



**Birch Narrows Dene Nation
Consolidated Financial Statements**

March 31, 2022



Birch Narrows Dene Nation Contents

For the year ended March 31, 2022

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Management's Responsibility



To the Members of Birch Narrows Dene Nation:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

Chief and Council are composed entirely of members who are neither management nor employees of the Dene Nation. The Council is responsible for overseeing management in the performance of its financial reporting responsibilities. The Council fulfills these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for the appointment of the Dene Nation's external auditors.

MNP LLP is appointed by Chief and Council to audit the financial statements and report directly to the Members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.

February 9, 2023

Signed by: Douglas Barks

Director of Operations

To the Members of Birch Narrows Dene Nation:

Opinion

We have audited the financial statements of Birch Narrows Dene Nation (the "Dene Nation"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, change in net financial assets (net debt) and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Dene Nation as at March 31, 2022, and the results of its operations, changes in its net financial assets (net debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Financial Statements section of our report. We are independent of the Dene Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter - Restated Comparative Information

We draw attention to Note 18 to the consolidated financial statements, which explains certain comparative information for the year ended March 31, 2021 has been restated. The consolidated financial statement for the year ended March 31, 2021 (prior to the adjustments that were applied to restate certain comparative information explained in Note 18) were audited by another auditor who expressed an unmodified opinion on those financial statements on February 7, 2022. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Dene Nation'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 Dene Nation or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (*continued from previous page*)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Dene Nation'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 Dene Nation'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 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 Dene Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 Dene Nation 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.

Saskatoon, Saskatchewan

February 9, 2023

MNP LLP

Chartered Professional Accountants

MNP



Birch Narrows Dene Nation
Consolidated Statement of Financial Position
As at March 31, 2022

2022 **2021**
(As restated -
Note 18)

Financial assets

Current

Cash and cash equivalents	1,134,033	1,630,026
Restricted cash (Note 3)	1,766,242	1,698,530
Accounts receivable (Note 4)	1,755,359	903,141
Inventory held for resale	242,299	169,185
Portfolio investments (Note 5)	11,590	14,711
Funds held in lawyers trust (Note 6)	3,625,000	-
	8,534,523	4,415,593
Due from Birch Narrows Dene Nation Development Limited Partnership (Note 7)	8,111	146,514
Investment in Nation business entities (Note 8)	2,148,515	1,851,491
Funds held in trust (Note 9)	34,834	34,522
Total financial assets	10,725,983	6,448,120

Liabilities

Current

Accounts payable and accruals	277,775	479,633
Deferred revenue (Note 11)	2,825,119	2,543,301
Current portion of long-term debt	268,881	755,000
	3,371,775	3,777,934
Long-term debt (Note 12)	3,528,476	3,378,194
Total financial liabilities	6,900,251	7,156,128
Net financial assets (net debt)	3,825,732	(708,008)

Contingent liability (Note 6)

Non-financial assets

Tangible capital assets (Note 13)	41,788,058	40,876,928
Prepaid expenses	447,573	308,276
	42,235,631	41,185,204
Accumulated surplus	46,061,363	40,477,196

