

Birch Narrows Dene Nation

Consolidated Financial Statements
March 31, 2019

Management's Responsibility for the Consolidated Financial Statements

September 12, 2019

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.

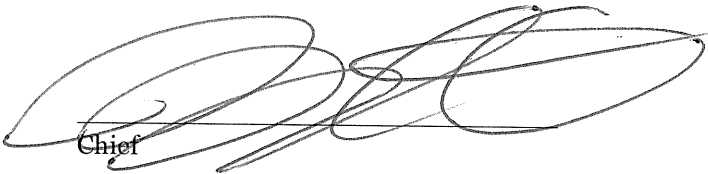
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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:



Chief



Independent auditor's report

To the Chief and Council of Birch Narrows Dene Nation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Birch Narrows Dene Nation and its subsidiaries (together, the Entity) as at March 31, 2019 and the results of its operations, changes in its net debt, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

What we have audited

The Entity's consolidated financial statements comprise:

- the consolidated statement of financial position as at March 31, 2019;
- the consolidated statement of changes in net financial assets for the year then ended;
- the consolidated statement of operations for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If



we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Saskatoon, Saskatchewan

September 12, 2019

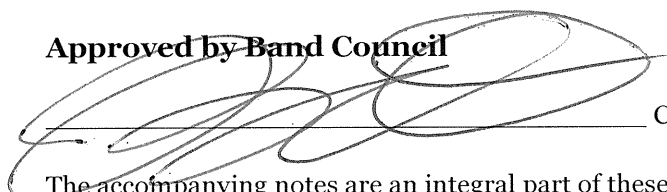
Birch Narrows Dene Nation

Consolidated Statement of Financial Position

As at March 31, 2019

	2019 \$	2018 \$
Financial assets		
Cash	79,068	-
Restricted cash	4,152,335	281,771
Term deposits	145,958	155,044
Accounts receivable (note 3)	602,679	890,863
Advances receivable (note 10)	160,677	160,677
Trust funds held by federal government (note 4)	33,584	32,461
Portfolio investments (note 5)	19,331	19,331
Investments in government business enterprises (note 6)	7,028,968	6,465,577
	<u>12,222,600</u>	<u>8,005,724</u>
Financial liabilities		
Bank overdrafts	102,679	316,027
Accounts payable and accrued liabilities	729,460	621,953
Deferred revenue (note 7)	3,861,844	425,302
Notes payable and long-term debt (notes 8 and 9)	4,019,030	3,922,329
	<u>8,713,013</u>	<u>5,285,611</u>
Net financial assets	<u>3,509,587</u>	<u>2,720,113</u>
Non-financial assets		
Tangible capital assets (note 12)	35,690,698	35,177,597
Inventories	169,184	143,684
	<u>35,859,882</u>	<u>35,321,281</u>
Accumulated surplus (note 11)	<u>39,369,469</u>	<u>38,041,394</u>
Commitments and contingencies (note 13)		

Approved by Band Council



Chief



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, 2019

	Budget \$ (unaudited)	2019 \$	2018 \$
Annual surplus	(119,600)	1,328,075	2,606,292
Purchase of tangible capital assets	-	(1,977,506)	(4,293,571)
Amortization of tangible capital assets	-	1,464,405	1,393,096
Net change in inventory	-	(25,500)	49,999
	-	(538,601)	(2,850,476)
Net change in net financial assets	(119,600)	789,474	(244,184)
Net financial assets – beginning of year	2,720,113	2,720,113	2,964,297
Net financial assets – end of year	2,600,513	3,509,587	2,720,113

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, 2019

	Budget \$ (unaudited)	2019 \$	2018 \$
Revenue			
Indigenous and Northern Affairs Canada	2,732,786	5,090,457	6,277,550
Meadow Lake Tribal Council	1,589,388	4,190,499	3,110,523
Health Canada	2,040,954	356,643	44,760
Northern Lights Community Development	-	86,486	155,421
Government of Saskatchewan	-	20,671	19,769
Northern Lights School Division	-	792,721	785,611
First Nations Trust Gaming	-	253,635	254,364
Fundraising	-	20,395	27,976
Expense recoveries and other income	2,007,988	326,426	408,653
Rentals	-	162,367	110,817
Store sales	-	3,125,874	2,823,912
Housing Fund rentals and subsidy	-	202,440	444,668
	8,371,116	14,628,614	14,464,024
Expenses (note 17)			
Education	3,131,625	3,016,169	3,263,488
Social and family services	697,549	799,331	871,357
Infrastructure	612,381	854,158	608,032
Band Support	1,900,421	1,276,538	946,900
Medical and health services	2,148,740	1,687,167	1,431,113
Band Revenue	-	914,759	794,703
Housing and community development	-	60,774	312,106
Enterprises and economic development	-	4,156,629	3,021,260
	8,490,716	12,765,525	11,248,959
Annual surplus (deficit) before the following	(119,600)	1,863,089	3,215,065
Limited partnership equity earnings	-	929,391	784,323
Amortization	-	(1,464,405)	(1,393,096)
Annual surplus	(119,600)	1,328,075	2,606,292
Accumulated surplus – Beginning of year	38,041,394	38,041,394	35,435,102
Accumulated surplus – End of year	37,921,794	39,369,469	38,041,394
Segment disclosures (note 18)			

