

Birch Narrows Dene Nation

Consolidated Financial Statements
March 31, 2021

Management's Responsibility for the Consolidated Financial Statements

February 7, 2022

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:



Band Manager



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, 2021 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, 2021;
- 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.

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

PricewaterhouseCoopers LLP
128 4th Avenue, Suite 600, Saskatoon, Saskatchewan, Canada S7K 1M8
T: +1 306 668 5900, F: +1 306 652 1315

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



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
February 7, 2022

Birch Narrows Dene Nation

Consolidated Statement of Financial Position

As at March 31, 2021

	2021 \$	2020 \$
Financial assets		
Cash	1,622,362	622,511
Restricted cash (note 14)	1,559,080	1,341,401
Term deposits	147,111	146,789
Accounts receivable (note 3)	861,638	448,590
Advances receivable (note 11)	146,515	-
Trust funds held by federal government (note 4)	34,522	34,124
Portfolio investments (note 5)	14,711	14,711
Investments in government business enterprises and partnerships (note 6)	12,558,039	7,255,262
	<u>16,943,978</u>	<u>9,863,388</u>
Financial liabilities		
Accounts payable and accrued liabilities	438,124	413,963
Advance payable (note 11)	-	15,784
Deferred revenue (note 8)	2,543,301	1,615,663
Notes payable and long-term debt (note 10)	4,133,194	3,999,794
	<u>7,114,619</u>	<u>6,045,204</u>
Net financial assets	<u>9,829,359</u>	<u>3,818,184</u>
Non-financial assets		
Tangible capital assets (note 13)	40,876,928	42,250,830
Prepays	308,273	21,532
Inventory	169,184	169,184
	<u>41,354,385</u>	<u>42,441,546</u>
Accumulated surplus (note 12)	<u>51,183,744</u>	<u>46,259,730</u>
Commitments and contingencies (note 15)		

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, 2021

	Budget \$	2021 \$	2020 \$
Annual surplus (deficit)	(488,705)	4,924,014	6,890,261
Purchase of tangible capital assets	-	(422,477)	(8,059,218)
Amortization of tangible capital assets	-	1,796,379	1,499,086
Net change in prepaids	-	(286,741)	(21,532)
	-	1,087,161	(6,581,664)
Net change in net financial assets	(488,705)	6,011,175	308,597
Net financial assets – Beginning of year	3,818,184	3,818,184	3,509,587
Net financial assets – End of year	3,329,479	9,829,359	3,818,184

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, 2021

	Budget \$	2021 \$	2020 \$
Revenue			
Indigenous Services Canada	4,315,071	6,802,086	10,704,909
Meadow Lake Tribal Council	3,832,482	4,900,622	4,819,108
Health Canada	40,000	301,409	329,261
Northern Lights Community Development	-	-	141,009
Government of Saskatchewan	-	880	1,490,365
Northern Lights School Division	648,909	589,469	670,197
First Nations Trust Gaming	-	182,823	248,837
Fundraising	-	1,250	14,360
Expense recoveries and other income	1,204,125	358,437	533,800
Rentals	68,800	91,154	122,802
Store sales	-	3,201,565	2,708,543
Saskatchewan Indigenous Cultural Centre	-	117,100	-
Housing fund rentals and subsidy	-	167,547	189,300
	10,109,387	16,714,342	21,972,491
Expenses (note 19)			
Education	2,926,893	3,924,282	3,984,174
Social and family services	2,446,103	1,141,981	725,414
Infrastructure	441,390	957,729	952,026
Band support	1,235,205	2,074,410	1,150,949
Medical and health services	1,590,760	2,095,432	1,884,905
Band revenue	586,698	1,020,658	770,052
Housing and community development	1,242,475	145,957	270,492
Enterprises and economic development	128,568	4,061,277	4,256,426
	10,598,092	15,421,726	13,994,438
Annual surplus (deficit) before the following	(488,705)	1,292,616	7,978,053
Limited partnership equity earnings	-	5,427,777	411,294
Amortization	-	(1,796,379)	(1,499,086)
Annual surplus (deficit)	(488,705)	4,924,014	6,890,261
Accumulated surplus – Beginning of year	46,259,730	46,259,730	39,369,469
Accumulated surplus – End of year	45,771,025	51,183,744	46,259,730
Segment disclosures (note 21)			