Approved on behalf of the Chief and Council

Signed by: Kimberly Sylvestre

Councillor

Signed by: Trevor Moberly

Councillor



Birch Narrows Dene Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2022

	<i>Schedules</i>	2022 <i>Budget Note 17</i>	2022	2021 (As restated - Note 18)
Revenue				
Indigenous Services Canada (Note 15)		4,799,134	6,985,829	6,761,516
MLHSDA Inc.		3,253,807	3,302,681	2,126,778
MLTC Program Services Inc.		102,516	1,950,201	2,254,482
MLTC CFS Inc.		397,492	588,229	402,262
CMHC subsidy		-	190,947	158,396
First Nation's Trust		-	143,885	182,823
Health Canada		-	63,318	249,742
Retail sales		-	4,041,431	3,643,334
MLTC Resource Development		-	1,117,222	125,000
Northern Lights School Division		-	629,963	589,469
Contribution from Birch Narrows Dene Nation Membership Trust		-	500,000	-
Other revenue		63,882	378,578	297,027
Earnings from investment in Nation business entities		-	297,024	1,032,899
Rental income		63,700	131,868	100,244
Expense recoveries		70,821	91,292	156,819
		8,751,352	20,412,468	18,080,791
Program expenses				
Band Programs	3	605,265	546,584	407,189
Band Support	4	1,297,918	1,498,916	2,616,058
Capital	5	1,242,476	2,285,600	2,208,171
Economic Development	6	145,447	4,180,314	4,278,718
Education	7	2,114,216	4,774,284	3,999,481
Health	8	3,303,806	3,621,580	2,546,269
Infrastructure	9	400,726	565,271	458,201
Reserves & Trusts	10	-	59,205	-
Social Services	11	-	921,547	912,568
		9,109,854	18,453,301	17,426,655
Surplus before Trust Settlement		(358,502)	1,959,167	654,136
Trust Settlement (Note 6)				
Cold Lake Air Weapons Range Settlement		-	28,132,700	-
Contribution to Birch Narrows Dene Nation Membership Trust		-	(24,238,581)	-
Legal fees - Trust Settlement		-	(269,119)	-
		-	3,625,000	-
Surplus		(358,502)	5,584,167	654,136



Birch Narrows Dene Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2022

	2022	2021
		(As restated - Note 18)
Accumulated surplus, beginning of year, as previously stated	40,477,196	46,259,730
Correction of an error (Note 18)	-	(6,436,670)
Accumulated surplus, beginning of year, as restated	40,477,196	39,823,060
Surplus	5,584,167	654,136
Accumulated surplus, end of year	46,061,363	40,477,196



Birch Narrows Dene Nation
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the year ended March 31, 2022

	2022	2022	2021
			(As restated - Note 18)
Annual surplus	(358,502)	5,584,167	654,136
Purchases of tangible capital assets	-	(2,682,841)	(422,480)
Amortization of tangible capital assets	-	1,771,711	1,796,381
Acquisition of prepaid expenses	-	(139,297)	(286,738)
 Increase in net financial assets	 (358,502)	 4,533,740	 1,741,299
Net debt, beginning of year	(708,008)	(708,008)	(2,449,307)
 Net financial assets (net debt), end of year	 (1,066,510)	 3,825,732	 (708,008)



Birch Narrows Dene Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2022

2022 **2021**
(As restated -
Note 18)

Cash provided by (used for) the following activities

Operating activities

Surplus	5,584,167	654,136
Non-cash items		
Amortization	1,771,711	1,796,382
Earnings from investment in Nation business entities	(297,024)	(1,032,899)
Changes in working capital accounts	7,058,854	1,417,619
Accounts receivable	(852,218)	(454,551)
Prepaid expenses	(139,297)	(286,738)
Restricted cash	(67,712)	(603,340)
Inventory held for resale	(73,114)	-
Funds Held in Lawyers Trust	(3,625,000)	-
Accounts payable and accruals	(201,858)	49,886
Deferred revenue	281,818	1,320,638
	2,381,473	1,443,514

Financing activities

Advances of long-term debt	419,509	500,000
Repayment of long-term debt	(755,346)	(366,600)
	(335,837)	133,400

Capital activities

Purchases of tangible capital assets	(2,682,841)	(422,480)
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Investing activities

Funds held in trust	(312)	(398)
Portfolio investments	3,121	-
Due from Birch Narrows Dene Nation Development Limited Partnership (net)	138,403	(146,516)
	141,212	(146,914)

Increase (decrease) in cash resources

(495,993)	1,007,520
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Cash resources, beginning of year

1,630,026	622,506
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Cash resources, end of year

1,134,033	1,630,026
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Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

1. Operations

The Birch Narrows Dene Nation (the "Dene Nation") is located in Treaty 10 territory in the province of Saskatchewan, and provides various services to its Members. Birch Narrows Dene Nation includes the Dene Nation's government and all related entities that are accountable to the Dene Nation and are either owned or controlled by the Dene Nation.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Reporting entity

The financial statements consolidate the financial activities of all entities and departments comprising the Dene Nation reporting entity, except for government business entities.

