

Birch Narrows Dene Nation

Consolidated Financial Statements

March 31, 2020

Management's Responsibility for the Consolidated Financial Statements

August 24, 2021

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.

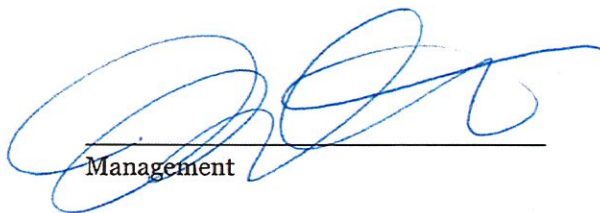
Management is responsible for the integrity and objectivity of these consolidated financial statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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:



Management



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, 2020 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, 2020;
- 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 significant accounting policies and other explanatory information.

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.

PricewaterhouseCoopers LLP
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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
August 24, 2021

Birch Narrows Dene Nation

Consolidated Statement of Financial Position

As at March 31, 2020

	2020 \$	2019 \$
Financial assets		
Cash	622,511	79,068
Restricted cash	1,341,401	4,152,335
Term deposits	146,789	145,958
Accounts receivable (note 3)	448,590	602,679
Advances receivable (note 11)	-	160,677
Trust funds held by federal government (note 4)	34,124	33,584
Portfolio investments (note 5)	14,711	19,331
Investments in government business enterprises and partnerships (note 6)	7,255,262	7,028,968
	<u>9,863,388</u>	<u>12,222,600</u>
Financial liabilities		
Bank overdrafts	-	102,679
Accounts payable and accrued liabilities	413,963	729,460
Advance payable (note 11)	15,784	-
Deferred revenue (note 8)	1,615,663	3,861,844
Notes payable and long-term debt (note 10)	3,999,794	4,019,030
	<u>6,045,204</u>	<u>8,713,013</u>
Net financial assets	<u>3,818,184</u>	<u>3,509,587</u>
Non-financial assets		
Tangible capital assets (note 13)	42,250,830	35,690,698
Prepays	21,532	-
Inventory	169,184	169,184
	<u>42,441,546</u>	<u>35,859,882</u>
Accumulated surplus (note 12)	<u>46,259,730</u>	<u>39,369,469</u>
Commitments and contingencies (note 14)		

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, 2020

	Budget \$	2020 \$	2019 \$
Annual surplus	64,054	6,890,261	1,328,075
Purchase of tangible capital assets	-	(8,059,218)	(1,977,506)
Amortization of tangible capital assets	-	1,499,086	1,464,405
Net change in prepaids	-	(21,532)	-
Net change in inventory	-	-	(25,500)
	-	(6,581,664)	(538,601)
Net change in net financial assets	64,054	308,597	789,474
Net financial assets – Beginning of year	3,509,587	3,509,587	2,720,113
Net financial assets – End of year	3,573,641	3,818,184	3,509,587

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, 2020

	Budget \$	2020 \$	2019 \$
Revenue			
Indigenous Services Canada	3,063,741	10,704,909	5,090,457
Meadow Lake Tribal Council	2,197,253	4,819,108	4,190,499
Health Canada	4,537,961	329,261	356,643
Northern Lights Community Development	112,000	141,009	86,486
Government of Saskatchewan	9,000	1,490,365	20,671
Northern Lights School Division	775,000	670,197	792,721
First Nations Trust Gaming	256,000	248,837	253,635
Fundraising	-	14,360	20,395
Expense recoveries and other income	449,040	533,800	326,426
Rentals	67,191	122,802	162,367
Store sales	-	2,708,543	2,654,042
Housing fund rentals and subsidy	-	189,300	202,440
	11,467,186	21,972,491	14,156,782
Expenses (note 18)			
Education	3,479,526	3,984,174	3,016,169
Social and family services	3,394,493	725,414	799,331
Infrastructure	535,997	952,026	854,158
Band support	1,221,284	1,150,949	804,706
Medical and health services	1,164,080	1,884,905	1,687,167
Band revenue	796,167	770,052	914,759
Housing and community development	-	270,492	60,774
Enterprises and economic development	939,693	4,256,426	4,156,629
	11,531,240	13,994,438	12,293,693
Annual surplus before the following	(64,054)	7,978,053	1,863,089
Limited partnership equity earnings	-	411,294	929,391
Amortization	-	(1,499,086)	(1,464,405)
Annual surplus	(64,054)	6,890,261	1,328,075
Accumulated surplus – Beginning of year	39,369,469	39,369,469	38,041,394
Accumulated surplus – End of year	39,305,415	46,259,730	39,369,469
Segment disclosures (note 20)			

