

**Big Grassy River First Nation
Consolidated Financial Statements
For the year ended March 31, 2019**

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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 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.



Handwritten signatures of the Chief and two Councilors are shown above their respective titles. The Chief's signature is a stylized 'A' and 'N'. The first Councilor's signature is a stylized 'B' and 'J'. The second Councilor's signature is a stylized 'O' and 'M'.

Chief

Councilor

Councilor

Independent Auditor's Report

To the Chief and Council of Big Grassy River First Nation

Qualified Opinion

We have audited the consolidated financial statements of Big Grassy River First Nation and its entities (the Group), which comprise the consolidated statement of financial position as at March 31, 2019, 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 notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019, and its consolidated results of operations, its consolidated changes in net debt, and its consolidated cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

The Group derives revenues from sales of campground activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Group. Therefore, we were not able to determine whether any adjustments might be necessary to campground revenue, excess of revenue over expenses, and cash flows from operations for the year ended March 31, 2019, current assets as at March 31, 2019, and net assets as at March 31, 2019. Our audit opinion on the consolidated financial statements for the year ended March 31, 2019, was modified accordingly because of the possible effects of this limitation in scope.

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 Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
February 10, 2020

Big Grassy River First Nation Consolidated Statement of Financial Position

March 31	2019	2018
Financial assets		
Cash and cash equivalents (Note 1)	\$ 308,818	\$ 74,659
Accounts and loans receivable (Note 2)	1,775,478	580,085
Portfolio investments (Note 15)	2,052,630	2,052,630
Investments held in trust (Note 12)	125,404	122,557
Government business enterprises (Note 8)	438,115	391,538
Total financial assets	4,700,445	3,221,469
Liabilities		
Bank indebtedness (Note 4)	-	52,666
Accounts payable and accrued liabilities (Note 5)	1,289,894	970,990
Deferred revenue (Note 6)	920,177	20,914
Long-term debt (Note 7)	5,717,151	5,185,178
Total liabilities	7,927,222	6,229,748
Net debt	(3,226,777)	(3,008,279)
Non-financial assets		
Prepaid expenses	9,817	13,974
Tangible capital assets (Note 3)	13,501,181	14,109,769
Tangible capital assets under construction (Note 3)	819,856	78,127
	14,330,854	14,201,870
Accumulated surplus (Note 11)	\$ 11,104,077	\$ 11,193,591

Approved on behalf of the First Nation:



Chief



Councilor



Councilor

Big Grassy River First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2019	2018
(Note 10)			
Revenue			
Indigenous Services Canada (Note 13)	\$ 3,137,808	\$ 4,221,213	\$ 3,580,607
Ministry of Community and Social Services	260,411	913,742	855,874
Health Canada	470,816	621,880	541,495
Weechi-It-Te-Win Family Services	531,592	703,207	585,607
Ontario First Nations Limited Partnership	-	856,774	674,608
Canada Mortgage and Housing Corporation	-	240,257	239,970
Rentals	-	4,620	3,420
Ministry of Health	1,055	139,539	84,968
Shooniyaa Wa-Biitong	20,000	72,862	62,693
Resource revenue	-	303,000	1,307,506
Miscellaneous grants	437,862	434,533	608,417
Other	221,045	734,442	903,463
	<hr/> 5,080,589	<hr/> 9,246,069	<hr/> 9,448,628
Expenses			
Band support	788,835	3,066,274	2,270,954
Commercial and other	3,015	291,003	477,153
Education	1,987,252	2,957,427	2,581,308
Health and Social Services	1,343,384	2,482,546	2,316,191
Housing	-	538,333	523,797
	<hr/> 4,122,486	<hr/> 9,335,583	<hr/> 8,169,403
Annual surplus (deficit) for the year	\$ 958,103	(89,514)	1,279,225
Accumulated surplus, beginning of year		11,193,591	9,914,366
Accumulated surplus, end of year (Note 11)	\$ 11,104,077	\$ 11,193,591	