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, 2019

	2019 \$	2018 \$
Cash provided by (used in)		
Operating activities		
Annual surplus (deficit)	1,328,074	2,606,292
Items not affecting cash		
Amortization of tangible capital assets	1,464,405	1,393,096
Limited partnership equity earnings	(929,391)	(784,323)
Net change in non-cash items on statement of financial position		
Change in value of term deposits	9,086	(9,449)
Accounts receivable	288,184	475,715
Trust funds	(1,123)	(341)
Inventory	(25,500)	49,999
Accounts payable and accrued liabilities	107,507	412,572
Deferred revenue	3,436,543	(884,661)
	<u>5,677,785</u>	<u>3,258,900</u>
Investing activities		
Acquisition of tangible capital assets	<u>(1,977,506)</u>	<u>(4,293,571)</u>
Financing activities		
Proceeds from debt issued	482,721	1,142,750
Distribution from investments	366,000	-
Debt repayments	<u>(386,020)</u>	<u>(482,133)</u>
	<u>462,701</u>	<u>660,617</u>
Net change in net cash	4,162,980	(374,054)
Net cash – Beginning of year	<u>(34,256)</u>	<u>339,798</u>
Net cash – End of year	<u>4,128,724</u>	<u>(34,256)</u>
Net cash consist of the following:		
Restricted cash	4,152,335	281,771
Bank overdrafts	(102,679)	(316,027)
Cash	<u>79,068</u>	<u>-</u>
	<u>4,128,724</u>	<u>(34,256)</u>

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2019

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, which 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, 2019

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 Limited Partnership
- 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, 2019

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 decline.

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

	2019 \$	2018 \$
MLTC Child and Family Services Inc.	320,923	-
Canadian Mortgage and Housing Corporation	13,276	216,997
Indigenous and Northern Affairs Canada	-	204,500
Meadow Lake Health and Social Development Inc.	-	142,483
Store enterprise receivables	101,169	101,735
Other receivables	53,539	72,156
RRAP funding	-	52,840
Expense recoveries	-	42,000
Northern Lights Community Development Corporation	22,674	37,880
MLTC Program Services Inc.	91,098	20,272
	<hr/>	<hr/>
	602,679	890,863

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2019

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, 2018	6,511	25,960	32,471
Plus: Interest earned	-	1,123	1,123
Balance, March 31, 2019	6,511	27,083	33,594

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:

	2019 \$	2018 \$
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, 2019

6 Investment in government business enterprises

The Dene Nation has investments in the following entities:

	2019			
	Investment balance, beginning of year \$	Share of earnings (loss) \$	Distribution \$	Investment balance, end of year \$
Business				
MLTC Resource Development LP – 11.11%	5,873,783	826,696	(366,000)	6,334,479
Birch Narrows Dene Development LP – 99.99%	591,794	102,695	-	694,489
	6,465,577	929,391	(366,000)	7,028,968

	2018			
	Investment balance, beginning of year \$	Share of earnings (loss) \$	Distribution \$	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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2019

6 Investment in government business enterprises (continued)

	MLTC Resource Development LP		Birch Narrows Dene Developments LP	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash	2,722,057	1,728,354	39,931	40,825
Accounts receivable	8,822,406	8,741,830	389	2,114
Capital assets	43,484,218	40,238,278	-	-
Other assets	31,661,203	32,660,998	822,046	713,297
	86,689,884	83,369,460	862,366	756,236
Accounts payable	5,698,363	11,517,131	8,666	3,731
Long term debt	10,038,016	13,771,107	-	-
Other liabilities	13,746,995	5,211,889	160,677	160,677
	29,483,374	30,500,127	169,343	164,408
Net assets	57,206,510	52,869,333	693,023	591,828
Total revenue	87,275,547	58,717,336	108,946	(1,572)
Total expenses	76,643,370	52,099,088	6,151	8,711
Net income (loss)	10,632,177	6,618,248	102,795	(10,283)

