



**Birch Narrows Dene Nation
Consolidated Financial Statements**

March 31, 2023



Birch Narrows Dene Nation Contents

For the year ended March 31, 2023

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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, and for approving the financial statements. 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 recommending 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 them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

August 11, 2023

Signed by: Douglas Barks

Director of Operations

To the Members of Birch Narrows Dene Nation:

Opinion

We have audited the consolidated financial statements of Birch Narrows Dene Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2023, and the consolidated statements of operations and accumulated surplus, change in net financial assets, cash flows and related schedules for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2023, and the results of its consolidated operations, consolidated change in its net financial assets and its consolidated 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 Consolidated Financial Statements section of our report. We are independent of the First 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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of 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 First 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 First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation'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.

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

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 First 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 First 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 First Nation 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 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 First 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

August 11, 2023

MNP LLP

Chartered Professional Accountants

MNP



Birch Narrows Dene Nation
Consolidated Statement of Financial Position

As at March 31, 2023

	2023	2022
Financial assets		
Current		
Cash resources	1,883,442	1,134,033
Restricted cash (Note 4)	2,172,909	1,766,242
Accounts receivable (Note 5)	3,064,832	1,755,359
Inventory for resale	245,042	242,299
Portfolio investments (Note 6)	11,590	11,590
Funds held in lawyers trust (Note 7)	3,692,261	3,625,000
	11,070,076	8,534,523
Due from Birch Narrows Dene Nation Development Limited Partnership (Note 8)	9,387	8,111
Investment in Nation business entities (Note 9)	1,866,852	2,148,515
Funds held in trust (Note 10)	36,274	34,834
Total financial assets	12,982,589	10,725,983
Liabilities		
Current		
Accounts payable and accruals	610,195	277,775
Deferred revenue (Note 12)	4,350,263	2,825,119
Current portion of long-term debt (Note 13)	300,600	268,881
	5,261,058	3,371,775
Long-term debt (Note 13)	3,202,885	3,528,476
Total financial liabilities	8,463,943	6,900,251
Net financial assets	4,518,646	3,825,732
Contingent liability (Note 7)		
Non-financial assets		
Tangible capital assets (Note 14) (Schedule 1)	41,711,921	41,788,058
Prepaid expenses	24,860	447,573
Total non-financial assets	41,736,781	42,235,631
Accumulated surplus (Note 15)	46,255,427	46,061,363

Approved on behalf of the Chief and Council

Signed by: Jonathon Sylvestre

Chief

Signed by: Trevor Moberly

Councillor



Birch Narrows Dene Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2023

	<i>Schedules</i>	<i>2023 Budget (Note 18)</i>	<i>2023 Actual</i>	<i>2022 Actual</i>
Revenue				
Indigenous Services Canada (Note 16)		8,608,424	7,199,538	6,985,829
MLTC Program Services Inc.		2,701,359	3,225,304	1,950,201
Meadow Lake Health and Social Development Authority Inc.		2,073,930	2,936,188	3,302,681
MLTC Child and Family Services Inc.		404,950	681,613	588,229
First Nation's Trust		182,823	325,222	143,885
CMHC Subsidy		253,445	257,831	190,947
Health Canada		-	-	63,318
Retail sales		-	4,127,825	4,041,431
MLTC Dividends		-	1,477,778	1,117,222
Northern Lights School Division		656,000	704,165	629,963
Other revenue		87,500	475,557	378,578
Rental income		157,200	191,686	131,868
Expense recoveries		-	72,969	91,292
Contribution from Birch Narrows Dene Nation Trust		-	-	500,000
Earnings (loss) from investment in Nation business entities		-	(281,663)	297,024
		15,125,631	21,394,013	20,412,468
Program expenses				
Band Programs	3	448,557	479,578	546,584
Band Support	4	1,267,371	2,313,793	1,498,916
Capital	5	559,191	2,608,281	2,285,600
Economic Development	6	62,150	4,484,365	4,180,314
Education	7	4,859,373	5,153,290	4,774,284
Health	8	3,599,639	4,056,914	3,621,580
Infrastructure	9	629,307	907,551	565,271
Reserves & Trusts	10	6,405	16,405	59,205
Social Services	11	715,615	1,247,033	921,547
		12,147,608	21,267,210	18,453,301
Surplus before Trust Settlement		2,978,023	126,803	1,959,167
Trust Settlement				
Contribution to Birch Narrows Dene Nation Membership Trust (Note 7)		-	-	(24,238,581)
Cold Lake Air Weapons Range Settlement (Note 7)		-	-	28,132,700
Legal fees - Trust Settlement		-	-	(269,119)
Interest on trust assets		-	67,261	-
		-	67,261	3,625,000
Surplus		2,978,023	194,064	5,584,167
Accumulated surplus, beginning of year		46,061,363	46,061,363	40,477,196
Accumulated surplus, end of year		49,039,386	46,255,427	46,061,363