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

<u>For the year ended March 31</u>	<u>2019</u>	<u>2018</u>
Annual surplus (deficit) for the year	\$ (89,514)	\$ 1,279,225
Proceeds on disposal of capital assets	15,484	-
Loss on disposal of capital assets	2,159	1,024
Acquisition of capital assets	(881,926)	(502,103)
Amortization of capital assets	731,142	738,833
Net change in prepaid expenses	<u>4,157</u>	<u>(10,894)</u>
	(218,498)	1,506,085
Net debt, beginning of year	(3,008,279)	(4,514,364)
Net debt, end of year	\$ (3,226,777)	\$ (3,008,279)

Big Grassy River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2019	2018
Operating transactions		
Annual surplus (deficit)	\$ (89,514)	\$ 1,279,225
Adjustments for		
Amortization	731,142	738,833
Loss on disposal of capital assets	2,159	1,024
Net income from commercial enterprises	<u>(46,577)</u>	<u>(266,944)</u>
	597,210	1,752,138
Changes in non-cash working capital balances		
Investments held in trust	(2,847)	(2,545)
Accounts receivable	(1,195,393)	(11,492)
Prepaid expenditures	4,157	(10,894)
Accounts payable	318,904	(182,660)
Deferred revenue	899,263	6,429
Investments	<u>-</u>	<u>(1,000,000)</u>
	621,294	550,976
Capital transactions		
Net change in long-term debt	531,973	130,274
Purchase of capital assets	(881,926)	(502,103)
Proceeds on disposal	<u>15,484</u>	<u>-</u>
	(334,469)	(371,829)
Increase in cash	286,825	179,147
Cash (bank indebtedness), beginning of year	21,993	(157,154)
Cash, end of year	\$ 308,818	\$ 21,993
Represented by		
Cash	\$ 308,818	\$ 74,659
Bank indebtedness	<u>-</u>	<u>(52,666)</u>
	\$ 308,818	\$ 21,993

Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2019

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 15.

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, 2019

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 Surplus 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, 2019

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	<p>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.</p> <p>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.</p> <p>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 is performed.</p>
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 on 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, 2019

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 Nation's required contribution for the year.

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2019

1. Cash and Cash Equivalents

Under the terms of an agreement with 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 Canada Deposit Insurance Corporation or as otherwise approved by Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Capital Improvement Fund. Cash and cash equivalents are comprised of the following:

	2019	2018
Internally restricted Reserves	\$ 305,906	\$ 266,581
Unrestricted Operating	<u>2,912</u>	<u>(191,922)</u>
Total cash and cash equivalents	\$ 308,818	\$ 74,659

2. Accounts and Loans Receivable

	2019	2018
Band member advances	\$ 352,903	\$ 345,212
Accounts receivable - General	1,779,370	564,136
Accounts receivable - Onegaming	417,078	377,606
Net advances (receipts) to Mishkosiminiziibiing Development Corporation	<u>(3,891)</u>	<u>15,950</u>
	2,545,460	1,302,904
Allowance for doubtful accounts	<u>769,982</u>	<u>722,819</u>
	\$ 1,775,478	\$ 580,085

Big Grassy River First Nation
Notes to Consolidated Financial Statements

March 31, 2019

3. Capital Assets	Cost	Accumulated Amortization					2019	2018			
		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	\$ 54,298	-	-	\$ 5,169,214	\$ 2,196,913	\$ 129,230	-	\$ 2,326,143	\$ 2,843,071	\$ 2,972,301
Housing	13,558,660	4,297,309	-	-	13,612,958	5,762,811	340,324	-	6,103,135	7,509,823	7,795,849
Water project	-	-	-	-	4,297,309	2,363,521	107,433	-	2,470,954	1,826,355	1,933,788
Medical building	728,292	-	-	-	728,292	364,143	18,207	-	382,350	345,942	364,149
Roundhouse	227,626	-	-	-	227,626	73,982	5,691	-	79,673	147,953	153,644
Fire hall	324,844	-	-	-	324,844	64,216	8,121	-	72,337	252,507	260,628
Other buildings	742,210	-	-	-	742,210	741,623	24,956	-	766,579	(24,369)	587
Roads	401,936	-	-	-	401,936	401,936	-	-	401,936	-	-
Computer equipment	111,612	-	-	-	111,612	104,109	2,251	-	106,360	5,252	7,503
Furniture and equipment	403,812	25,484	-	-	429,296	309,637	21,383	-	331,020	98,276	94,175
Vehicles	801,942	60,419	(20,761)	-	841,600	596,881	65,287	(3,114)	659,054	182,546	205,061
Pow wow grounds	330,343	-	-	-	330,343	8,259	8,259	-	16,518	313,825	322,084
	\$ 27,097,800	\$ 140,201	\$ (20,761)	\$ 27,217,240	\$ 12,988,031	\$ 731,142	\$ (3,114)	\$ 13,716,059	\$ 13,501,181	\$ 14,109,769	