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, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Annual surplus	4,924,014	6,890,261
Items not affecting cash		
Amortization of tangible capital assets	1,796,379	1,499,086
Limited partnership equity earnings	(5,427,777)	(411,294)
Change in non-cash items on statement of financial position		
Change in value of term deposits	(322)	(831)
Accounts receivable	(413,048)	330,550
Trust funds	(398)	(540)
Advances receivable/payable	(162,299)	-
Prepays	(286,741)	(21,532)
Accounts payable and accrued liabilities	24,161	(315,497)
Deferred revenue	927,638	(2,246,181)
	<u>1,381,607</u>	<u>5,724,022</u>
Investing activities		
Acquisition of tangible capital assets	<u>(422,477)</u>	<u>(8,059,218)</u>
Financing activities		
Proceeds from debt issued	500,000	385,154
Distribution from investments	125,000	189,620
Debt repayments	<u>(366,600)</u>	<u>(404,390)</u>
	<u>258,400</u>	<u>170,384</u>
Change in net cash	<u>1,217,530</u>	<u>(2,164,812)</u>
Net cash – Beginning of year	<u>1,963,912</u>	<u>4,128,724</u>
Net cash – End of year	<u>3,181,442</u>	<u>1,963,912</u>
Net cash consists of the following:		
Restricted cash	1,559,080	1,341,401
Cash	<u>1,622,362</u>	<u>622,511</u>
	<u>3,181,442</u>	<u>1,963,912</u>

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

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2021

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 consolidated 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, 2021

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 being 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 includes 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, 2021

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	20 years

Tangible capital assets are written down when conditions indicate 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 that 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, 2021

3 Accounts receivable

	2021 \$	2020 \$
MLTC Health and Social Development	39,200	-
Northern Lights School District	398,449	-
MLTC Child and Family Services Inc.	54,355	99,590
Canadian Mortgage and Housing Corporation (CMHC)	13,276	13,276
Indigenous Services Canada	154,328	74,125
Store enterprise receivables	39,584	102,815
Other receivables	98,300	12,564
Northern Lights Community Development Corporation	17,703	46,973
MLTC Program Services Inc.	46,710	99,247
	<u>861,638</u>	<u>448,590</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, 2020 \$	Additions \$	Withdrawals \$	March 31, 2021 \$
Revenue	27,613	398	-	28,011
Capital	6,511	-	-	6,511
	<u>34,124</u>	<u>398</u>	<u>-</u>	<u>34,522</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2021

5 Portfolio investments

The Dene Nation has the following investments:

	2021 \$	2020 \$
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	13,734
	<u>14,711</u>	<u>14,711</u>

6 Investments in government business enterprises and partnerships

The Dene Nation has investments in the following entities:

	Investment balance – Beginning of year \$	Share of earnings \$	Distribution \$	2021 Investment balance – End of year \$
Business				
MLTC Resource				
Development Limited				
Partnership – 11.11%	6,436,670	4,394,878	(125,000)	10,706,548
Birch Narrows Dene				
Development Limited				
Partnership – 99.99%	818,592	1,032,899	-	1,851,491
	<u>7,255,262</u>	<u>5,427,777</u>	<u>(125,000)</u>	<u>12,558,039</u>