The Dene Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Birch Narrows Dene Nation
- Birch Ridge Educational Authority;
- Birch Narrows Dene Nation CMHC Housing Fund
- Birch Narrows Grocery and Gas Bar

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Birch Narrows Dene Nation government business entities, owned or controlled by the Dene Nation's Council but not dependent on the Dene Nation for their continuing operations, are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the government business entity accounting principles are not adjusted to conform to those of the Dene Nation. Thus, the Dene Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- Birch Narrows Development Limited Partnership

Other economic interests

The Dene Nation is a member of Meadow Lake Tribal Council which is an organization of nine Nations.

The Dene Nation does not either share in the control or the profit or loss of Meadow Lake Tribal Council. As a result, the financial statements of the following entities have not been consolidated or proportionately consolidated with the financial statements of Birch Narrows Dene Nation.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash. Restricted cash consists of CMHC Replacement Reserve bank account, capital project bank account and term deposits.

Inventory held for resale

Inventory consists of retail items for the Birch Narrows Grocery and Gas Bar and is valued at the lower of cost and net realizable value. Cost is determined by the first-in, first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the Dene Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Funds held in trust fund

Funds held in trust on behalf of Dene Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

- Capital trust money derived from non-renewable resource transactions on the sale of land or other Dene Nation tangible capital assets; and
- Revenue trust money generated primarily through land leasing transactions or interest earned on deposits held in trust.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

When conditions indicate that a tangible capital asset no longer contributes to the Dene Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value, the Dene Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Method	Rate
Buildings	straight-line	25 to 50 years
Equipment	declining balance	5 to 20 years
Infrastructure	straight-line	25 years

Assets under construction are not amortized until they are put into use. Land is not amortized.

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses.

Net financial assets (net debt)

The Dene Nation's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of the Dene Nation is determined by its financial assets less its liabilities. Net financial assets (net debt) combined with non-financial assets comprise a second indicator of financial position, accumulated surplus.



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt.

Government Transfers

The Dene Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Dene Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

Rental revenues are recognized over the rental term. Other revenue is earned from services provided by the Dene Nation and is recognized when the service has been provided. Investment income and expense recoveries are recognized when the amounts are known and collection reasonably assured.

Segments

The Dene Nation conducts its business through 9 reportable segments:

- Band Programs - includes band operated programming of the Dene Nation.
- Band Support - includes the administration and governance operations of the Dene Nation.
- Capital - includes the operations and maintenance of all on reserve housing and capital construction.
- Economic Development - includes the Dene Nation's economic development planning, investing and retail operations.
- Education - includes the operations of education programs.
- Health - includes the operations of health and community wellness programming.
- Infrastructure - includes the operations and maintenance of the Dene Nation's buildings and infrastructure.
- Reserves & Trusts - includes the activities relating to specific claims.
- Social services - includes all activities relating to income assistance for membership.

For each reported segment, revenue and expenses represent both 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. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements.



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

2. Significant accounting policies *(Continued from previous page)*

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the years in which they become known.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Dene Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2022.

At each financial reporting date, the Dene Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The Dene Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

3. Restricted cash

	2022	2021
Capital projects bank	1,362,173	1,294,696
Replacement reserve bank	298,568	298,632
Term deposits	105,501	105,202
	1,766,242	1,698,530

4. Accounts receivable

	2022	2021
Northern Lights School Division	459,200	398,449
Indigenous Services Canada	417,883	154,427
MLTC Program Services	317,637	46,710
MLHSDA Inc.	264,875	39,002
First Nations Trust	107,914	-
GST	70,377	58,434
CMHC Subsidy	21,121	13,276
MLTC CFS Inc.	-	54,355
Other	96,352	138,488
	1,755,359	903,141



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

5. Portfolio investments

	2022	2021
Measured at cost:		
Co-op equity	10,613	13,734
First Nations Bank	940	940
Birch Narrows Dene Development Inc.	34	34
MLTC Resource Development Limited Partnership	1	1
MLTC Resource Development Inc.	1	1
MLDC inv	1	1
	11,590	14,711