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



Birch Narrows Dene Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2023

	2023 Budget (Note 18)	2023 Actual	2022 Actual
Annual surplus	2,978,023	194,064	5,584,167
Purchases of tangible capital assets	(2,064,180)	(1,709,792)	(2,682,841)
Amortization of tangible capital assets	-	1,785,929	1,771,711
	(2,064,180)	76,137	(911,130)
Acquisition of prepaid expenses	-	(24,860)	(139,297)
Use of prepaid expenses	-	447,573	-
	-	422,713	(139,297)
Increase in net financial assets	913,843	692,914	4,533,740
Net financial assets, beginning of year	3,825,732	3,825,732	(708,008)
Net financial assets, end of year	4,739,575	4,518,646	3,825,732



Birch Narrows Dene Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2023

	2023	2022
Cash provided by (used for) the following activities		
Operating activities		
Surplus	194,064	5,584,167
Non-cash items		
Amortization	1,785,929	1,771,711
Loss (earnings) from investment in Nation business entities	281,663	(297,024)
	2,261,656	7,058,854
Changes in working capital accounts		
Accounts receivable	(1,309,473)	(852,218)
Prepaid expenses	422,713	(139,297)
Restricted cash	(406,667)	(67,712)
Inventory held for resale	(2,743)	(73,114)
Funds Held in Lawyers Trust	(67,261)	(3,625,000)
Accounts payable and accruals	332,420	(201,858)
Deferred revenue	1,525,144	281,818
	2,755,789	2,381,473
Financing activities		
Advances of long-term debt	-	419,509
Repayment of long-term debt	(293,872)	(755,346)
	(293,872)	(335,837)
Capital activities		
Purchases of tangible capital assets	(1,709,792)	(2,682,841)
Investing activities		
Funds held in trust	(1,440)	(312)
Portfolio investments	-	3,121
Due from Birch Narrows Dene Nation Development Limited Partnership (net)	(1,276)	138,403
	(2,716)	141,212
Increase (decrease) in cash resources	749,409	(495,993)
Cash resources, beginning of year	1,134,033	1,630,026
Cash resources, end of year	1,883,442	1,134,033



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

1. Operations

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

2. Change in accounting policies

Asset retirement obligations

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new standard for the recognition, measurement and disclosure of a liability for asset retirement obligations under PS 3280 *Asset Retirement Obligations*. The new standard establishes when to recognize and how to measure a liability for an asset retirement obligation, and provides the related financial statement presentation and disclosure requirements. Pursuant to these recommendations, the change was applied prospectively, and prior periods have not been restated.

There was no material impact on the financial statements from the prospective application of the new accounting recommendations.

Financial instruments

Effective April 1, 2022, the First Nation adopted the Public Sector Accounting Board's (PSAB) new recommendations for the recognition, measurement, presentation and disclosure of financial assets, financial liabilities and derivatives under Section PS 3450 *Financial Instruments*. Upon adopting PS 3450, the First Nation is also required to adopt PS 1201 *Financial Statement Presentation*, and PS 3041 *Portfolio Investments*. The new Sections are applied prospectively, and prior periods have not been restated. There was no material impact on the consolidated financial statements from the prospective application of the new accounting recommendations.