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2021

	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
	7,028,968	411,294	(185,000)	7,255,262
	MLTC Resource Development Limited Partnership	Birch Narrows Dene Developments Limited Partnership		
	2021	2020	2021	2020
	\$	\$	\$	\$
Cash	32,211,672	2,663,845	519,782	85,067
Accounts receivable	9,861,802	11,407,485	-	41,145
Capital assets	28,908,192	41,885,841	-	-
Other assets	53,873,518	37,066,756	1,501,981	914,846
	124,855,184	93,023,927	2,021,763	1,041,058
Accounts payable	11,402,833	6,957,215	23,673	222,382
Long-term debt	12,909,576	14,325,238	-	-
Other liabilities	3,948,308	12,567,837	146,515	-
	28,260,717	33,850,290	170,188	222,382
Net assets	96,594,467	59,173,637	1,851,575	818,676
Total revenue	118,958,341	81,245,248	1,148,930	152,995
Total expenses	79,423,959	78,676,546	116,031	28,845
Net income	39,534,382	2,568,702	1,032,899	124,150

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2021

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:

	\$
2022	343,751
2023	350,305
2024	342,153
2025	266,144
2026	249,372

7 Bank indebtedness

The Dene Nation maintains authorized lines of credit totalling \$50,000 and \$75,000 (2020 – \$50,000 and \$75,000) available by way of business operating account overdrafts that 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.

8 Deferred revenue

	Balance at March 31, 2020 \$	Funding deferred \$	Revenue recognized \$	Balance at March 31, 2021 \$
Indigenous Services Canada	1,486,724	686,616	(328,849)	1,844,491
Meadow Lake Tribal Council	128,939	676,625	(106,754)	698,810
	1,615,663	1,363,241	(435,603)	2,543,301

9 Pension plan

The Dene Nation provides a defined contribution plan for eligible 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 \$59,024 (2020 – \$60,852).

Birch Narrows Dene Nation

Notes to Consolidated Financial Statements

March 31, 2021

10 Bank loans

The Dene Nation has the following term debt outstanding:

	2021 \$	2020 \$
Royal Bank – RCMP Building, bearing a variable interest rate 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
Royal Bank, bearing a variable interest rate of the bank's prime rate plus 1.5%, repayable in quarterly principal instalments of \$7,950 plus interest, maturing on July 13, 2021	159,000	-
Royal Bank, bearing a variable interest rate of the bank's prime rate plus 1.5%, repayable in quarterly blended principal and interest instalments of \$11,112, maturing on January 8, 2022	200,000	-
Royal Bank, bearing a variable interest rate of the bank's prime rate plus 1.5%, repayable in quarterly blended principal and interest instalments of \$7,050, maturing on January 8, 2022	141,000	-
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
Royal Bank – Store Enterprise, bearing a fixed interest rate of 2.92%, repayable in monthly principal and interest instalments of \$1,156, maturing on February 28, 2022	25,542	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
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	970,307	1,060,488
Phase 2, CMHC mortgage bearing interest at 0.96%, repayable in monthly blended principal and interest instalments of \$3,504, due for renewal September 1, 2020, maturing July 1, 2035; loan is guaranteed by a ministerial guarantee from the Government of Canada	563,010	600,144
Phase 3, CMHC mortgage bearing interest at 1.3%, repayable in monthly blended principal and interest instalments of \$1,486, due for renewal April 1, 2026, maturing October 1, 2035; loan is guaranteed by a ministerial guarantee from the Government of Canada	236,968	252,214
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	558,311	609,714
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	506,513	534,725
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	621,682

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	2021 \$	2020 \$
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	150,861
	<u>4,133,194</u>	<u>3,999,794</u>

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

	\$
2022	1,626,289
2023	132,591
2024	134,058
2025	137,042
2026	138,116

11 Advances receivable/payable

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.

