

**Big Grassy River First Nation
Consolidated Financial Statements
For the year ended March 31, 2018**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Big Grassy River First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council of Big Grassy River First Nation.

The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately accounted for and adequately safeguarded.

Big Grassy River First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council reviews the First Nation's consolidated financial statements and meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the consolidated financial statements and the external auditor's report.

The consolidated financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the members. BDO Canada LLP have full and free access to the Council.

 _____ Chief

 _____ Councilor

 _____ Councilor

Independent Auditor's Report

To the Chief and Council of Big Grassy River First Nation

We have audited the accompanying consolidated financial statements of Big Grassy River First Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of operations, the consolidated statement of changes in net debt and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Big Grassy River First Nation as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Big Grassy River First Nation as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

BDO Canada LLP

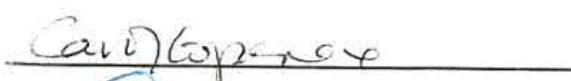
Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
November 21, 2018

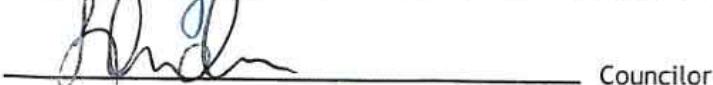
**Big Grassy River First Nation
Consolidated Statement of Financial Position**

	Restated (Note 1)	
<u>March 31</u>	<u>2018</u>	<u>2017</u>
Financial assets		
Cash and cash equivalents (Note 2)	\$ 74,659	\$ 461,634
Accounts and loans receivable (Note 3)	580,085	568,593
Portfolio investments (Note 16)	2,052,630	1,052,630
Investments held in trust (Note 13)	122,557	120,010
Government business enterprises (Note 9)	<u>391,538</u>	<u>124,594</u>
Total financial assets	<u>3,221,469</u>	<u>2,327,461</u>
Liabilities		
Bank indebtedness (Note 5)	52,666	618,788
Accounts payable and accrued liabilities (Note 6)	970,990	1,153,650
Deferred revenue (Note 7)	20,914	14,485
Long-term debt (Note 8)	<u>5,185,178</u>	<u>5,054,902</u>
Total liabilities	<u>6,229,748</u>	<u>6,841,825</u>
Net debt	<u>(3,008,279)</u>	<u>(4,514,364)</u>
Non-financial assets		
Prepaid expenses	13,974	3,080
Tangible capital assets (Note 4)	14,109,769	14,425,650
Tangible capital assets under construction (Note 4)	<u>78,127</u>	-
	<u>14,201,870</u>	<u>14,428,730</u>
Accumulated surplus (Note 12)	<u>\$11,193,591</u>	<u>\$ 9,914,366</u>

Approved on behalf of the First Nation:

 Chief

 Councilor

 Councilor

 Councilor

Big Grassy River First Nation Consolidated Statement of Operations

Restated
(Note 1)

<u>For the year ended March 31</u>	<u>Budget</u>	<u>2018</u>	<u>2017</u>
(Note 11)			
Revenue			
Indigenous Services Canada (Note 13)	\$ 3,043,647	\$ 3,580,607	\$ 3,285,915
Ministry of Community and Social Services	89,331	855,874	810,474
Health Canada	430,661	541,495	523,556
Weechi-It-Te-Win Family Services	531,592	585,607	515,450
Ontario First Nations Limited Partnership	-	674,608	667,564
Canada Mortgage and Housing Corporation	-	239,970	588,526
Rentals	-	3,420	1,710
Ministry of Health	-	84,968	33,340
Shooniyaa Wa-Bitong	20,000	62,693	86,505
Resource revenue	303,515	1,307,506	308,028
Miscellaneous grants	-	608,417	367,103
Other	-	903,463	528,377
	<u>4,418,746</u>	<u>9,448,628</u>	<u>7,716,548</u>
Expenses			
Band support	92,417	2,270,954	2,399,771
Commercial and other	3,015	477,153	611,850
Education	1,606,339	2,581,308	2,356,173
Health and Social Services	1,224,151	2,316,191	2,105,979
Housing	373,800	523,797	667,535
	<u>3,299,722</u>	<u>8,169,403</u>	<u>8,141,308</u>
Annual surplus (deficit) for the year	\$ 1,119,024	1,279,225	(424,760)
Accumulated surplus, beginning of year		9,914,366	10,339,126
Accumulated surplus, end of year (Note 12)	\$ 11,193,591	\$ 9,914,366	