The net book value of the tangible assets not being amortized because they are under construction is \$819,856 (2018 - \$78,127). These items are recognized separately as tangible capital assets under construction on 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, 2019

4. 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 Services Canada funding and a Band Council Resolution authorizing Chief and Council to borrow by way of overdraft. There was \$200,000 unused credit capacity at year end.

5. Accounts Payable and Accrued Liabilities

	2019	2018
Accounts payable - general	\$ 1,024,335	\$ 755,815
Infrastructure payable	<u>265,559</u>	<u>215,175</u>
	<u><u>\$ 1,289,894</u></u>	<u><u>\$ 970,990</u></u>

6. Deferred Revenue

	Balance March 31, 2018	Funding Received 2019	Funding Recognized 2019	Balance March 31, 2019
ISC				
Triplex construction	\$ -	\$ 1,040,600	\$ 470,423	\$ 570,177
Youth mobilization	- -	350,000	-	350,000
Waste Water Action Plan	<u>20,914</u>	<u>-</u>	<u>20,914</u>	<u>-</u>
	<u><u>\$ 20,914</u></u>	<u><u>\$ 1,390,600</u></u>	<u><u>\$ 491,337</u></u>	<u><u>\$ 920,177</u></u>

Triplex construction

Indigenous Services Canada advanced the First Nation funding for the construction of new housing buildings. This funding must be spent on the construction of a new triplex housing building.

Youth mobilization

Indigenous Services Canada advanced the First Nation funding for a specific project. This funding must be spent on the specified project.

Waste Water Action Plan

Indigenous Services Canada advanced 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, 2019

7. Long-term Debt

	2019	2018
CMHC loan - Phase IV Project with interest at 2.2%, requiring monthly payments of \$4,820 principal and interest, secured by an assignment of fire insurance and a ministerial guarantee, renewal date January 2023.	\$ 212,468	\$ 265,178
CMHC loan - interest rate at 2.78%, repayable \$3,686 monthly, secured by a general security agreement, renewal date August 2020.	564,567	596,404
CMHC loan - interest rate 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.	497,527	526,155
CMHC loan - interest rate at 2.87%, repayable \$3,865 monthly, secured by a general security agreement, renewal date December 2019.	573,897	605,264
CMHC loan - interest rate at 2.65%, repayable \$4,725 monthly, secured by a general security agreement, renewal date April 2021.	763,065	803,419
CMHC loan - interest rate at 1.65%, requiring monthly payments of \$2,250, secured by an assignment of fire insurance and a ministerial guarantee, renewal date June 2022.	316,691	338,759
CIBC loan - interest at prime rate plus 1.5%, requiring monthly payments of \$1,310 plus interest, secured by automotive equipment, maturing September 2023.	70,700	86,420
CIBC loan - interest at prime rate plus 1.5%, repayable monthly at \$417, secured by specific automotive equipment, maturing June 2019.	1,667	6,667
CIBC loan - interest at prime rate plus 1.5%, monthly payments of \$347 plus interest, secured by specific automotive equipment, maturing June 2019.	1,041	5,208
CIBC loan, repayable at \$470 per month plus interest at prime plus 1.5%, secured by automotive equipment.	894	6,534
CIBC school bus loan, repayable at \$1,110 per month plus interest at 4.5%, secured by the school bus.	-	13,295
Carried forward	<u>\$ 3,002,517</u>	<u>\$ 3,253,303</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2019