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, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Annual surplus	6,890,261	1,328,075
Items not affecting cash		
Amortization of tangible capital assets	1,499,086	1,464,405
Limited partnership equity earnings	(411,294)	(929,391)
Net change in non-cash items on statement of financial position		
Change in value of term deposits	(831)	9,085
Accounts receivable	330,550	288,184
Trust funds	(540)	(1,123)
Inventory	-	(25,500)
Prepays	(21,532)	-
Accounts payable and accrued liabilities	(315,497)	107,507
Deferred revenue	(2,246,181)	3,436,543
	<u>5,724,022</u>	<u>5,677,785</u>
Investing activities		
Acquisition of tangible capital assets	<u>(8,059,218)</u>	<u>(1,977,506)</u>
Financing activities		
Proceeds from debt issued	385,154	482,721
Distribution from investments	189,620	366,000
Debt repayments	<u>(404,390)</u>	<u>(386,020)</u>
	<u>170,384</u>	<u>462,701</u>
Change in net cash	<u>(2,164,812)</u>	<u>4,162,980</u>
Net cash – Beginning of year	<u>4,128,724</u>	<u>(34,256)</u>
Net cash – End of year	<u>1,963,912</u>	<u>4,128,724</u>
Net cash consists of the following:		
Restricted cash	1,341,401	4,152,335
Bank overdrafts	-	(102,679)
Cash	<u>622,511</u>	<u>79,068</u>
	<u>1,963,912</u>	<u>4,128,724</u>

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

1 Reporting entity

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.

Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis for the commercial enterprises that 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 – CMHC Housing Fund; and
- Birch Narrows Dene Nation Store and Gas Bar

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

- Birch Narrows Development Limited Partnership; and
- MLTC Resource Development Limited Partnership

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.

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the consolidated statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned, or service performed.

Cash and bank overdrafts

Cash and 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.

Restricted cash

Restricted cash include 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. Restricted cash has been internally or externally restricted for future use.

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.

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.

Inventory

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

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	25 to 50 years
Housing	40 years
Machinery and equipment	5 to 10 years
Vehicles	5 years
Infrastructure	25 years
Trailers	10 years

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 writedowns 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.

Net financial assets

Net financial assets at the end of an accounting period are the net amount of financial assets less liabilities outstanding. Financial assets represent items such as cash and those other assets on hand which could provide resources to discharge existing liabilities or finance future operations. These include realizable assets that are convertible to cash and not intended for consumption in the normal course of operations.

Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the government because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

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 and 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.

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

3 Accounts receivable

	2020 \$	2019 \$
MLTC Child and Family Services Inc.	99,590	320,923
Canadian Mortgage and Housing Corporation	13,276	13,276
Indigenous Services Canada	74,125	-
Store enterprise receivables	102,815	101,169
Other receivables	12,564	53,539
Northern Lights Community Development Corporation	46,973	22,674
MLTC Program Services Inc.	99,247	91,098
	<u>448,590</u>	<u>602,679</u>

4 Trust funds held by federal government

The Dene Nation has the following trust funds held by Indigenous Services Canada:

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.