Big Grassy River First Nation Consolidated Statement of Changes in Net Debt

Restated
(Note 1)

<u>For the year ended March 31</u>	<u>2018</u>	<u>2017</u>
Annual surplus (deficit) for the year	\$ 1,279,225	\$ (424,760)
Loss on disposal of capital assets	1,024	-
Acquisition of capital assets	(502,103)	(529,695)
Amortization of capital assets	738,833	705,833
Net change in prepaid expenses	<u>(10,894)</u>	<u>(3,215)</u>
	1,506,085	(251,837)
Net debt, beginning of year	(4,514,364)	(4,262,527)
Net debt, end of year	\$ (3,008,279)	\$ (4,514,364)

Big Grassy River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2018	2017	Restated (Note 1)
Operating transactions			
Annual surplus (deficit)	\$ 1,279,225	\$ (424,760)	
Adjustments for			
Amortization	738,833	705,833	
Loss on disposal of capital assets	1,024	-	
Net income from commercial enterprises	<u>(266,944)</u>	<u>(5,854)</u>	
	1,752,138	275,219	
Changes in non-cash working capital balances			
Investments held in trust	(2,545)	(2,184)	
Accounts receivable	(11,492)	(257,250)	
Prepaid expenditures	(10,894)	(3,215)	
Accounts payable	(182,660)	(321,518)	
Deferred revenue	6,429	14,485	
Investments	<u>(1,000,000)</u>	<u>74,716</u>	
	550,976	(219,747)	
Capital transactions			
Net change in long-term debt	130,274	46,577	
Purchase of capital assets	<u>(502,103)</u>	<u>(529,695)</u>	
	(371,829)	(483,118)	
Increase (decrease) in cash	179,147	(702,865)	
Cash (bank indebtedness), beginning of year	(157,154)	545,711	
Cash (bank indebtedness), end of year	\$ 21,993	\$ (157,154)	
Represented by			
Cash	\$ 74,659	\$ 461,634	
Bank indebtedness	<u>(52,666)</u>	<u>(618,788)</u>	
	\$ 21,993	\$ (157,154)	

Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2018

Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for local government entities, as defined in the Chartered Professional Accountants of Canada Public Sector Accounting Handbook, and include all Organizations, operations and activities that are:

- 1) accountable for the administration of the financial affairs and resources directly to the First Nation, and
- 2) are owned or controlled by the First Nation.

This includes all aspects of Band operations including provision of social, educational, administration and operational services, as well as the results of First Nation enterprises on a modified equity method as disclosed in these consolidated financial statements.

Other long-term investments are reflected at cost as disclosed in Note 16.

Government business enterprises are separate legal entities which do not rely on the government for funding. The First Nation's only government business enterprise consists of an investment in Mishkosiminiziibiing Development Corporation. This investment is accounted for using the modified equity basis of accounting.

Cash and Cash Equivalents

Management considers all highly liquid investments with maturities of three months or less at acquisition to be cash equivalents.

Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of the asset. Certain tangible capital assets for which historical cost information is not available have been recorded at current fair market values discounted by a relevant inflation factor. The First Nation does not capitalize interest charges as part of the cost of its tangible capital assets.

Certain assets which have historical or cultural value including works of art, historical documents as well as historical and cultural artifacts are not recognized as tangible capital assets because a reasonable estimate of the future benefits associated with such property cannot be made. Intangibles, Crown lands that have not been purchased by the First Nation, forests, water, and other natural resources are not recognized as tangible capital assets.

Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2018

Amortization Amortization is calculated on the cost, net of contributions on a straight-line or declining balance method as follows:

<u>Asset</u>	<u>Method</u>	<u>Rate</u>
School	Straight-line	40 years
Housing	Straight-line	40 years
Water project	Straight-line	40 years
Medical building	Straight-line	40 years
Roundhouse	Straight-line	40 years
Fire hall	Straight-line	40 years
Other buildings	Straight-line	40 years
Roads	Straight-line	40 years
Computer equipment	Declining balance basis	30%
Furniture and equipment	Declining balance basis	20%
Vehicles	Declining balance basis	30%

Program Surpluses Programs funded by government agencies may be subject to recovery by the contributing agencies in accordance with funding arrangements and could result in adjustments to prior year funding.

Long-term Loans Receivable Loans are carried at the unpaid principal less allowances for doubtful loans.

Allowance for Doubtful Loans The First Nation maintains specific allowances for doubtful loans that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.

Investments The modified equity method of accounting is used to account for investments in the First Nation's business enterprises which the First Nation owns and controls. Under this method, the investment is initially recorded at cost and the carrying value is adjusted annually thereafter to include the First Nation's pro rata share of post acquisition earnings.

Other investments (where control does not exist) are accounted for following the cost method of accounting. Under this method, the investment is recorded at cost and earnings from the investment are recognized only to the extent received or receivable.

Replacement Reserves The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with Canada Mortgage and Housing Corporation.

Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2018

Government Transfers	Government transfers, which include legislative grants, are recognized as revenue in the consolidated financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. When transfer stipulations give rise to a liability, government transfers are recognized as deferred revenue and recognized as revenue when the stipulations are settled.
Revenue Recognition	Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. Contributions from non-government sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.
Financial Instruments	The First Nation's financial instruments consist of cash in bank, accounts and loans receivable, advances to affiliated Companies, investments, accounts payable and accrued liabilities, and long-term debt. Unless otherwise noted, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values unless otherwise noted.
Trust Funds	Trust funds are held in trust by Indigenous Services Canada (ISC), Kiitakiinaan Trust and Ah-Shoo-Gun Trust. Revenue on trust funds is recognized in accordance with terms of the related instrument.
Measurement Uncertainty	Estimates are used to accrue revenues and expenses in circumstances where the actual accrued revenues and expenses are unknown at the time the consolidated financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the consolidated financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2018

Use of Estimates The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

The estimates used in the preparation of these consolidated financial statements are the useful lives of tangible capital assets and accrued liabilities.

Pension Plan The First Nation maintains a defined contribution pension plan for its personnel. Expenses for this plan are equal to the First Nations required contribution for the year.

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

1. Prior Period Adjustment

During the current year, Big Grassy River First Nation discovered that their Economic Development Corporation had significant equity. This Corporation is solely owned by the First Nation and therefore, should be accounted for as a Government Business Enterprise. As a result of the adjustment, the First Nation's investments in government business enterprises, at modified equity has increased by \$123,594 as at March 31, 2017, the April 1, 2016, accumulated surplus has increased by \$117,740, and the annual surplus for the year ended March 31, 2017, increased by \$5,854.

2. Cash and Cash Equivalents

Under the terms of an agreement with the Canada Mortgage and Housing Corporation, Big Grassy River First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents is comprised of the following:

	2018	2017
Internally restricted		
Reserves	\$ 266,581	\$ 227,257
Unrestricted		
Operating	<u>(191,922)</u>	234,377
Total cash and cash equivalents	\$ 74,659	\$ 461,634

3. Accounts and Loans Receivable

	2018	2017
Band member advances	\$ 345,212	\$ 329,985
Accounts receivable - General	564,136	552,644
Accounts receivable - Onegaming	377,606	352,931
Net advances to Mishkosiminiziibiing		
Development Corporation	<u>15,950</u>	15,950
	1,302,904	1,251,510
Allowance for doubtful accounts	<u>722,819</u>	682,917
	\$ 580,085	\$ 568,593