6. Trust Settlement

During the year, the Dene Nation received \$28,132,700 as its share of the Cold Lake Air Weapons Range Settlement. The Dene Nation established the Birch Narrows Dene Nation Membership Trust to receive a distribution from the settlement and to utilize the funds for the benefit of the Nation, its Members and its future Members. The Trust Agreement was ratified by the Membership on May 12, 2021. The Trust Agreement provides control of the Trust to an independent group of Trustees and therefore is not consolidated within the Dene Nation's financial statements. The Dene Nation made a \$24,238,581 contribution to the Trust during the year.

Due from Lawyers' Trust / Contingent liability

The remaining funds that were not spent on legal fees or contributed to the Trust are currently held in a Lawyers Trust account. There has been claims made against the Nation that they owe additional contingent legal fees based on the settlement amount. The Dene Nation is involved in legal proceedings challenging the amount of additional contingent legal fees being claimed. Due to uncertainties that still exist no liability has been accrued for these legal fees, amounts owing, if any, will be recorded in the period that the amounts are known.

7. Due from Birch Narrows Dene Nation Development Limited Partnership

Advances bear no interest and have no fixed terms of repayment. Birch Narrows Dene Nation Development Limited Partnership is a wholly owned business of Birch Narrows Dene Nation.



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

8. Investments in Nation business entities

The Dene Nation has investments in the following entity:

	<i>2022 Opening</i>	<i>Share of earnings</i>	<i>2022 Total investment</i>
Wholly-owned Businesses:			
Birch Narrows Dene Nation Development Limited Partnership	1,851,491	297,024	2,148,515
	<i>2021 Opening</i>	<i>Share of earnings</i>	<i>2021 Total investment</i>
Wholly-owned Businesses:			
Birch Narrows Dene Nation Development Limited Partnership	818,592	1,032,899	1,851,491

Summary financial information for Birch Narrows Dene Nation Development Limited Partnership, accounted for using the modified equity method, for their respective year-end is as follows:

<i>As at March 31, 2022</i>	
Assets	
Cash	1,174,496
Accounts receivable	6,462
Investments	996,939
Equipment	849
Total assets	2,178,746
Liabilities	
Accounts payable and accruals	22,120
Advances	8,111
Total liabilities	30,231
	2,148,515
Total revenue	625,597
Total expenses	328,573
Net income	297,024



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

9. Funds held in trust

Capital and revenue trust money is transferred to the Dene Nation on the authorization of the Minister of Indigenous Services Canada, with the consent of the Dene Nation's Council.

	2022	2021
Capital Trust		
Balance, beginning and end of year	6,511	6,511
Revenue Trust		
Balance, beginning of year	28,011	27,613
Interest	312	398
Balance, end of year	28,323	28,011
	34,834	34,522

10. Credit arrangements

At March 31, 2022, the Dene Nation had lines of credit totaling \$50,000 and \$75,000 (2021 – \$50,000 and \$75,000), none of which were drawn. The lines of credit are secured by a general security agreement and first charge on certain funding from Indigenous Services Canada. Interest on outstanding credit is calculated at bank prime rate plus 1.5%.

11. Deferred revenue

Deferred revenues represent the amount of funds received by the Dene Nation that relate to the future fiscal periods or that must be spent on certain projects that are incomplete at year-end.