	March 31, 2019 \$	Additions \$	Withdrawals \$	March 31, 2020 \$
Revenue	27,073	540	-	27,613
Capital	6,511	-	-	6,511
	<u>33,584</u>	<u>540</u>	<u>-</u>	<u>34,124</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

5 Portfolio investments

The Dene Nation has the following investments:

	2020 \$	2019 \$
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	13,734	18,354
	<u>14,711</u>	<u>19,331</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

6 Investment in government business enterprises and partnerships

The Dene Nation has investments in the following entities:

				2020
	Investment balance, beginning of year \$	Share of earnings \$	Distribution \$	Investment balance, end of year \$
Business				
MLTC Resource Development Limited Partnership – 11.11%	6,334,479	287,191	(185,000)	6,436,670
Birch Narrows Dene Development Limited Partnership – 99.99%	694,489	124,103	-	818,592
	<u>7,028,968</u>	<u>411,294</u>	<u>(185,000)</u>	<u>7,255,262</u>
				2019
	Investment balance, beginning of year \$	Share of earnings \$	Distribution \$	Investment balance, end of year \$
Business				
MLTC Resource Development Limited Partnership – 11.11%	5,873,783	826,696	(366,000)	6,334,479
Birch Narrows Dene Development Limited Partnership – 99.99%	591,794	102,695	-	694,489
	<u>6,465,577</u>	<u>929,391</u>	<u>(366,000)</u>	<u>7,028,968</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

6 Investment in government business enterprises (continued)

	MLTC Resource Development Limited Partnership		Birch Narrows Dene Developments Limited Partnership	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash	2,663,845	2,722,057	85,067	39,931
Accounts receivable	11,407,485	8,822,406	41,145	389
Capital assets	41,885,841	43,484,218	-	-
Other assets	37,066,756	31,661,203	914,846	822,046
	93,023,927	86,689,884	1,041,058	862,366
Accounts payable	6,957,215	5,698,363	222,382	8,666
Long-term debt	14,325,382	10,038,016	-	-
Other liabilities	12,567,837	13,746,995	-	160,677
	33,850,434	29,483,374	222,382	169,343
Net assets	59,173,493	57,206,510	818,676	693,023
Total revenue	81,245,248	84,274,547	152,995	108,946
Total expenses	78,676,546	76,913,370	28,845	6,151
Net income	2,568,702	7,361,177	124,150	102,795

The estimated principal repayments for the government business enterprises and partnerships owed to external organizations in each of the next five years are as follows:

	\$
2021	337,782
2022	408,647
2023	310,558
2024	310,558
2025	310,558

7 Bank indebtedness

The Dene Nation maintains authorized lines of credit totalling \$50,000 and \$75,000 (2019 – \$50,000 and \$75,000) available by way of business operating account overdrafts and are used for day to day cash flow requirements of the Dene Nation and the Birch Narrows Dene Nation Store and Gas Bar, respectively. Interest on outstanding credit is calculated at the prime rate plus 1.5%. The line of credit is secured by the Dene Nation's funding agreement with Indigenous Services Canada.

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

8 Deferred revenue

	Balance at March 31, 2019 \$	Funding deferred \$	Revenue recognized \$	Balance at March 31, 2020 \$
Indigenous Services Canada	3,861,844	845,946	3,221,066	1,486,724
Meadow Lake Tribal Council	-	425,685	296,746	128,939
	<u>3,861,844</u>	<u>1,271,631</u>	<u>3,517,812</u>	<u>1,615,663</u>

9 Pension plan

The Dene Nation provides a defined contribution plan for eligibility members of its staff. Members are required to contribute a portion of their salary up to a maximum amount of their basic salary. The Dene Nation contributes matching contributions up to a limit, which are directed to the member's contribution account. The pension expense in the current year was \$60,852.