Big Grassy River First Nation

Notes to Consolidated Financial Statements

March 31, 2018

4. Capital Assets

	Cost			Accumulated Amortization			2018		2017	
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Disposals and Write-downs	Closing Balance	Net Book Value	Net Book Value
School	\$ 5,169,214	\$ -	\$ -	\$ 5,169,214	\$ 2,067,683	\$ 129,230	\$ -	\$ 2,196,913	\$ 2,972,301	\$ 3,101,531
Housing	13,558,660	-	-	13,558,660	5,423,845	338,966	-	5,762,811	7,795,849	8,134,815
Water project	4,297,309	-	-	4,297,309	2,256,089	107,432	-	2,363,521	1,933,788	2,041,220
Medical building	728,292	-	-	728,292	345,936	18,207	-	364,143	364,149	382,356
Roundhouse	227,626	-	-	227,626	68,291	5,691	-	73,982	153,644	159,335
Fire hall	324,844	-	-	324,844	56,095	8,121	-	64,216	260,628	268,749
Other buildings	742,210	-	-	742,210	716,667	24,956	-	741,623	587	25,543
Roads	401,936	-	-	401,936	401,936	-	-	401,936	-	-
Computer equipment	111,612	-	-	111,612	100,893	3,216	-	104,109	7,503	10,719
Furniture and equipment	365,812	38,000	-	403,812	290,844	18,793	-	309,637	94,175	74,968
Vehicles	874,309	55,633	(128,000)	801,942	647,895	75,962	(126,976)	596,881	205,061	226,414
Pow wow grounds	-	330,343	-	330,343	-	8,259	-	8,259	322,084	-
	\$26,801,824	\$ 423,976	\$ (128,000)	\$27,097,800	\$ 12,376,174	\$ 738,833	\$ (126,976)	\$ 12,988,031	\$ 14,109,769	\$ 14,425,650

The net book value of the tangible assets not being amortized because they are under construction is \$78,127 (2017 - \$NIL). These items are recognized separately as tangible capital assets under construction in the consolidated statement of financial position. This relates to the new water treatment plant development.

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

5. Bank Indebtedness

The First Nation has an approved operating line of credit with the CIBC in the amount of \$200,000, with interest at the prime rate plus 1.25%. Operating loans and the entire loan account of Big Grassy River First Nation with the CIBC is secured by a security agreement covering all assets, an Acknowledged Irrevocable Direction covering all Indigenous and Northern Affairs Canada funding and a Band Council Resolution authorizing Chief and Council to borrow by way of overdraft. There was \$147,334 unused credit capacity at the year end.

6. Accounts Payable and Accrued Liabilities

	2018	2017
Accounts payable - general	\$ 755,815	\$ 778,012
Infrastructure payable	<u>215,175</u>	<u>375,638</u>
	\$ 970,990	\$ 1,153,650

7. Deferred Revenue

	Balance March 31, 2017	Funding Received 2018	Funding Recognized 2018	Balance March 31, 2018
Energy Plan	\$ 14,485	\$ 32,062	\$ 46,547	\$ -
Waste Water Action Plan	- <u>150,000</u>	<u>150,000</u>	<u>129,086</u>	<u>20,914</u>
	\$ 14,485	\$ 182,062	\$ 175,633	\$ 20,914

Energy Plan

The Ontario Power Authority advances the First Nation funding in order to develop an energy plan for the First Nation. This funding must be spent on programs for the development of an energy plan.

Waste Water Action Plan

Indigenous Services Canada advances the First Nation funding for the construction of a new water treatment plant. This funding must be spent on the construction of a new water treatment plant located on the First Nation.