3. 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 First Nation reporting entity, except for government business entities.

The First 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

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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

Reporting entity *(Continued from previous page)*

Government business entities, owned or controlled by the First Nation's Council but not dependent on the First 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 First Nation. Thus, the First 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.

Funds held in trust fund

Funds held in trust on behalf of First 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 First 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 First 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 First Nation reduces the cost of the asset to reflect the decline in its value. Write-downs of tangible capital assets are not reversed.



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

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

Tangible capital assets *(Continued from previous page)*

Amortization

Amortization for other 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 First 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 First 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.

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 First 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 First 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.



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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

Segments

The First 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.

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. Liability for contaminated sites are estimated based on the best information available regarding potentially contaminated sites that the Dene Nation is responsible for.

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.

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Dene Nation to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at March 31, 2023. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

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

Asset retirement obligation *(Continued from previous page)*

At each financial reporting date, the Dene Nation reviews the carrying amount of the liability. The Dene Nation recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

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.

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 First 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, 2023.

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. There are no known liabilities at March 31, 2023.

Financial instruments

The Dene Nation recognizes its financial instruments when the Dene Nation becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition the First Nation may irrevocably elect to subsequently measure at fair value financial instruments that meet certain criteria. The First Nation has not made such an election during the year.

The First Nation does not have any financial instruments required to be subsequently measured at fair value so has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations. All financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

All financial assets are tested annually for impairment. Management considers recent collection experience for receivables, such as delinquency in payments, in determining whether objective evidence of impairment exists. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value.

Fair value measurements

The First Nation classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the First Nation to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

4. Restricted cash

	2023	2022
Capital projects bank	1,768,534	1,362,173
Replacement reserve bank	298,874	298,568
Term deposits	105,501	105,501
	2,172,909	1,766,242

5. Accounts receivable

	2023	2022
Indigenous Services Canada	1,110,117	417,883
MLTC Child & Family Services Inc.	459,885	-
Northern Lights School Division	459,200	459,200
MLTC Resource Development Inc.	277,778	-
First Nations Trust	272,469	107,914
MLTC Program Services Inc.	243,073	317,637
GST	91,254	70,377
Meadow Lake Health & Social Development Authority Inc.	69,989	264,875
Other	59,459	96,352
CMHC Subsidy	21,608	21,121
	3,064,832	1,755,359

6. Portfolio Investments

	2023	2022
Measured at cost:		
Co-op equity	10,613	10,613
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 Inc.	1	1
	11,590	11,590

7. Trust Settlement

In 2022, 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 2022.

Due from Lawyers' Trust / Contingent liability



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

7. Trust Settlement (Continued from previous page)

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.

8. 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.

9. Investments in Nation business entities

The First Nation has investments in the following entities:

	2023 Opening	Share of earnings	2023 Total investment
Wholly-owned Businesses:			
Birch Narrows Dene Nation Development Limited Partnership	2,148,515	(281,663)	1,866,852
Wholly-owned Businesses:			
Birch Narrows Dene Nation Development Limited Partnership	1,851,491	297,024	2,148,515

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

As at March 31, 2023	
Assets	
Cash	1,030,403
Accounts receivable	60,569
Investments	1,075,511
Property, plant and equipment	467
Total assets	2,166,950
Liabilities	
Accounts payable and accruals	290,711
Advances	9,387
Total liabilities	300,098
Retained earnings	1,866,852
Total revenue	413,115
Total expenses	694,778
Net income	(281,663)



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

10. Funds held in trust

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

	2023	2022
Capital Trust		
Balance, beginning and end of year	6,511	6,511
Revenue Trust		
Balance, beginning of year	28,323	28,011
Interest	1,440	312
Balance, end of year	29,763	28,323
	36,274	34,834

11. Credit arrangements

At March 31, 2023, the First Nation had two lines of credit totaling \$50,000 and \$75,000 (2022 – \$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%.