10 Bank loans

The Dene Nation has the following term debt outstanding:

	2020 \$	2019 \$
Royal Bank – RCMP Building, bearing a variable interest of the bank's prime rate plus 1.25%, repayable in monthly blended principal and interest instalments of \$2,900, due on demand	29,648	64,442
Royal Bank, repayable monthly at \$5,208 plus interest monthly at prime plus 1.75%	-	46,888
Royal Bank – Store Enterprise, bearing a fixed interest rate of 4.38%, repayable in monthly principal and interest instalments of \$7,456, maturing on February 1, 2021	80,244	164,121
Royal Bank – Store Enterprise, repayable monthly at \$1,440 including interest at prime plus 1.5%	-	5,769
Royal Bank – Store Enterprise, bearing a fixed interest rate of 4.23%, repayable in monthly principal and interest instalments of \$1,173, maturing on February 28, 2021	38,427	-
Royal Bank – Education, bearing a fixed interest rate of 4.39%, repayable in monthly principal and interest instalments of \$2,754, maturing on November 2, 2020	21,647	52,337
Royal Bank – Housing, bearing a variable interest of the bank's prime rate plus 1.5%, repayable in quarterly blended principal and interest instalments of \$32,828, maturing on August 31, 2020	1,060,488	1,131,637
Phase 2, CMHC mortgage bearing interest at 0.94%, repayable in monthly blended principal and interest instalments of \$3,503, due for renewal September 1, 2020, maturing July 1, 2035; loan is guaranteed by a ministerial guarantee from the Government of Canada	600,144	636,354

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Phase 3, CMHC mortgage bearing interest at 1.04%, repayable in monthly blended principal and interest instalments of \$1,461, due for renewal October 1, 2020, maturing October 1, 2035; loan is guaranteed by a ministerial guarantee from the Government of Canada	252,214	267,043
Phase 4, CMHC mortgage bearing interest at 1.03%, repayable in monthly blended principal and interest instalments of \$4,785, due for renewal October 1, 2021, maturing June 1, 2031; loan is guaranteed by a ministerial guarantee from the Government of Canada	609,714	660,561
Phase 5, CMHC mortgage bearing interest at 1.48%, repayable in monthly blended principal and interest instalments of \$2,991, due for renewal January 1, 2022, maturing January 1, 2037; loan is guaranteed by a ministerial guarantee from the Government of Canada	534,725	562,489
Phase 6, CMHC advance with a floating interest rate; the interest rate and the terms of repayment will be set upon the interest adjustment date; loan is guaranteed by a ministerial guarantee from the Government of Canada	621,682	427,389
Phase 7, CMHC advance with a floating interest rate; the interest rate and the terms of repayment will be set upon the interest adjustment date; loan is guaranteed by a ministerial guarantee from the Government of Canada	150,861	-
	<u>3,999,794</u>	<u>4,019,030</u>

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

	\$
2021	1,361,709
2022	132,591
2023	134,058
2024	135,542
2025	137,042

11 Advances receivable

The Dene Nation has an outstanding advance to Birch Narrows Dene Development Limited Partnership. The advance receivable/payable is non-interest bearing and contains no specific terms for repayment.

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

12 Accumulated surplus

	2020 \$	2019 \$
Internally restricted		
Invested in tangible capital assets	42,250,830	35,690,698
Less: Capital debt	(3,999,794)	(3,972,142)
Invested in government enterprises	7,255,262	7,028,968
Externally restricted		
Trust funds	34,124	33,584
CMHC reserves	545,630	502,582
Unrestricted accumulated surplus	173,678	85,779
Accumulated surplus	46,259,730	39,369,469