The following table represents changes in the deferred revenue balance attributable to each major category of external restrictions:

	<i>Balance, beginning of year</i>	<i>Contributions received</i>	<i>Amounts expended in current year</i>	<i>Balance, end of year</i>
Indigenous Services Canada - operating	472,145	1,438,976	932,732	978,389
Indigenous Services Canada - capital	1,309,028	700,000	587,343	1,421,685
MLTC Program Services Inc.	454,321	-	29,276	425,045
MLHSDA Inc.	244,489	504,706	749,195	-
Health Canada	63,318	-	63,318	-
	2,543,301	2,643,682	2,361,864	2,825,119



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

12. Long-term debt

	2022	2021
CMHC housing mortgage - Phase II, interest at 0.96%, maturity date of July 2035, repayable in monthly principal and interest payments of \$3,504. Secured by a ministerial guarantee.	526,190	563,010
CMHC housing mortgage - Phase III, interest at 1.30%, maturity date of October 2035, repayable in monthly principal and interest payments of \$1,486. Secured by a ministerial guarantee.	222,037	236,968
CMHC housing mortgage - Phase IV, interest at 1.12%, maturity date of June 2031, repayable in monthly principal and interest payments of \$4,805. Secured by a ministerial guarantee.	506,483	558,311
CMHC housing mortgage - Phase V, interest at 0.40%, maturity date of January 2037, repayable in monthly principal and interest payments of \$2,763. Secured by a ministerial guarantee.	477,518	506,513
CMHC housing mortgage - Phase VI, interest at 1.57%, maturity date of December 2036, repayable in monthly principal and interest payments of \$5,059. Secured by a ministerial guarantee.	799,064	621,682
CMHC housing mortgage - Phase V, interest at 1.57%, maturity date of December 2036, repayable in monthly principal and interest payments of \$2,391. Secured by a ministerial guarantee.	377,681	150,861
Royal Bank of Canada loan bearing interest at bank prime plus 1.5%, repayable in quarterly principal and interest payments of \$32,828, maturing August 2022.	875,839	970,306
Royal Bank of Canada loan bearing interest at 2.92%, repayable in monthly principal and interest payments of \$1,156, maturing February 2023.	12,545	25,543
Royal Bank of Canada loans repaid during the year.	-	500,000
	3,797,357	4,133,194
Less: current portion	268,881	755,000
	3,528,476	3,378,194

Principal repayments on long-term debt in each of the next five years, assuming all term debt is subject to contractual terms of repayment and long-term debt subject to refinancing is renewed, are estimated as follows:

2023	268,881
2024	282,197
2025	290,238
2026	298,743
2027	307,747

The terms of the debt agreement with Royal Bank of Canada requires that certain measurable covenants be met. As at March 31, 2022, the Dene Nation was in violation of certain covenants due to not submitting its financial statements within 180 days of year end. However, none of the Dene Nation's debt has been called subsequent to year end.



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

13. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1. The Dene Nation has the following major capital projects in progress at March 31, 2022.

Project	Budget	Cumulative costs to March 31, 2022
Road Re-Grading	1,705,000	609,345
SWTS	1,806,800	255,217
Nurse Residences	417,000	375,609

The Dene Nation holds works of art and historical treasures, which have not been included in tangible capital assets due to the inability of estimating future benefits associated with such property.

14. Accumulated surplus

Accumulated surplus consists of the following:

	2022	2021
Equity in investments	2,148,515	1,851,491
Equity in funds held in trust	34,834	34,522
Equity in CMHC reserves	637,668	586,655
Equity in tangible capital assets	37,990,701	36,743,734
Operating surplus	1,624,645	1,260,794
Undistributed Trust settlement proceeds (Note 6)	3,625,000	-
	46,061,363	40,477,196

The equity in tangible capital assets represent accumulated surplus amounts not available for operations, but rather past transactions creating tangible capital assets that will be used to provide future services.

The CMHC reserves are replacement and operating reserves required to be funded for future upgrades to existing CMHC housing units and finance any future operating deficits of the program as required by agreements with CMHC.

15. Reconciliation of funding from Indigenous Services Canada

Indigenous Services Canada funding per confirmation	7,453,498
Deferred revenue - beginning of year	1,781,173
Deferred revenue - end of year	(2,400,074)
Adjust for SAET deferral not setup in prior year	151,232
	6,985,829

16. Economic dependence

Birch Narrows Dene Nation receives substantially all of its revenue from Indigenous Services Canada as a result of Treaties entered into with the Crown, which includes revenues received from Meadow Lake Tribal Council. These Treaties are administered by Indigenous Services Canada under the terms and conditions of the Indian Act. The ability of the Dene Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2022

17. Budget information

The disclosed budget information has been approved by the Chief and Council of the Birch Narrows Dene Nation.