7. Long-term Debt (continued)

Brought forward	\$ 3,002,517	\$ 3,253,303
ISC Timber Claim, repayable in full from proceeds of claim, repayable on the earlier of March 31, 2023, or the date on which the claim is settled.	222,052	124,076
ISC Flood Claim, repayable in full from proceeds of claim, secured by a Promissory Note, repayable on the earlier of March 31, 2020, or the date on which the claim is settled.	1,939,092	1,517,351
ISC Windy Point, repayable in full from proceeds of claim, secured by a Promissory Note, repayable on the earlier of March 31, 2023, or the date on which the claim is settled.	209,802	111,826
ISC Highway Claim, repayable in full from proceeds of claim, repayable on the earlier of March 31, 2020, or the date on which the claim is settled.	343,688	178,622
	<hr/>	<hr/>
	\$ 5,717,151	\$ 5,185,178

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

Year	Amount
2020	\$ 1,445,624
2021	421,866
2022	497,239
2023	481,141
2024	955,483
Thereafter	<hr/> 1,915,798
	<hr/> \$ 5,717,151

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2019

8. Government Business Enterprises, at modified equity

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, 2017	\$ 124,594	
Share of net income	<u>266,944</u>	
Carrying value, March 31, 2018	391,538	
Share of net income	50,201	
Other adjustments	<u>(3,624)</u>	
Carrying value, March 31, 2019	<u>\$ 438,115</u>	
	2019	2018
Financial position		
Current assets	\$ 394,606	\$ 350,467
Long-term assets	<u>94,356</u>	<u>40,712</u>
	<u>\$ 488,962</u>	<u>\$ 391,179</u>
Current liabilities	\$ 13,776	\$ 3,265
Long-term liabilities	<u>37,071</u>	<u>-</u>
	<u>50,847</u>	<u>3,265</u>
Share capital	1,000	1,000
Net equity, end of year	<u>437,115</u>	<u>386,914</u>
	<u>438,115</u>	<u>387,914</u>
	<u>\$ 488,962</u>	<u>\$ 391,179</u>
	2019	2018
Results of operations		
Revenues	\$ 371,358	\$ 562,217
Operating expenses	<u>321,157</u>	<u>298,897</u>
Net income	50,201	263,320
Net equity, beginning of year	<u>386,914</u>	<u>123,594</u>
Net equity, end of year	<u>\$ 437,115</u>	<u>\$ 386,914</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2019

9. Defined Contribution Pension Plan

The expense for the First Nation pension plan for the year was \$48,858 (2018 - \$59,301). The plan is funded by the First Nation employees at the rate of 5.3% of the employees' salary.

10. 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.

11. Accumulated Surplus

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

	2019	2018
Current funds	\$ (747,348)	\$ (251,190)
Investment in capital assets	11,296,521	10,932,050
Investment in INAC trust funds	125,404	122,556
Equity in enterprises	123,594	123,594
Replacement reserve	<u>305,906</u>	<u>266,581</u>
	<u>\$11,104,077</u>	<u>\$ 11,193,591</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 \$305,906 (2018 - \$266,581).

For the year ended March 31	2019	2018					
	6-Unit Housing	7-Unit Housing	10-Unit Housing	6-Plex Housing	9-Unit Housing	Total	Total
Balance, beginning of year	\$54,480	\$ 74,454	\$ 72,865	\$ 55,013	\$ 9,769	\$266,581	\$227,257
Allocation for the year	<u>7,200</u>	<u>12,075</u>	<u>8,500</u>	<u>8,400</u>	<u>3,150</u>	<u>39,325</u>	<u>39,324</u>
Balance, end of year	\$61,680	\$ 86,529	\$ 81,365	\$ 63,413	\$12,919	\$305,906	\$266,581

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2019

12. 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, 2018	Additions 2019	Withdrawals 2019	Balance March 31, 2019
Held by Federal Government				
Capital	\$ 60,176	\$ -	\$ -	\$ 60,176
Revenue	<u>62,381</u>	<u>2,847</u>	<u>-</u>	<u>65,228</u>
	<u><u>\$ 122,557</u></u>	<u><u>\$ 2,847</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 125,404</u></u>

