599	-	3,021,260	2,699,657	8,426,995	11,248,959	11,739,653
Surplus (deficit) for the year	19,069	212,832	(142,614)	-	(197,348)	253,557	(119,675)	3,215,065	377,614