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

8. Long-Term Debt

	2018	2017
CMHC loan - Phase IV Project with interest at 2.08%, requiring monthly payments of \$4,809 principal and interest, secured by an assignment of fire insurance and a ministerial guarantee, renewal date February 2019	\$ 265,178	316,817
CMHC loan - interest rate at 2.78%, repayable \$3,686 monthly, secured by a general security agreement, renewal August 2020	596,404	627,943
CMHC loan - interest at 2.35%, requiring monthly payments of \$3,405 commencing August 2008, secured by an assignment of fire insurance and a ministerial guarantee, renewal date September 2019	526,155	554,360
CMHC loan - interest rate at 2.87%, repayable \$3,865 monthly, secured by general security agreement, renewal date December 2019	605,264	636,065
CMHC Loan - interest rate at 2.65%, repayable \$4,725 monthly, secured by a general security agreement, renewal date April 2021	803,419	843,329
CMHC loan - interest at 1.65%, requiring monthly payments of \$2,250, secured by an assignment of fire insurance and a ministerial guarantee, renewal date June 2022	338,759	360,396
CIBC loan - interest at prime rate plus 1.5%, requiring monthly payments of \$1,310 plus interest, secured by automotive equipment, maturing September 2023	86,420	102,140
CIBC loan - interest at prime rate plus 1.5%, repayable monthly at \$417, secured by specific automotive equipment, maturing June 2019	6,667	11,665
CIBC loan - interest at prime plus 1.5%, monthly payments of \$347 plus interest, secured by specific automotive equipment, maturing June 2019	5,208	9,377
CIBC loan, repayable at \$470 per month plus interest at prime plus 1.5%, secured by automotive equipment	6,534	12,174
CIBC school bus loan, repayable \$1,110 per month plus interest at 4.5%, secured by the school bus	13,295	26,621
Carried forward	<u>\$ 3,253,303</u>	<u>\$ 3,500,887</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

8. Long-Term Debt (continued)

Brought forward	\$ 3,253,303	\$ 3,500,887
ISC Timber Claim, repayable in full from proceeds of claim, repayable on either of March 31, 2023, or the date on which the claim is settled	124,076	-
ISC Flood Claim, repayable in full from proceeds on flood claim, secured by a Promissory Note, repayable on the earlier of March 31, 2020, or the date on which the claim is settled	1,517,351	1,375,393
ISC Windy Point, repayable in full from proceeds of claim, secured by a Promissory Note, repayable on either of March 31, 2023, or the date on which the claim is settled	111,826	-
ISC Highway Claim, repayable in full from proceeds on flood claim, repayable on the earlier of March 31, 2020, or the date on which the claim is settled	178,622	178,622
	<hr/>	<hr/>
	\$ 5,185,178	\$ 5,054,902

The estimated principal repayments on the above long-term debt required over the next five years and thereafter are as follows:

Year	Amount
2019	\$ 248,794
2020	1,445,563
2021	421,803
2022	497,175
2023	481,630
Thereafter	2,090,213
	<hr/>
	\$ 5,185,178

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

9. Government Business Enterprises, at modified equity (restated)

Mishkosiminiziibiing Development Corporation

Mishkosiminiziibiing Development Corporation is a Corporation that was created for the purpose of exploring economic activities that the First Nation can be involved in.

Percentage ownership	100%	
Carrying value, March 31, 2016	\$ 118,740	
Share of net income	<u>5,854</u>	
Carrying value, March 31, 2017	124,594	
Share of net income	<u>266,944</u>	
Carrying value, March 31, 2018	<u>\$ 391,538</u>	
	2018	2017
Financial position		
Current assets	\$ 266,002	\$ 120,730
Long-term assets	<u>40,712</u>	<u>14,476</u>
	<u>\$ 306,714</u>	<u>\$ 135,206</u>
Current liabilities	\$ 4,892	\$ 10,612
Share capital	1,000	1,000
Net equity, end of year	<u>300,822</u>	<u>123,594</u>
	<u>301,822</u>	<u>124,594</u>
	<u>\$ 306,714</u>	<u>\$ 135,206</u>
	2018	2017
Results of operations		
Revenues	\$ 562,217	\$ 177,220
Operating expenses	<u>295,273</u>	<u>171,366</u>
Net Income	266,944	5,854
Net equity, beginning of year	<u>123,594</u>	<u>117,740</u>
Net equity, end of year	<u>\$ 390,538</u>	<u>\$ 123,594</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

10. Defined Contribution Pension Plan

The expense for the First Nations pension plan for the year was \$59,301 (2017 - \$72,400). The plan is funded by the First Nations employees at the rate of 5.3% of the employees' salary.