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

	\$
2020	2,931,733
2021	2,943,241
2022	3,581,093
2023	2,698,206
2024	2,698,206

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2019

7 Deferred revenue

	Balance at March 31, 2018 \$	Funding deferred \$	Revenue recognized \$	Balance at March 31, 2019 \$
Indigenous and Northern Affairs Canada	425,302	3,507,768	71,226	3,861,803

8 Bank loans

The Dene Nation has the following term debt outstanding:

	2019 \$	2018 \$
Royal Bank – RCMP Building, repayable monthly at \$2,900 including interest at prime plus 1.25%	64,442	95,419
Royal Bank, repayable monthly at \$5,208 plus interest monthly at prime plus 1.75%	46,888	109,384
Royal Bank – Store Enterprise, repayable monthly at \$7,389 including interest at 3.58%	164,121	245,191
Royal Bank – Store Enterprise, repayable monthly at \$1,440 including interest at prime plus 1.5%	5,769	22,360
Royal Bank – Education, repayable monthly at \$2,754 including interest at 4.39%	52,337	82,990
Royal Bank – Housing, repayable on August 31, 2019, plus interest at prime plus 1.5%	1,131,637	1,109,750
	<u>1,465,194</u>	<u>1,665,094</u>

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

	\$
2020	1,334,054
2021	81,265

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2019

9 Rental mortgages

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

	2019 \$	2018 \$
Canada Mortgage and Housing Corporation; Phase 6 advance	427,389	-
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 matured on May 1, 2018. Loan is guaranteed by the Government of Canada.	-	2,503
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.	636,354	672,239
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.	267,043	281,725
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.	660,561	710,904
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.	562,489	589,864
	<u>2,553,836</u>	<u>2,257,235</u>

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

	\$
2020	129,706
2021	131,141
2022	132,591
2023	134,058
2024	135,542

10 Advances receivable

The Dene Nation has received the following unsecured advances:

	2019 \$	2018 \$
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

March 31, 2019

11 Accumulated surplus

	2019 \$	2018 \$
Internally restricted		
Invested in tangible capital assets	35,690,698	35,177,597
Less: Capital debt	(3,972,142)	(3,812,945)
Invested in government enterprises	7,028,968	6,463,824
Externally restricted		
Trust funds	33,584	32,461
CMHC reserves	502,582	490,850
Unrestricted accumulated surplus (deficit)	85,778	(310,393)
Accumulated surplus	39,369,468	38,041,394

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2019

12 Tangible capital assets

	Cost				Accumulated amortization				2019
	Beginning of year \$	Additions \$	Transfers \$	End of year \$	Beginning of year \$	Amortization \$	Transfers \$	End of year \$	Net \$
Store enterprise building and equipment	1,864,672	-	-	1,864,672	850,111	74,812	-	924,923	939,749
Rental houses	4,029,152	-	(275,000)	3,754,152	984,499	130,788	-	895,459	2,858,693
Buildings	31,046,048	-	-	31,046,048	6,212,008	620,921	(219,828)	6,832,929	24,213,119
Trailers	276,665	-	-	276,665	276,665	-	-	276,665	-
Heavy equipment	218,919	-	-	218,919	218,919	-	-	218,919	-
Equipment	302,595	51,135	-	353,730	310,555	20,851	-	331,406	40,677
Lodge	300,000	-	-	300,000	52,500	7,500	-	60,000	178,668
Fish plant	38,203	-	-	38,203	15,282	7,641	-	22,923	30,562
Vehicles	435,323	88,210	-	523,532	380,367	101,262	-	481,629	87,953
Roads	83,577	-	-	83,577	70,379	3,343	-	73,722	9,855
Infrastructure	4,445,775	1,230,497	-	5,676,272	1,440,059	227,051	-	1,667,110	4,009,162
Teacherages	368,000	-	-	368,000	117,760	14,720	-	132,480	235,520
Houses	9,704,043	607,664	275,000	10,586,707	7,006,273	255,516	219,828	7,481,617	3,086,740
Bus	90,670	-	-	90,670	90,671	-	-	90,670	-
	53,203,642	1,977,506	-	55,181,147	18,026,048	1,464,405	-	19,490,452	35,690,698

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements ...continued

March 31, 2019

	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

Birch Narrows Dene Nation

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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:

	2019 \$	2018 \$
First Nations Bank (Saskatoon Fast Print)	-	112,249
First Nations Bank (SFP Properties LP)	1,140,139	1,246,909
	<u>1,140,139</u>	<u>1,359,158</u>

The loans are reported as part of the financial reports of the respective entities and were at a current position at March 31, 2019.