12 Accumulated surplus

	2021 \$	2020 \$
Internally restricted		
Invested in tangible capital assets	40,876,928	42,250,830
Less: Capital debt	(4,133,194)	(3,999,794)
Invested in government enterprises	12,558,039	7,255,262
Externally restricted		
Trust funds	34,522	34,124
CMHC reserves	490,673	545,630
Unrestricted accumulated surplus	<u>1,356,776</u>	<u>173,678</u>
Accumulated surplus	<u>51,183,744</u>	<u>46,259,730</u>

Birch Narrows Dene Nation
Notes to Consolidated Financial Statements
March 31, 2021

13 Tangible capital assets

	Cost				Accumulated amortization				2021
	Beginning of year \$	Additions \$	Transfers \$	End of year \$	Beginning of year \$	Amortization \$	Transfers \$	End of year \$	Net \$
Store enterprise building and equipment	1,898,168	-	-	1,898,168	1,000,699	140,962	-	1,141,661	756,507
Rental houses	3,754,152	-	-	3,754,152	1,025,108	131,994	-	1,157,102	2,597,050
Buildings	31,046,048	-	-	31,046,048	7,453,850	620,921	-	8,074,771	22,971,277
Trailers	276,665	-	-	276,665	276,665	-	-	276,665	-
Heavy equipment	218,919	180,000	-	398,919	218,919	18,000	-	236,919	162,000
Equipment	356,499	67,530	-	424,029	337,459	19,559	-	357,018	67,011
Lodge	300,000	-	-	300,000	67,500	7,500	-	75,000	225,000
Fish plant	38,203	-	-	38,203	26,743	-	-	26,743	11,460
Vehicles	580,354	-	-	580,354	517,689	18,810	-	536,499	43,855
Roads	83,577	-	-	83,577	77,065	3,343	-	80,408	3,169
Infrastructure	13,000,947	142,658	-	13,143,605	2,040,654	676,462	-	2,717,116	10,426,489
Teacherages	368,000	-	-	368,000	147,200	14,720	-	161,920	206,080
Houses	10,983,234	-	-	10,983,234	7,709,315	144,108	-	7,853,423	3,129,811
Bus	90,670	-	-	90,670	90,670	-	-	90,670	-
Construction-in- progress	244,930	32,289	-	277,219	-	-	-	-	277,219
	63,240,366	422,477	-	63,662,843	20,989,536	1,796,379	-	22,785,915	40,876,928

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	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	1,499,066	-	20,989,536	42,250,830

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Notes to Consolidated Financial Statements

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14 Restricted cash

The Dene Nation has external and internal restrictions placed on certain bank accounts, which are summarized as follows:

	2021 \$	2020 \$
CMHC housing funds on deposit	264,384	162,506
Infrastructure funds on deposit	1,294,696	1,178,895
Total restricted cash	1,559,080	1,341,401

All restricted cash is held within bank accounts with a reputable financial institution that is insured by the Canada Deposit Insurance Corporation.

15 Commitments and contingencies

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

	2021 \$	2020 \$
First Nations Bank (SFP Properties Limited Partnership)	1,147,025	1,203,844

The loan is reported as part of the financial reports of the respective entity as at March 31, 2021.

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 CMHC to fund replacements and operating reserves.

As at March 31, the outstanding reserve obligation was:

	2021 \$	2020 \$
Housing reserve obligation	490,673	545,630
Funds on deposit	(306,294)	(204,416)
Balance due to reserves	184,379	341,214

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16 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.

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 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, 2021, 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.

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Notes to Consolidated Financial Statements

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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.

17 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 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.