12. 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	978,389	2,652,841	1,391,059	2,240,171
Indigenous Services Canada - capital	1,421,685	1,105,000	723,050	1,803,635
MLTC Program Services Inc.	425,045	-	118,588	306,457
	2,825,119	3,757,841	2,232,697	4,350,263



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

13. Long-term debt

	2023	2022
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.	489,015	526,190
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.	206,990	222,037
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.	454,216	506,483
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.	450,674	477,518
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.	750,519	799,064
CMHC housing mortgage - Phase VII, interest at 1.57%, maturity date of December 2036, repayable in monthly principal and interest payments of \$2,391. Secured by a ministerial guarantee.	354,736	377,681
Royal Bank of Canada loan bearing interest at bank prime plus 1.5% (8.20%; 2022 - 4.70%), repayable in quarterly principal and interest payments of \$32,828, due August 2023.	797,335	875,839
Royal Bank of Canada loan, repaid during the year.	-	12,545
	3,503,485	3,797,357
<u>Less: current portion</u>	300,600	268,881
	3,202,885	3,528,476

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

2024	300,600
2025	307,900
2026	315,500
2027	323,400
2028	331,700



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

14. 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, 2023.

Project	Budget	Cumulative Costs to March 31, 2023
Road re-grading	1,705,000	1,259,658
Solid waste transfer station	1,806,800	327,955
Tiny homes	-	581,499

The First 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.

15. Accumulated surplus

Accumulated surplus consists of the following:

	2023	2022
Equity in investments	1,866,852	2,148,515
Equity in funds held in trust	36,274	34,834
Equity in CMHC reserves	689,077	637,668
Equity in tangible capital assets	38,208,436	37,990,701
Operating surplus	1,762,527	1,624,645
Undistributed Trust settlement proceeds (Note 7)	3,692,261	3,625,000
	46,255,427	46,061,363

The equity in tangible capital assets represents 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 reserve and are required to be funded to provide for future upgrades to existing CMHC housing units and finance any future operating deficits of the program as required by agreements with CMHC.

Equity in funds held in trust reports on Ottawa Trust Fund money owned to the Dene Nation and held by the Government of Canada.

Equity in investments relates to earnings in commercial business operations owned by the Dene Nation.

16. Reconciliation of funding from Indigenous Services Canada

Indigenous Services Canada funding per confirmation	8,843,270
Deferred revenue - beginning of year	2,400,074
Deferred revenue - end of year	(4,043,806)
	7,199,538



Birch Narrows Dene Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2023

17. 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 First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

18. Budget information

The disclosed budget information has been approved by the Chief and Council of the Birch Narrows Dene Nation. The budget was prepared on a cash basis instead of an accrual basis for purchases of tangible capital assets and principal loan payments. In addition these changes administration and transfers were adjusted for the budget to be in accordance with Canadian public sector accounting standards. Below is a reconciliation of the figures from the approved budget to the budget per the consolidated financial statements.

	Approved budget	Adjustments	Budget per consolidated financial statements
Statement of operations			
Revenues	15,968,818	(843,188)	15,125,630
Expenses	15,384,975	(3,237,368)	12,147,607
Annual surplus	583,843	2,394,180	2,978,023
Statement of changes in net financial assets			
Annual surplus	583,843	2,394,180	2,978,023
Purchases of tangible capital assets	-	2,064,180	2,064,180
Change in net financial assets	583,843	330,000	913,843



Birch Narrows Dene Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2023

19. Financial Instruments

The First Nation as part of its operations carries a number of financial instruments. It is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the First Nation's accounts receivable best represents the maximum exposure to credit risk.

Risk management

The Dene Nation manages its credit risk by performing regular assessments and providing allowances for potentially uncollectible accounts (2023 - \$nil; 2022 - \$nil). The Dene Nation believes there is limited credit risk as the majority of accounts receivable is due from the Government of Canada and Meadow Lake Tribal Council whose risk of defaulting is low.