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

13 Tangible capital assets

	Cost				Accumulated amortization				2020
	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	33,496	-	1,898,168	924,923	75,776	-	1,000,699	897,469
Rental houses	3,754,152	-	-	3,754,152	895,459	129,649	-	1,025,108	2,729,044
Buildings	31,046,048	-	-	31,046,048	6,832,929	620,921	-	7,453,850	23,592,198
Trailers	276,665	-	-	276,665	276,665	-	-	276,665	-
Heavy equipment	218,919	-	-	218,919	218,919	-	-	218,919	-
Equipment	353,730	2,769	-	356,499	331,406	6,053	-	337,459	19,040
Lodge	300,000	-	-	300,000	60,000	7,500	-	67,500	232,500
Fish plant	38,203	-	-	38,203	22,923	3,820	-	26,743	11,460
Vehicles	523,533	56,821	-	580,354	481,627	36,062	-	517,689	62,665
Roads	83,577	-	-	83,577	73,722	3,343	-	77,065	6,512
Infrastructure	5,676,272	7,324,675	-	13,000,947	1,667,110	373,544	-	2,040,654	10,960,293
Teacherages	368,000	-	-	368,000	132,480	14,720	-	147,200	220,800
Houses	10,586,707	396,527	-	10,983,234	7,481,617	227,698	-	7,709,315	3,273,919
Bus	90,670	-	-	90,670	90,670	-	-	90,670	-
Construction-in- progress	-	244,930	-	244,930	-	-	-	-	244,930
	55,181,148	8,059,218	-	63,240,366	19,490,450	1,499,086	-	20,989,536	42,250,830

Birch Narrows Dene Nation

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	Cost				Accumulated amortization				2019
	Beginning of year \$	Additions \$	Transfers \$	End of year \$	Beginning of year \$	Additions \$	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	(219,828)	895,459	2,858,693
Buildings	31,046,048	-	-	31,046,048	6,212,008	620,921	-	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	22,324
Lodge	300,000	-	-	300,000	52,500	7,500	-	60,000	240,000
Fish plant	38,203	-	-	38,203	15,282	7,641	-	22,923	15,280
Vehicles	435,323	88,210	-	523,533	380,365	101,262	-	481,627	41,906
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	3,105,090
Bus	90,670	-	-	90,670	90,670	-	-	90,670	-
	53,203,642	1,977,506	-	55,181,148	18,026,045	1,464,405	-	19,490,450	35,690,698

Birch Narrows Dene Nation

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14 Commitments and contingencies

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

	2020 \$	2019 \$
First Nations Bank (SFP Properties Limited Partnership)	1,203,844	1,194,486

The loan is reported as part of the financial reports of the respective entity as at March 31, 2020.

The Dene Nation's interests in Saskatoon Fast Print Limited Partnership and SFP Properties Limited Partnership are held by Birch Narrows Dene Development Limited Partnership (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, the outstanding reserve obligation was:

	2020 \$	2019 \$
Housing reserve obligation	545,630	502,582
Funds on deposit	(204,416)	(82,120)
Balance due to reserves	341,214	420,462

15 Risk management

The Dene Nation's financial assets and liabilities consist of cash, term deposits, accounts receivable, accounts payable and accrued liabilities and long-term debt.

Liquidity risk

Liquidity risk is the risk the Dene Nation will not be able to meet its financial obligations as they come 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 Services 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 circumstances.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Dene Nation to credit risk consist principally of cash, term deposits and accounts receivable.

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The Dene Nation's cash and term deposits are maintained at major financial institutions; therefore, the Dene Nation considers the risk of non-performance of these instruments to be remote.

The Dene Nation's financial assets, including accounts receivable, are not exposed to significant credit risk due to the nature of the receivables being primarily comprised of amounts due from both funders and related parties.

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises the three types of risk: interest rate risk, currency risk and other price risk. The Dene Nation is exposed to interest rate risk.

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Dene Nation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed interest rate instruments subject the Dene Nation to fair value risk, while floating interest rate instruments subject it to cash flow risk. As at March 31, 2020, the Dene Nation's exposure to interest rate risk was as follows:

- line of credit (note 7) – floating interest rate;
- short-term investments – fixed interest rate; and
- long-term debt (note 10) – fixed and floating interest rates.

COVID-19

On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. The impact of the pandemic continues to evolve and has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused significant disruption to businesses. Given the rapidly evolving situation, it is not possible to predict the extent of the financial impact on the Dene Nation, which could be material, or the duration of the outbreak's disruption. As a result, the Dene Nation's financial results will be subject to volatility.