18 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, 2021

19 Expense by type

	2021 \$	2020 \$
Store cost of sales	2,943,871	2,685,052
Education service agreement	2,539,865	1,634,451
Salaries and benefits	2,325,978	3,433,936
Supplies and materials	1,407,419	241,728
Social assistance	826,679	667,995
Repairs and maintenance	677,878	436,975
Professional fees	581,935	476,980
Program costs	523,452	928,794
Tuition and student allowances	383,010	467,724
Store expenses	380,024	163,532
Travel	348,337	503,584
Community activities	325,311	558,594
Contracts	265,137	24,262
Management fees	210,000	-
Assistance to members	207,033	210,978
Utilities	201,943	202,979
Insurance	198,936	136,206
Honorariums	196,913	212,956
Community program	174,217	-
Propane	171,344	169,228
Telephone	90,360	79,529
Bank charges and interest	77,563	37,076
Vehicle operating costs	72,441	60,000
Office supplies	71,590	22,397
Housing	59,033	229,905
Other	44,968	8,878
Graduation	21,963	-
Conferences and training	17,223	20,307
Administration costs	14,720	39,078
Facility	10,924	10,492
Fuel	8,874	15,668
Miscellaneous	7,936	-
Extra-curricular programs	6,959	-
Patient trips	5,628	11,384
Pump-out	5,325	-
Professional development	4,804	112,334
Activities	3,874	6,617
Cable	3,613	5,049
Committee expenses	2,056	9,219
Security alarm system	2,034	-
Consulting	556	148,817
Cultural	-	21,734
	<u>15,421,726</u>	<u>13,994,438</u>

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Notes to Consolidated Financial Statements

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20 Comparative figures

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

21 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 disclosed in the summary of significant accounting policies.

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	Social and Family Services			Education			Infrastructure		
	Budget 2021 \$	2021 \$	2020 \$	Budget 2021 \$	2021 \$	2020 \$	Budget 2021 \$	2021 \$	2020 \$
Revenue									
Indigenous Services Canada	-	53,718	39,551	2,487,272	3,423,937	2,956,878	335,650	1,132,905	6,250,204
Meadow Lake Tribal Council	2,370,686	1,117,297	1,003,804	442,972	432,137	439,385	-	-	-
Health Canada	-	-	-	-	-	-	-	-	-
Northern Lights Community Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	-	-	-	-	-
Northern Lights School Division	-	-	-	619,000	589,469	670,197	-	-	1,482,085
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Expense recoveries and other income	24,000	-	24,729	38,232	109,354	86,139	62,648	111,637	-
Rentals	-	-	-	-	37,791	62,410	68,800	-	-
Store sales	-	-	-	-	-	-	-	-	-
IELC	-	-	-	-	117,100	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	-	-
Total	2,394,686	1,171,015	1,068,084	3,587,476	4,709,788	4,215,009	467,098	1,244,542	7,732,289
Expenses									
Wages and benefits	496,570	112,986	184,251	58,365	83,015	1,191,452	86,228	132,681	337,178
Supplies and materials	17,175	-	33,129	-	162,653	94,018	10,860	12,431	13,549
Community activities	1,133,779	-	2,785	-	203,139	95,048	-	5,200	-
Vehicle/equipment	29,968	-	-	-	36,735	36,373	8,500	-	-
Facilities	-	-	2,496	-	69,950	69,812	84,274	70,490	79,903
Other operating	546,109	1,028,995	701,301	2,868,528	3,368,790	2,431,188	251,528	736,927	521,397
Administrative	222,502	-	-	-	-	66,283	-	-	-
Total	2,446,103	1,141,981	923,962	2,926,893	3,924,282	3,984,174	441,390	957,729	952,027
Surplus (deficit) for the year	(51,417)	29,034	144,122	660,583	785,506	230,835	25,708	286,813	6,780,262