As at March 31, 2023 all of the amounts receivable related to 2022/23 funding agreements other than \$273,767 from Indigenous Services Canada which is from prior year agreements and has not been received due to outstanding reporting to Indigenous Services Canada.

A credit concentration exists relating to trade accounts receivable. Within accounts receivable, three entities (2022 - four entities) comprise 66% of the trade receivables (2022 - 83% of trade receivables).

Interest rate risk

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

The Dene Nation is exposed to interest rate risk primarily through its cash and cash equivalents and long-term debt. In seeking to minimize the risks from interest rate fluctuations, the Dene Nation manages exposure through obtaining debt with a combination of fixed and variable rates, entering into agreements with Canada Mortgage and Housing Corporation (CMHC) to provide subsidy for the payment of principal and interest on the related loans from CMHC, and obtaining marketable securities with varying maturity dates.

Liquidity Risk

Liquidity risk is the risk that the First Nation will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash. The First Nation enters into transactions to purchase goods and services for which repayment is required at various maturity dates.

The First Nation manages the liquidity risk resulting from accounts payable and accruals, and deferred revenue by collecting accounts receivable, maintaining liquid assets and through an authorized operating line of credit of up to \$50,000 and \$75,000.



Birch Narrows Dene Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2023

	<i>Buildings</i>	<i>Equipment</i>	<i>Infrastructure</i>	<i>Assets under construction</i>		
					2023	2022
					Actual	Actual
Cost						
Balance, beginning of year	49,067,769	2,810,565	13,227,182	1,240,171	66,345,687	63,662,846
Acquisition of tangible capital assets	15,343	348,508	-	1,345,941	1,709,792	2,682,841
Transfer completed projects	417,000	-	-	(417,000)	-	-
Balance, end of year	49,500,112	3,159,073	13,227,182	2,169,112	68,055,479	66,345,687
Accumulated amortization						
Balance, beginning of year	18,897,071	2,258,158	3,402,400	-	24,557,629	22,785,918
Annual amortization	1,097,655	153,502	534,772	-	1,785,929	1,771,711
Balance, end of year	19,994,726	2,411,660	3,937,172	-	26,343,558	24,557,629
Net book value of tangible capital assets	29,505,386	747,413	9,290,010	2,169,112	41,711,921	41,788,058
Net book value of tangible capital assets 2022	30,170,698	552,407	9,824,782	1,240,171	41,788,058	



Birch Narrows Dene Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2023

	2023	2022
Retail cost of sales	3,566,540	3,300,967
Salaries and benefits	3,416,932	2,971,378
Education service agreement	3,024,388	2,968,036
Amortization	1,785,929	1,771,711
Assistance	1,594,337	1,008,537
Professional fees	1,009,732	661,154
Program expense	810,222	773,240
Supplies	803,020	426,442
Travel	757,890	597,763
Student expenses	651,636	501,546
Contracted services	633,116	227,760
Repairs and maintenance	615,711	568,044
Community events	565,210	304,330
Utilities	548,289	500,072
Honoraria	319,625	230,676
Furniture and equipment	199,765	183,047
Insurance	198,169	156,380
Professional development	111,781	84,705
Telephone	108,903	121,649
Pandemic	106,261	717,814
Interest on long-term debt	95,810	102,657
Vehicle	83,309	51,741
Transfer to Birch Narrows Dene Nation Development Limited Partnership	71,952	-
Office supplies	58,342	43,976
Bank charges and interest	43,572	66,024
Rent	41,600	-
Training	35,116	91,084
Bingo costs	10,053	22,568
	21,267,210	18,453,301



Birch Narrows Dene Nation
Band Programs
Schedule 3 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
MLTC Program Services Inc.	222,337	285,884
First Nation's Trust	325,222	143,885
Other revenue	78,849	64,200
Expense recoveries	1,502	8,902
Rental income	400	16,005
Contribution from Birch Narrows Dene Nation Trust	-	500,000
	628,310	1,018,876
Expenses		
Salaries and benefits	241,100	301,663
Utilities	56,607	57,224
Interest on long-term debt	52,809	61,570
Supplies	43,457	73,561
Community events	23,286	1,692
Travel	22,213	12,543
Program expense	17,184	1,150
Repairs and maintenance	6,749	21,045
Vehicle	6,004	6,610
Telephone	5,463	5,252
Furniture and equipment	4,553	4,274
Honoraria	100	-
Professional development	53	-
	479,578	546,584
Surplus before transfers	148,732	472,292
Transfers between programs	-	37,925
Surplus	148,732	510,217