11. Budget

The budgets approved by Chief and Council were not prepared on a consolidated basis and do not include all of the activities of the First Nation. As a result, budget figures are only presented on a non-consolidated basis for programs where available.

12. Accumulated Surplus

The First Nation segregates its accumulated surplus into the following categories:

	2018	2017
Current funds	\$ (251,191)	\$ (1,475,269)
Investment in capital assets	10,932,050	10,924,628
Investment in INAC trust funds	122,557	120,010
Equity in enterprises	123,594	117,740
Replacement reserve	<u>266,581</u>	<u>227,257</u>
	<u>\$11,193,591</u>	<u>\$ 9,914,366</u>

Under the terms of the agreements with Canada Mortgage and Housing Corporation, the replacement reserve account is to be credited in amounts established by CMHC. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by Canada Deposit Insurance Corporation or as may otherwise be approved by Canada Deposit Insurance Corporation from time to time. The funds in the account may only be used as approved by Canada Mortgage and Housing Corporation. Withdrawals are credited to interest first and then principal.

At year end, the funds in the reserve were required to be \$266,581 (2017 - \$227,257).

For the year ended March 31	2018	2017					
	6 Unit Housing	7 Unit Housing	10 Unit Housing	6 Plex Housing	9 Unit Housing	Total	Total
Balance, beginning of year	\$47,280	\$ 62,380	\$ 64,365	\$ 46,613	\$ 6,619	\$227,257	\$187,932
Allocation for the year	7,200	12,074	8,500	8,400	3,150	39,324	39,325
Balance, end of year	\$54,480	\$ 74,454	\$ 72,865	\$ 55,013	\$ 9,769	\$266,581	\$227,257

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

13. Investments Held in Trust

The trust accounts arise from monies derived from capital or revenue sources as outlined in Section 62 of the Indian Act. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. These funds are restricted for their use, of which the Band is generally permitted to use for a purpose that will promote the general progress and welfare of the Band and Band members. The management of these funds is primarily governed by the sections of the Indian Act.

	Balance March 31, 2017	Additions 2018	Withdrawals 2018	Balance March 31, 2018
Held by Federal Government				
Capital	\$ 60,176	\$ -	\$ -	\$ 60,176
Revenue	59,834	2,547	-	62,381
	\$ 120,010	\$ 2,547	\$ -	\$ 122,557

14. Indigenous Service Canada Funding Reconciliation

	2018	2017
ISC revenue per funding confirmation	\$ 3,609,696	\$ 3,291,256
Recovery of prior years' funding	(8,175)	(5,341)
Deferred revenue, beginning of year	-	-
Deferred revenue, end of year	(20,914)	-
Balance, end of year	\$ 3,580,607	\$ 3,285,915

15. Government Transfers

	Operating	Capital	2018 Total	Operating	Capital	2017 Total
Federal						
ISC	\$ 3,518,027	\$ 62,580	\$ 3,580,607	\$ 3,291,256	\$ -	\$ 3,291,256
Health Canada	541,495	-	541,495	523,556	-	523,556
CMHC	239,970	-	239,970	240,526	348,000	588,526
Sub-total	4,299,492	62,580	4,362,072	4,055,338	348,000	4,403,338
Provincial	1,105,046	78,127	1,183,173	805,525	-	805,525
Total	\$ 5,404,538	\$ 140,707	\$ 5,545,245	\$ 4,860,863	\$ 348,000	\$ 5,208,863

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2018

16. Portfolio Investments

Investments consist of the following:

	2018	2017
398,879 Common shares of New Gold	<u>\$ 2,052,630</u>	<u>\$ 1,052,630</u>

Portfolio investments are valued at cost. The fair market value of the common shares of New Gold at March 31, 2018 is \$1,332,256 (2017 - \$720,507).