13. Indigenous Services Canada Funding Reconciliation

	2019	2018
ISC revenue per funding confirmation	\$ 5,123,096	\$ 3,609,696
Recovery of prior years' funding	(2,622)	(8,175)
Deferred revenue, beginning of year	20,914	-
Deferred revenue, end of year	<u>(920,175)</u>	<u>(20,914)</u>
Balance, end of year	<u><u>\$ 4,221,213</u></u>	<u><u>\$ 3,580,607</u></u>

14. Government Transfers

	Operating	Capital	2019 Total	Operating	Capital	2018 Total
Federal						
ISC	\$ 3,714,324	\$ 506,889	\$ 4,221,213	\$ 3,518,027	\$ 62,580	\$ 3,580,607
Health Canada	577,576	44,304	621,880	541,495	-	541,495
CMHC	<u>240,257</u>	<u>-</u>	<u>240,257</u>	<u>239,970</u>	<u>-</u>	<u>239,970</u>
Sub-total	<u>4,532,157</u>	<u>551,193</u>	<u>5,083,350</u>	<u>4,299,492</u>	<u>62,580</u>	<u>4,362,072</u>
Provincial	<u>1,241,590</u>	<u>-</u>	<u>1,241,590</u>	<u>1,105,046</u>	<u>78,127</u>	<u>1,183,173</u>
Total	<u><u>\$ 5,773,747</u></u>	<u><u>\$ 551,193</u></u>	<u><u>\$ 6,324,940</u></u>	<u><u>\$ 5,404,538</u></u>	<u><u>\$ 140,707</u></u>	<u><u>\$ 5,545,245</u></u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2019

15. Portfolio Investments

Investments consist of the following:

	2019	2018
398,879 Common shares of New Gold	<u>\$ 2,052,630</u>	<u>\$ 2,052,630</u>

Portfolio investments are valued at cost. The fair market value of the common shares of New Gold at March 31, 2019, is \$454,722 (2018 - \$1,332,256).

16. Expenditure by Object

	2019	2018
Salaries, wages and honoraria	\$ 3,105,337	\$ 2,797,279
Office, equipment, supplies and program expenses	2,069,149	2,022,436
Professional services	601,384	342,469
Utilities, fuel and maintenance	712,391	579,528
Travel, training and meetings	1,116,214	1,105,461
Amortization	731,140	738,835
Other expenses	999,968	583,395
	<u>\$ 9,335,583</u>	<u>\$ 8,169,403</u>

17. Segmented Financial Information

The First Nation provides a variety of services including band administration, health, education, 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 Services

The First Nation operates a variety of health and social programs to provide health awareness, 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
2019 Segmented Disclosure**

For the year ended March 31

	Band Administration	Commercial and other	Education	Health and Social Services	Housing	2019
Revenue						
Government transfers	\$ 1,413,285	\$ 1,200	\$ 2,394,810	\$ 1,690,636	\$ 672,261	\$ 6,172,192
Commercial activity	-	187,484	-	-	-	187,484
Other income	1,440,690	303,000	234,403	855,064	53,236	2,886,393
	2,853,975	491,684	2,629,213	2,545,700	725,497	9,246,069
Expenses						
Amortization	211,872	-	161,569	41,194	316,505	731,140
Other expenses	731,351	48,164	40,127	100,515	79,811	999,968
Office, equipment, supplies and program expenses	416,194	59,788	1,369,133	218,118	5,916	2,069,149
Professional	437,720	-	105,941	48,063	9,660	601,384
Travel, training and meetings	260,844	1,249	78,014	775,738	369	1,116,214
Utilities, fuel and maintenance	148,830	43,054	126,853	297,996	95,658	712,391
Wages, benefits and honoraria	859,463	138,748	1,075,790	1,000,922	30,414	3,105,337
	3,066,274	291,003	2,957,427	2,482,546	538,333	9,335,583
Excess (deficiency) of revenue over expenses for the year						
	\$ (212,299)	\$ 200,681	\$ (328,214)	\$ 63,154	\$ 187,164	\$ (89,514)

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

For the year ended March 31

	Administration	Band	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	
Sales	-	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	