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 ("CMHC") to fund replacements and operating reserves.

At March 31, 2019 the outstanding reserve obligation was \$420,462 (2018 – \$439,984).

	2019 \$	2018 \$
Housing reserve obligation	502,582	490,850
Funds on deposit	<u>(82,120)</u>	<u>(50,866)</u>
Balance due to reserves	<u>420,462</u>	<u>439,984</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

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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 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.

16 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

March 31, 2019

17 Expense by type

	2019 \$	2018 \$
Wages	3,807,042	3,552,541
Store cost of sales	2,559,037	2,476,663
Program costs	1,614,945	748,254
Social assistance	664,554	688,780
Store expenses	598,539	544,598
Other	478,499	404,582
Travel	398,501	358,536
Community activities	337,665	245,132
Supplies and materials	315,304	278,810
Utilities	275,504	247,356
Repairs and maintenance	214,766	271,985
Honorarium	207,903	153,894
Professional fees	186,044	108,590
Administration costs	158,981	16,079
Propane	137,656	127,944
Insurance	134,977	73,803
Housing	106,918	71,193
Assistance to members	82,463	88,301
Office supplies	76,051	64,933
Telephone	71,623	57,189
Vehicle operating costs	45,453	22,003
Bank charges and interest	45,341	34,772
Consulting	42,128	34,351
Professional development	32,168	21,287
Contract	31,251	60,627
Training	29,175	50,522
Cultural	27,869	55,644
Fuel	23,081	17,109
Security alarm system	13,344	21,873
Activities	11,977	31,109
Patient trips	9,421	8,953
Facility	7,794	293,713
Pump-out	5,222	2,100
Cable	4,838	4,111
Conferences and training	4,252	9,125
Committee expenses	3,989	960
Advertising	1,250	300
Transportation	-	1,237
	<hr/> 12,765,525	<hr/> 11,248,959

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

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18 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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Notes to Consolidated Financial Statements

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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.

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Notes to Consolidated Financial Statements

March 31, 2019

	Social and Family Services			Education			Infrastructure		
	Budget 2019 \$ (unaudited)	2019 \$	2018 \$	Budget 2019 \$ (unaudited)	2019 \$	2018 \$	Budget 2019 \$ (unaudited)	2019 \$	2018 \$
Revenue									
Indigenous and Northern Affairs									
Canada	-	54,638	222,018	1,638,697	1,688,364	1,875,297	293,053	2,330,166	3,432,464
Meadow Lake Tribal Council	664,554	664,554	660,881	503,761	425,685	425,701	2,500	-	-
Health Canada	-	-	-	-	-	-	-	-	-
Northern Lights Community									
Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	-	-	-	-	-
Northern Lights School Division	-	-	-	-	792,721	785,611	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Expense recoveries and other									
income	-	-	-	979,011	105,191	44,312	271,162	200	53,040
Rentals	-	-	-	-	68,875	54,625	-	-	-
Store sales	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	-	-
Total	664,554	719,192	882,899	3,121,469	3,080,836	3,185,546	566,715	2,330,366	3,485,504
Expenses									
Wages and benefits	-	75,391	82,219	2,005,395	2,008,772	1,952,100	161,559	89,972	53,001
Supplies	-	29,244	9,483	295,804	27,037	98,929	21,104	9,791	11,885
Community activities	-	8,980	-	130,235	9,690	23,083	-	-	100
Vehicle/equipment	-	-	-	34,000	16,965	8,404	16,600	1,250	200
Facilities	-	5,161	-	-	-	-	370,242	83,131	83,571
Other operating expenses	664,554	680,555	779,655	656,191	845,391	1,040,318	42,876	670,014	459,275
Administrative expenses	-	-	-	10,000	108,314	140,654	-	-	-
Total	664,554	799,331	871,357	3,131,625	3,016,169	3,263,488	612,381	854,158	608,032
Surplus (deficit) for the year	-	(80,139)	11,542	(10,156)	64,667	(77,942)	(45,666)	1,476,208	2,877,472