18. Correction of an error

During the year, it was determined that the manner in which the Dene Nation had recorded its investments required restatement. Previously, the Dene Nation's investment in MLTC Resource Development Limited Partnership and MLTC Resource Development Inc. were classified as government business enterprises and recorded using the modified equity method of accounting. However, it has been determined that based on the Dene Nation's level of equity participation in these entities that they should be classified as portfolio investments and recorded at cost. Investments in Nation business entities decreased by \$10,706,548. Impact on accumulated surplus and surplus are per the table below:

2021 accumulated surplus, beginning of year, as previously stated	46,259,730
Remove income previously recorded under modified equity method on investments	(6,436,670)
2021 accumulated surplus, beginning of year, as restated	39,823,060
2021 surplus, as previously stated	4,924,014
Less current year earnings from modified equity pickup	(4,394,878)
Plus dividends received now shown as investment income	125,000
2021 surplus, as restated	654,136
2021 accumulated surplus, end of year, as restated	40,477,196

19. Compliance with authorities

Under the First Nations Financial Transparency Act, the Dene Nation is required to make their audited consolidated financial statements available to their members as well as publish it on the Indigenous Services Canada website by July 29, 2022. As the audit report is dated after July 29, 2022, the Dene Nation is not in compliance with the Act. The Dene Nation does not anticipate any financial loss due to the late submission of its consolidated financial statements.



Birch Narrows Dene Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2022

	<i>Buildings</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Assets under construction</i>	2022	2021
Cost						
Balance, beginning of year	47,608,809	2,549,636	13,227,182	277,219	63,662,846	63,240,366
Acquisition of tangible capital assets	-	260,929	-	2,421,912	2,682,841	422,480
Construction-in-progress	1,458,960	-	-	(1,458,960)	-	-
Balance, end of year	49,067,769	2,810,565	13,227,182	1,240,171	66,345,687	63,662,846
Accumulated amortization						
Balance, beginning of year	17,810,224	2,105,514	2,870,180	-	22,785,918	20,989,536
Annual amortization	1,086,847	152,644	532,220	-	1,771,711	1,796,382
Balance, end of year	18,897,071	2,258,158	3,402,400	-	24,557,629	22,785,918
Net book value of tangible capital assets	30,170,698	552,407	9,824,782	1,240,171	41,788,058	40,876,928
Net book value of tangible capital assets 2021	29,798,585	444,122	10,357,002	277,219	40,876,928	



Birch Narrows Dene Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2022

	2022 Actual	2021 Actual
Retail cost of sales	3,300,967	2,967,288
Salaries and benefits	3,308,599	2,514,344
Education service agreement	2,630,815	2,720,565
Amortization	1,771,711	1,796,381
Assistance	1,008,537	1,033,712
Program expense	770,650	648,709
Pandemic	717,814	1,197,456
Professional fees	661,154	577,735
Travel	597,763	312,676
Repairs and maintenance	568,044	706,537
Contracted services	227,760	348,619
Student expenses	501,546	414,297
Utilities	500,072	435,387
Supplies	426,442	348,972
Community events	304,330	245,526
Honouraria	230,676	203,861
Furniture and equipment	183,047	144,894
Insurance	156,380	219,179
Telephone	121,649	116,108
Interest on long-term debt	102,657	66,642
Training	91,084	85,889
Professional development	87,295	35,541
Bank charges and interest	66,024	105,101
Vehicle	51,741	79,591
Office supplies	43,976	89,028
Bingo costs	22,568	12,617
	18,453,301	17,426,655