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 Services 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

March 31, 2020

18 Expense by type

	2020	2019
	\$	\$
Salaries and benefits	3,433,936	4,148,609
Store cost of sales	2,685,052	2,559,037
Education service agreement	1,634,451	-
Program costs	928,794	1,143,194
Social assistance	667,995	664,554
Community activities	558,594	337,665
Travel	503,584	398,501
Professional fees	476,980	186,044
Tuition and student allowances	467,724	418,768
Repairs and maintenance	436,975	214,766
Supplies and materials	241,728	315,304
Housing	229,905	106,918
Honorariums	212,956	207,903
Assistance to members	210,978	82,463
Utilities	202,979	275,504
Propane	169,228	137,656
Store expenses	163,532	256,891
Consulting	148,817	42,128
Insurance	136,206	134,977
Professional development	112,334	32,168
Telephone	79,529	71,623
Vehicle operating costs	60,000	45,453
Administration costs	39,078	158,981
Bank charges and interest	37,076	45,341
Contracts	24,262	31,251
Office supplies	22,397	76,051
Cultural	21,734	27,869
Conferences and training	20,307	33,427
Fuel	15,668	23,081
Patient trips	11,384	9,421
Facility	10,492	7,794
Committee expenses	9,219	3,989
Other	8,878	59,731
Activities	6,617	11,977
Cable	5,049	4,838
Security alarm system	-	13,344
Pump-out	-	5,222
Advertising	-	1,250
	<u>13,994,438</u>	<u>12,293,693</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2020

19 Comparative figures

Certain of the comparative figures have been reclassified to confirm with the current year's presentation.

20 Segmented information

The 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 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 disclose in the summary of significant accounting policies.

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	Social and Family Services			Education			Infrastructure		
	Budget 2020 \$	2020 \$	2019 \$	Budget 2020 \$	2020 \$	2019 \$	Budget 2020 \$	2020 \$	2019 \$
Revenue									
Indigenous Services Canada	-	39,551	54,638	2,194,041	2,956,878	1,688,364	392,087	6,250,204	2,330,166
Meadow Lake Tribal Council	712,105	1,003,804	664,554	509,745	439,385	425,685	-	-	-
Health Canada	-	-	-	-	-	-	-	-	-
Northern Lights Community Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	-	-	-	1,482,085	-
Northern Lights School Division	-	-	-	775,000	670,197	792,721	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Expense recoveries and other income	-	24,729	-	25,500	86,139	105,191	-	-	200
Rentals	-	-	-	-	62,410	68,875	57,191	-	-
Store sales	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	-	-
Total	712,105	1,068,084	719,192	3,504,286	4,215,009	3,080,836	449,278	7,732,289	2,330,366
Expenses									
Wages and benefits	-	184,251	75,391	889,317	2,622,730	2,008,772	115,926	337,178	89,972
Supplies and materials	-	33,129	29,244	303,153	94,018	27,037	117,848	13,549	9,791
Community activities	-	2,785	8,980	97,422	95,048	9,690	-	-	-
Vehicle/equipment	-	-	-	105,957	36,373	16,965	12,265	-	1,250
Facilities	-	2,496	5,161	178,328	69,812	-	123,854	79,903	83,131
Other operating	750,000	701,301	680,555	1,856,866	999,910	845,391	131,304	521,397	670,014
Administrative	-	-	-	48,483	66,283	108,314	34,800	-	-
Total	750,000	923,962	799,331	3,479,526	3,984,174	3,016,169	535,997	952,027	854,158
Surplus (deficit) for the year	(37,895)	144,122	(80,139)	24,760	230,835	64,667	(86,719)	6,780,262	1,476,208