17. Expenditure by Object

	2018	2017
Salaries, wages and honoraria	\$ 2,797,279	\$ 2,942,363
Office, equipment, supplies and program expenses	2,022,436	1,624,236
Professional services	342,469	408,005
Utilities, fuel and maintenance	579,528	681,244
Travel, training and meetings	1,105,461	1,076,420
Amortization	738,835	705,833
Other expenses	<u>583,395</u>	<u>703,207</u>
	<u>\$ 8,169,403</u>	<u>\$ 8,141,308</u>

18. Segmented Financial Information

The First Nation provides a variety of services including band administration, health, education, and commercial and other.

Band Administration

Administration is comprised of the Administration and Finance department. This department performs a management and administrative role by holding Council Meetings to administer the delivery of programs and services and to help develop a strategy for the future.

Health and Social

The First Nation operates a variety of health and social programs to provide health awareness and prevention and assistance programs for community members.

Education

Education and educational programs are responsible for the operation of the school and providing the resources necessary to enhance the educational development of community members.

Housing

Housing programs provide and maintain shelter to community members by building and renovating housing.

Commercial and Other

The First Nation operates a variety of commercial and other activities including the Assabaska Park, Fisheries, and Pow Wow.

**Big Grassy River First Nation
2018 Segmented Disclosure**

For the year ended March 31

	Band Support	Commercial and other	Education	Health and Social Services	Housing	2018
Revenue						
Government transfers	\$ 1,278,497	\$ -	\$ 2,389,397	\$ 1,561,123	\$ 201,881	\$ 5,430,898
Commercial activity	-	373,072	-	-	-	373,072
Other income	1,222,882	1,436,686	99,249	844,332	41,509	3,644,658
	2,501,379	1,809,758	2,488,646	2,405,455	243,390	9,448,628
Expenses						
Amortization	215,718	-	169,458	37,154	316,505	738,835
Other expenses	363,955	48,917	46,236	68,580	55,707	583,395
Office, equipment, supplies and program expenses	446,139	73,681	1,237,045	255,687	9,884	2,022,436
Professional	233,878	-	86,655	11,357	10,579	342,469
Travel, training and meetings	145,920	181,382	48,710	728,876	573	1,105,461
Utilities, fuel and maintenance	133,244	25,283	104,124	218,406	98,471	579,528
Wages, benefits and honoraria	732,100	147,890	889,080	996,131	32,078	2,797,279
	2,270,954	477,153	2,581,308	2,316,191	523,797	8,169,403
Excess (deficiency) of revenue over expenses for the year	\$ 230,425	\$ 1,332,605	\$ (92,662)	\$ 89,264	\$ (280,407)	\$ 1,279,225

**Big Grassy River First Nation
2017 Segmented Disclosure**

For the year ended March 31

	Band Support	Commercial and Other	Health and Education	Social Services	Housing	2017
Revenue						
Government transfers	\$ 1,354,759	\$ 24,000	\$ 2,107,214	\$ 1,430,614	\$ 202,437	\$ 5,119,024
Sales	-	44,488	-	-	-	44,487
Other	1,250,583	413,283	105,128	742,534	41,509	2,553,037
	2,605,342	481,771	2,212,342	2,173,148	243,946	7,716,548
Expenses						
Amortization	207,723	-	153,373	28,232	316,505	705,833
Other expenses	517,844	1,509	16,469	70,832	96,553	703,207
Office, equipment, supplies and program expenses	344,725	111,814	1,023,774	105,317	38,606	1,624,236
Professional	215,415	-	121,128	42,086	29,376	408,005
Travel, training and meetings	167,038	97,488	57,300	753,885	709	1,076,420
Utilities, fuel and maintenance	165,200	28,268	152,522	217,773	117,481	681,244
Wages, benefits and honoraria	781,826	372,771	831,607	887,854	68,305	2,942,363
	2,399,771	611,850	2,356,173	2,105,979	667,535	8,141,308
Excess (deficiency) of revenue over expenses for the year	\$ 205,571	\$ (130,079)	\$ (143,831)	\$ 67,169	\$ (423,589)	\$ (424,760)