Birch Narrows Dene Nation
Band Support
Schedule 4 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	832,615	1,267,296
MLTC Program Services Inc.	861,143	455,180
MLTC Dividends	1,477,778	-
Other revenue	61,878	28,885
Expense recoveries	226	19,156
	3,233,640	1,770,517
Expenses		
Professional fees	690,936	189,899
Salaries and benefits	666,340	403,841
Travel	287,481	176,765
Assistance	271,055	141,629
Honoraria	267,471	227,687
Supplies	139,666	16,740
Pandemic	106,261	717,814
Furniture and equipment	53,776	68,560
Community events	42,126	3,378
Telephone	40,524	42,600
Student expenses	37,983	12,204
Training	35,116	-
Repairs and maintenance	22,812	21,744
Professional development	15,015	20,088
Bank charges and interest	14,137	9,153
Office supplies	13,204	18,794
Contracted services	1,495	-
Program expense	497	4,376
Vehicle	473	65
Administration	(392,575)	(576,421)
	2,313,793	1,498,916
Surplus	919,847	271,601



Birch Narrows Dene Nation
Capital
Schedule 5 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	1,414,838	871,372
CMHC Subsidy	257,831	190,947
Meadow Lake Health and Social Development Authority	41,391	375,609
Rental income	15,730	9,650
Other revenue	5,317	2,901
MLTC Dividends	-	1,117,222
	1,735,107	2,567,701
Expenses		
Amortization	1,622,404	1,665,249
Supplies	262,825	2,741
Repairs and maintenance	236,103	303,218
Contracted services	235,746	57,690
Salaries and benefits	101,461	123,398
Interest on long-term debt	43,001	27,232
Insurance	35,000	32,881
Administration	33,300	-
Travel	16,504	30,273
Professional fees	10,213	8,025
Utilities	8,360	5,320
Telephone	2,863	-
Vehicle	501	-
Bank charges and interest	-	29,573
	2,608,281	2,285,600
Transfers between programs		
Surplus (deficit)	(873,174)	282,101



Birch Narrows Dene Nation
Economic Development
Schedule 6 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	93,552	42,700
MLTC Program Services Inc.	52,435	51,721
Retail sales	4,127,825	4,041,431
Other revenue	236,780	194,618
Expense recoveries	-	42,000
Earnings from investment in Nation business entities	(281,663)	297,024
	4,228,929	4,669,494
Expenses		
Retail cost of sales	3,528,251	3,269,587
Salaries and benefits	413,152	468,497
Professional fees	126,614	200,913
Contracted services	107,854	61,493
Transfer to BNDN Development LP	71,952	-
Amortization	48,673	-
Utilities	46,506	57,209
Repairs and maintenance	33,391	8,283
Community events	30,133	-
Bank charges and interest	26,300	24,495
Supplies	12,562	4,175
Bingo costs	10,053	22,568
Telephone	9,662	10,159
Travel	8,046	39,691
Insurance	6,093	9,667
Office supplies	4,249	1,875
Education service agreement	548	120
Furniture and equipment	326	100
Interest on long-term debt	-	1,082
Honoraria	-	400
	4,484,365	4,180,314
Surplus (deficit)	(255,436)	489,180