Birch Narrows Dene Nation
Band Programs
Schedule 3 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
MLTC Program Services Inc.	285,884	173,443
MLHSDA Inc.	-	7,500
First Nation's Trust	143,885	182,823
Contribution from Birch Narrows Dene Nation Trust (Note 6)	500,000	-
Other revenue	64,200	8,084
Rental income	16,005	280
Expense recoveries	8,902	9,242
	1,018,876	381,372
Expenses		
Salaries and benefits	301,663	207,660
Supplies	73,561	9,072
Interest on long-term debt	61,570	43,243
Utilities	57,224	56,530
Repairs and maintenance	21,045	18,979
Travel	12,543	2,424
Vehicle	6,610	10,397
Telephone	5,252	3,636
Furniture and equipment	4,274	-
Community events	1,692	30,426
Program expense	1,150	11,609
Contracted services	-	3,984
Education service agreement	-	7,629
Honoraria	-	1,600
	546,584	407,189
Surplus (deficit) before transfers	472,292	(25,817)
Transfers between programs	37,925	-
Surplus (deficit)	510,217	(25,817)



**Birch Narrows Dene Nation
Band Support
Schedule 4 - Segment Schedule**
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	1,267,296	1,615,200
MLTC Program Services Inc.	455,180	909,705
Other revenue	28,885	9,750
Expense recoveries	19,156	3,829
MLTC Dividends	-	125,000
	1,770,517	2,663,484
Expenses		
Pandemic	717,814	1,197,456
Salaries and benefits	403,841	418,661
Honoraria	227,687	195,619
Professional fees	189,899	95,940
Travel	176,765	95,859
Assistance	141,629	159,020
Furniture and equipment	68,560	37,890
Telephone	42,600	43,567
Repairs and maintenance	21,744	19,053
Professional development	20,088	-
Office supplies	18,794	43,479
Supplies	16,740	3,210
Student expenses	12,204	8,875
Bank charges and interest	9,153	12,310
Program expense	4,376	222,316
Community events	3,378	13,147
Vehicle	65	619
Amortization	-	48,484
Contracted services	-	553
Administration	(576,421)	-
	1,498,916	2,616,058
Surplus	271,601	47,426



Birch Narrows Dene Nation
Capital
Schedule 5 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	871,372	690,093
MLHSDA Inc.	375,609	-
CMHC Subsidy	190,947	158,396
MLTC Dividends	1,117,222	-
Rental income	9,650	9,090
Other revenue	2,901	5,021
	2,567,701	862,600
Expenses		
Amortization	1,665,249	1,606,935
Repairs and maintenance	303,218	402,733
Salaries and benefits	123,398	81,915
Contracted services	57,690	24,519
Insurance	32,881	38,810
Travel	30,273	9,753
Bank charges and interest	29,573	502
Interest on long-term debt	27,232	19,754
Professional fees	8,025	-
Utilities	5,320	17,027
Supplies	2,741	3,223
Vehicle	-	3,000
	2,285,600	2,208,171
Surplus (deficit)	282,101	(1,345,571)



Birch Narrows Dene Nation
Economic Development
Schedule 6 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	42,700	98,505
MLTC Program Services Inc.	51,721	25,519
Retail sales	4,041,431	3,643,334
Earnings from investment in Nation business entities	297,024	1,032,899
Other revenue	194,618	28,370
Expense recoveries	42,000	10,000
	4,669,494	4,838,627
Expenses		
Retail cost of sales	3,269,587	2,946,271
Salaries and benefits	468,497	446,122
Professional fees	200,913	271,722
Contracted services	61,493	212,403
Utilities	57,209	55,843
Travel	39,691	26,267
Bank charges and interest	24,495	90,032
Bingo costs	22,568	12,617
Telephone	10,159	9,189
Insurance	9,667	24,163
Repairs and maintenance	8,283	20,978
Supplies	4,175	9,196
Office supplies	1,875	8,416
Interest on long-term debt	1,082	3,645
Honoraria	400	-
Education service agreement	120	478
Furniture and equipment	100	175
Professional development	-	239
Amortization	-	140,962
	4,180,314	4,278,718
Surplus	489,180	559,909