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	Medical and Health Services			Band Support			Housing and Community Development		
	Budget 2021 \$	2021 \$	2020 \$	Budget 2021 \$	2021 \$	2020 \$	Budget 2021 \$	2021 \$	2020 \$
Revenue									
Indigenous Services Canada	24,003	471,416	-	1,116,881	1,615,200	721,116	301,265	-	639,720
Meadow Lake Tribal Council	856,836	2,204,867	2,184,687	71,525	469,521	205,845	-	-	-
Health Canada	40,000	51,667	23,333	-	-	-	-	-	-
Northern Lights Community Development	-	-	-	-	-	-	-	-	-
Government of Saskatchewan	-	-	-	-	-	-	-	-	-
Northern Lights School Division	-	-	-	29,909	-	-	-	-	-
First Nations Trust Gaming	-	-	-	-	-	-	-	-	-
Fundraising	-	-	-	-	-	-	-	-	-
Expense recoveries and other income	666,028	32,751	11,991	356,980	24,548	279,140	-	-	-
Rentals	-	-	-	-	-	-	-	-	-
Store sales	-	-	-	-	-	-	-	-	-
IELC	-	-	-	-	-	-	-	-	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	167,547	189,300
Total	1,586,867	2,760,701	2,220,011	1,575,295	2,109,269	1,206,101	301,265	167,547	829,020
Expenses									
Wages and benefits	793,793	924,356	801,893	493,318	370,081	295,940	260,230	15,467	55,999
Supplies	46,275	102,432	75,005	17,600	1,242,145	126,975	-	-	-
Community activities	175,043	231,861	182,897	44,869	40,042	62,695	-	-	-
Vehicle/equipment	16,827	13,191	10,705	35,930	619	-	-	-	-
Facilities	20,400	37,994	19,872	-	-	-	12,662	17,027	12,662
Other operating	406,692	785,598	569,166	643,488	380,399	615,435	969,583	113,463	201,831
Administrative	131,730	-	23,818	-	41,124	49,902	-	-	-
Total	1,590,760	2,095,432	1,683,356	1,235,205	2,074,410	1,150,947	1,242,475	145,957	270,492
Surplus (deficit) for the year	(3,893)	665,269	536,655	340,090	34,859	55,154	(941,210)	21,590	558,528

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	Band Revenue			Enterprises and Economic Development			Total		
	Budget 2021	2021	2020	Budget 2021	2021	2020	Budget 2021	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue									
Indigenous Services Canada	-	104,910	97,440	50,000	-	-	4,315,071	6,802,086	10,704,909
Meadow Lake Tribal Council	38,463	426,378	235,706	52,000	250,422	749,681	3,832,482	4,900,622	4,819,108
Health Canada	-	-	3,708	-	249,742	302,220	40,000	301,409	329,261
Northern Lights Community Development	-	-	141,009	-	-	-	-	-	141,009
Government of Saskatchewan	-	880	8,280	-	-	-	-	880	1,490,365
Northern Lights School Division	-	-	-	-	-	-	648,909	589,469	670,197
First Nations Trust Gaming	-	182,823	248,837	-	-	-	-	182,823	248,837
Fundraising	-	1,250	14,360	-	-	-	-	1,250	14,360
Expense recoveries and other income	-	71,352	131,801	56,237	8,795	-	1,204,125	358,437	533,800
Rentals	-	53,363	60,392	-	-	-	68,800	91,154	122,802
Store sales	-	-	-	-	3,201,565	2,708,543	-	3,201,565	2,708,543
IELC	-	-	-	-	-	-	-	117,100	-
Housing Fund rentals and subsidy	-	-	-	-	-	-	-	167,547	189,300
Total	38,463	840,956	941,533	158,237	3,710,524	3,760,444	10,109,387	16,714,342	21,972,491
Expenses									
Wages and benefits	233,120	317,261	340,504	91,832	370,131	223,720	2,513,456	2,325,978	3,430,937
Supplies and materials	2,379	9,072	12,530	-	10,763	9,550	94,289	1,539,496	364,756
Community activities	1,041	16,260	24,126	-	23,232	126,852	1,354,732	519,734	494,403
Vehicle/equipment	5,822	10,398	12,432	-	-	-	97,047	60,943	59,510
Facilities	30,054	25,544	33,240	10,592	40,664	34,711	157,982	261,669	252,696
Other operating	314,282	642,124	350,220	26,144	3,612,526	3,859,455	6,026,354	10,668,822	9,249,993
Administrative	-	-	-	-	3,960	2,140	354,232	45,084	142,143
Total	586,698	1,020,659	773,052	128,568	4,061,276	4,256,428	10,598,092	15,421,726	13,994,438
Surplus (deficit) for the year	(548,235)	(179,703)	168,481	29,669	(350,752)	(495,984)	(488,705)	1,292,616	7,978,053