Birch Narrows Dene Nation
Education
Schedule 7 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	3,605,723	3,960,214
MLTC Program Services Inc.	623,911	472,249
Meadow Lake Health and Social Development Authority	77,060	149,391
Northern Lights School Division	704,165	629,963
Rental income	72,006	54,513
Expense recoveries	31,393	1,085
Other revenue	18,750	44,880
	5,133,008	5,312,295
Expenses		
Education service agreement	2,833,820	2,675,718
Student expenses	613,653	489,342
Administration	306,189	447,735
Supplies	250,109	247,253
Utilities	199,918	179,322
Travel	158,674	66,650
Salaries and benefits	130,144	89,303
Community events	123,159	83,061
Program expense	120,050	184,816
Amortization	114,852	106,462
Contracted services	70,326	19,950
Repairs and maintenance	66,257	56,940
Honoraria	42,200	1,710
Professional development	34,577	32,470
Furniture and equipment	30,276	23,569
Vehicle	28,437	19,539
Professional fees	15,750	18,680
Telephone	9,142	23,686
Bank charges and interest	3,135	2,803
Office supplies	2,622	5,275
	5,153,290	4,774,284
Surplus (deficit)	(20,282)	538,011



Birch Narrows Dene Nation
Health
Schedule 8 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Meadow Lake Health and Social Development Authority	2,817,737	2,777,681
MLTC Child and Family Services Inc.	681,613	588,229
Indigenous Services Canada	414,379	123,348
MLTC Program Services Inc.	65,000	1,000
Health Canada	-	63,318
Expense recoveries	35,832	20,149
Other revenue	31,595	22,994
	4,046,156	3,596,719
Expenses		
Salaries and benefits	1,623,307	1,487,820
Program expense	672,491	582,898
Community events	346,506	216,199
Travel	239,090	256,334
Education service agreement	190,020	292,198
Professional fees	166,219	190,837
Contracted services	146,231	45,927
Furniture and equipment	97,781	83,778
Utilities	88,491	57,371
Assistance	76,249	36,445
Professional development	60,848	30,360
Repairs and maintenance	53,904	51,992
Supplies	53,315	55,261
Administration	53,086	128,686
Rent	41,600	-
Retail cost of sales	38,289	31,380
Office supplies	38,267	18,032
Telephone	35,051	34,175
Vehicle	26,315	21,008
Honoraria	9,854	879
	4,056,914	3,621,580
Deficit	(10,758)	(24,861)



Birch Narrows Dene Nation
Infrastructure
Schedule 9 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada	822,026	570,610
Rental income	103,550	51,700
Other revenue	42,388	20,100
Expense recoveries	4,016	-
	971,980	642,410
Expenses		
Repairs and maintenance	196,495	104,822
Salaries and benefits	225,023	90,451
Insurance	157,076	113,832
Utilities	148,407	143,626
Contracted services	71,464	42,700
Supplies	41,086	26,711
Travel	25,882	15,507
Vehicle	21,579	4,519
Furniture and equipment	13,053	2,766
Telephone	6,198	5,777
Professional development	1,288	1,787
Interest on long-term debt	-	12,773
	907,551	565,271
Surplus before transfers	64,429	77,139
Transfers between programs	-	(37,925)
Surplus	64,429	39,214



Birch Narrows Dene Nation
Reserves & Trusts
Schedule 10 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
Indigenous Services Canada		
Fixed	16,405	59,205
Expenses		
Professional fees	-	52,800
Salaries and benefits	16,405	6,405
	16,405	59,205
Surplus (deficit) before other items	-	-
Other items		
Contribution to Birch Narrows Dene Nation Membership (Note 7)	-	(24,238,581)
Cold Lake Air Weapons Range Settlement (Note 7)	-	28,132,700
Legal fees - Trust Settlement	-	(269,119)
Interest on trust assets	67,261	-
	67,261	3,625,000
Surplus	67,261	3,625,000



Birch Narrows Dene Nation
Social Services
Schedule 11 - Segment Schedule
For the year ended March 31, 2023

	2023	2022
Revenue		
MLTC Program Services Inc.	1,400,478	684,167
Indigenous Services Canada	-	91,084
	1,400,478	775,251
Expenses		
Assistance	1,247,033	830,463
Training	-	91,084
	1,247,033	921,547
Surplus (deficit)	153,445	(146,296)