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	Medical and Health Services			Band Support			Housing and Community Development		
	Budget 2020 \$	2020 \$	2019 \$	Budget 2020 \$	2020 \$	2019 \$	Budget 2020 \$	2020 \$	2019 \$
Revenue									
Indigenous and Northern Affairs									
Canada	-	-	-	477,613	721,116	1,010,093	-	639,720	-
Meadow Lake Tribal Council	-	2,184,687	1,885,919	375,475	205,845	82,974	-	-	19
Health Canada	3,680,146	23,333	110,000	-	-	-	-	-	-
Northern Lights Community									
Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	-	6,400	-	-	-
Northern Lights School Division	-	-	-	-	-	-	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Expense recoveries and other									
income	161,003	11,991	37,919	227,537	279,140	52,438	-	-	-
Rentals	-	-	36,000	-	-	-	-	-	-
Store sales	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	189,300	202,440
Total	3,841,149	2,220,011	2,069,838	1,080,625	1,206,101	1,151,905	-	829,020	202,459
Expenses									
Wages and benefits	1,145,085	801,893	810,312	324,808	295,940	293,660	-	55,999	-
Supplies	94,270	75,005	39,209	120,780	126,975	45,248	-	-	-
Community activities	1,740,986	182,897	76,587	-	62,695	94,862	-	-	-
Vehicle/equipment	242,435	10,705	8,920	134,060	-	4,264	-	-	-
Facilities	68,977	19,872	34,414	20,300	-	-	-	12,662	-
Other operating	84,977	569,166	717,725	111,050	615,435	227,732	-	201,831	19,205
Administrative	489,047	23,818	-	274,000	49,902	138,940	-	-	41,569
Total	3,865,777	1,683,356	1,687,167	984,998	1,150,947	804,706	-	270,492	60,774
Surplus (deficit) for the year	(24,628)	536,655	382,671	95,627	55,154	347,199	-	558,528	141,685

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	Band Revenue			Enterprises and Economic Development			Total		
	Budget 2020 \$	2020 \$	2019 \$	Budget 2020 \$	2020 \$	2019 \$	Budget 2020 \$	2020 \$	2019 \$
Revenue									
Indigenous Services Canada	-	97,439	5,894	-	-	1,302	3,063,741	10,704,908	5,090,457
Meadow Lake Tribal Council	599,928	235,707	403,889	-	749,681	757,468	2,197,253	4,819,108	4,190,499
Health Canada	-	3,708	-	857,815	302,220	246,643	4,537,961	329,261	356,643
Northern Lights Community Development	112,000	141,009	86,486	-	-	-	112,000	141,009	86,486
Government of Saskatchewan	9,000	8,280	14,271	-	-	-	9,000	1,490,365	20,671
Northern Lights School Division	-	-	-	-	-	-	775,000	670,197	792,721
First Nations Trust Gaming	256,000	248,837	253,635	-	-	-	256,000	248,837	253,635
Fundraising	-	14,360	20,395	-	-	-	-	14,360	20,395
Expense recoveries and other income	35,000	131,801	130,678	-	-	-	449,040	533,801	326,426
Rentals	10,000	60,392	57,492	-	-	-	67,191	122,802	162,367
Store sales	-	-	-	-	2,708,543	2,654,042	-	2,708,543	2,654,042
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	189,300	202,440
Total	1,021,928	941,533	972,740	857,815	3,760,444	3,659,455	11,467,186	21,972,491	14,156,782
Expenses									
Wages and benefits	280,577	340,504	253,598	116,916	223,720	326,562	2,872,629	4,865,214	3,858,267
Supplies and materials	16,064	12,530	17,397	-	9,550	48,905	652,115	364,756	216,831
Community activities	256,000	24,126	19,397	664,012	126,852	-	2,758,420	494,403	209,516
Vehicle/equipment	27,032	12,432	17,042	-	-	-	521,749	59,508	48,441
Facilities	186,744	33,240	61,817	-	34,711	78,391	578,203	252,697	262,914
Other operating	278,886	347,202	545,508	-	3,859,455	3,733,679	3,213,083	7,815,717	7,439,809
Administrative	11,825	-	-	76,887	2,140	(30,908)	935,041	142,143	257,915
Total	1,057,128	770,034	914,759	857,815	4,256,428	4,156,629	11,531,240	13,994,438	12,293,693
Surplus (deficit) for the year	(35,200)	171,499	57,981	-	(495,984)	(497,174)	(64,054)	7,978,053	1,863,089