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

Consolidated March 31, 2019

	Medical and Health Services			Band Support			Housing and Community Development		
	Budget 2019 \$ (unaudited)	2019 \$	2018 \$	Budget 2019 \$ (unaudited)	2019 \$	2018 \$	Budget 2019 \$ (unaudited)	2019 \$	2018 \$
Revenue									
Indigenous and Northern Affairs									
Canada	-	-	-	801,036	959,342	668,235	-	-	-
Meadow Lake Tribal Council	-	1,885,919	1,592,828	418,573	82,974	77,287	-	19	-
Health Canada	2,040,954	110,000	44,760	-	-	-	-	-	-
Northern Lights Community									
Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	6,400	19,629	-	-	-
Northern Lights School Division	-	-	-	-	-	-	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	25,000	-	-	2,550	-	-	-
Expense recoveries and other									
income	77,003	37,919	27,155	680,812	52,438	164,231	-	-	12,285
Rentals	-	36,000	-	-	-	-	-	-	-
Store sales	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	202,440	444,668
Total	2,117,957	2,069,838	1,689,743	1,900,421	1,101,154	931,932	-	202,459	456,953
Expenses									
Wages and benefits	877,699	810,312	764,934	880,182	293,660	282,552	-	-	17,128
Supplies	857,305	39,209	56,062	297,276	45,248	41,611	-	-	-
Community activities	12,612	76,587	84,317	30,000	94,862	59,035	-	-	200
Vehicle/equipment	21,393	8,920	10,545	73,500	4,264	-	-	-	-
Facilities	77,460	34,414	30,017	235,400	-	-	-	-	11,206
Other operating expenses	77,221	717,725	484,859	384,063	699,564	508,702	-	19,205	276,072
Administrative expenses	258,046	-	379	-	138,940	55,000	-	41,569	7,500
Total	2,181,736	1,687,167	1,431,113	1,900,421	1,276,538	946,900	-	60,774	312,106
Surplus (deficit) for the year	(63,779)	382,671	258,630	-	(175,384)	(14,968)	-	141,685	144,847

Birch Narrows Dene Nation

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	Band Revenue			Enterprises and Economic Development			Total		
	Budget 2019 \$ (unaudited)	2019 \$	2018 \$	Budget 2019 \$ (unaudited)	2019 \$	2018 \$	Budget 2019 \$ (unaudited)	2019 \$	2018 \$
Revenue									
Indigenous and Northern Affairs									
Canada	-	5,894	79,536	-	1,302	-	2,732,786	5,039,706	6,277,550
Meadow Lake Tribal Council	-	403,889	353,826	-	757,468	-	1,589,388	4,190,499	3,110,523
Health Canada	-	-	-	-	246,643	-	2,040,954	356,643	44,760
Northern Lights Community									
Development	-	86,486	155,421	-	-	-	-	86,486	155,421
Government of Saskatchewan	-	14,271	140	-	-	-	-	20,671	19,769
Northern Lights School Division	-	-	-	-	-	-	-	792,721	785,611
First Nations Trust Gaming	-	253,635	254,364	-	-	-	-	253,635	254,364
Fundraising	-	20,395	426	-	-	-	-	20,395	27,976
Expense recoveries and other									
income	-	130,676	107,630	-	-	-	2,007,988	326,424	408,653
Rentals	-	57,492	56,192	-	-	-	-	162,367	110,817
Store sales	-	-	-	-	3,125,876	2,823,912	-	3,125,876	2,823,912
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	202,440	444,668
Total	-	972,738	1,007,535	-	4,131,289	2,823,912	8,371,116	14,577,863	14,464,024
Expenses									
Wages and benefits	-	253,598	220,679	-	326,562	229,169	3,924,835	3,858,267	3,601,782
Supplies	-	17,397	11,888	-	48,905	10,866	1,471,489	216,831	240,724
Community activities	-	19,397	1,333	-	-	-	172,847	209,516	168,068
Vehicle/equipment	-	17,042	32,458	-	-	-	145,493	48,441	51,607
Facilities	-	61,817	48,583	-	78,391	37,141	683,102	262,914	210,518
Other operating expenses	-	545,508	479,762	-	3,733,679	2,737,013	1,824,904	7,911,641	6,765,656
Administrative expenses	-	-	-	-	(30,908)	7,071	268,046	257,915	210,604
Total	-	914,759	794,703	-	4,156,629	3,021,260	8,490,716	12,765,525	11,248,959
Surplus (deficit) for the year	-	57,979	212,832	-	(25,340)	(197,348)	(119,600)	1,812,338	3,215,065