Birch Narrows Dene Nation
Education
Schedule 7 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	3,960,214	3,390,546
MLTC Program Services Inc.	472,249	304,704
MLHSDA Inc.	149,391	226,618
Northern Lights School Division	629,963	589,469
Rental income	54,513	37,791
Other revenue	44,880	216,269
Expense recoveries	1,085	10,184
	5,312,295	4,775,581
Expenses		
Education service agreement	2,338,497	2,539,880
Student expenses	489,342	405,422
Administration	447,735	-
Contracted services	19,950	-
Supplies	247,253	256,422
Program expense	184,816	195,094
Utilities	179,322	157,560
Amortization	106,462	-
Salaries and benefits	426,524	122,892
Community events	83,061	28,308
Travel	66,650	55,824
Repairs and maintenance	56,940	102,726
Telephone	23,686	16,017
Furniture and equipment	23,569	27,696
Vehicle	19,539	42,289
Professional fees	18,680	19,358
Professional development	32,470	3,372
Bank charges and interest	2,803	2,257
Office supplies	5,275	17,722
Honoraria	1,710	6,642
	4,774,284	3,999,481
Surplus	538,011	776,100



Birch Narrows Dene Nation
Health
Schedule 8 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
MLHSDA Inc.	2,777,681	1,892,660
MLTC CFS Inc.	588,229	402,262
Indigenous Services Canada	123,348	551,086
Health Canada	63,318	249,742
MLTC Program Services Inc.	1,000	20,643
Other revenue	22,994	10,865
Expense recoveries	20,149	20,637
	3,596,719	3,147,895
Expenses		
Salaries and benefits	1,487,820	1,193,700
Program expense	580,308	219,690
Education service agreement	292,198	172,578
Travel	256,334	118,167
Community events	216,199	173,645
Professional fees	190,837	190,715
Administration	128,686	-
Furniture and equipment	83,778	79,133
Utilities	57,371	57,631
Supplies	55,261	55,418
Repairs and maintenance	51,992	66,618
Contracted services	45,927	33,705
Assistance	36,445	48,013
Professional development	32,950	31,930
Telephone	34,175	33,761
Retail cost of sales	31,380	21,017
Vehicle	21,008	14,679
Office supplies	18,032	19,411
Honoraria	879	-
Insurance	-	16,458
	3,621,580	2,546,269
Surplus (deficit)	(24,861)	601,626



Birch Narrows Dene Nation
Infrastructure
Schedule 9 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	570,610	409,681
Rental income	51,700	53,083
Other revenue	20,100	18,668
Expense recoveries	-	102,927
	642,410	584,359
Expenses		
Utilities	143,626	90,796
Insurance	113,832	139,748
Repairs and maintenance	104,822	75,450
Salaries and benefits	90,451	43,394
Contracted services	42,700	73,455
Supplies	26,711	12,431
Travel	15,507	4,382
Interest on long-term debt	12,773	-
Telephone	5,777	9,938
Vehicle	4,519	8,607
Furniture and equipment	2,766	-
Professional development	1,787	-
	565,271	458,201
Surplus before transfers	77,139	126,158
Transfers between programs	(37,925)	-
Surplus	39,214	126,158



Birch Narrows Dene Nation
Reserves & Trusts
Schedule 10 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
Indigenous Services Canada	59,205	6,405
Expenses		
Professional fees	52,800	-
Salaries and benefits	6,405	-
	59,205	-
Surplus before other items	-	6,405
Other items		
Contribution to Birch Narrows Dene Nation Membership Trust (Note 6)	(24,238,581)	-
Cold Lake Air Weapons Range Settlement (Note 6)	28,132,700	-
Legal fees - Trust Settlement	(269,119)	-
	3,625,000	-
Surplus	3,625,000	6,405



Birch Narrows Dene Nation
Social Services
Schedule 11 - Segment Schedule
For the year ended March 31, 2022

	2022	2021
Revenue		
MLTC Program Services Inc.	684,167	820,468
Indigenous Services Canada	91,084	-
	775,251	820,468
 Expenses		
Assistance	830,463	826,679
Training	91,084	85,889
	921,547	912,568
 Deficit	(146,296)	(92,100)