

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

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For the year ended March 31, 2019

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## Management's Responsibility for Financial Reporting

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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.



Chief



Councilor



Councilor

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## Independent Auditor's Report

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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                 |
|---|----------------------|----------------------|
| <b>Financial assets</b>                             |                      |                      |
| 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              |
| <b>Total financial assets</b>                       | <b>4,700,445</b>     | <b>3,221,469</b>     |
| <b>Liabilities</b>                                  |                      |                      |
| 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            |
| <b>Total liabilities</b>                            | <b>7,927,222</b>     | <b>6,229,748</b>     |
| <b>Net debt</b>                                     | <b>(3,226,777)</b>   | <b>(3,008,279)</b>   |
| <b>Non-financial assets</b>                         |                      |                      |
| 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               |
|   | <b>14,330,854</b>    | <b>14,201,870</b>    |
| <b>Accumulated surplus (Note 11)</b>                | <b>\$ 11,104,077</b> | <b>\$ 11,193,591</b> |

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)         |                      |                      |
| <b>Revenue</b>                                    |                   |                      |                      |
| 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              |
|   | <u>5,080,589</u>  | <u>9,246,069</u>     | <u>9,448,628</u>     |
| <b>Expenses</b>                                   |                   |                      |                      |
| 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              |
|   | <u>4,122,486</u>  | <u>9,335,583</u>     | <u>8,169,403</u>     |
| <b>Annual surplus (deficit) for the year</b>      | <u>\$ 958,103</u> | (89,514)             | 1,279,225            |
| <b>Accumulated surplus, beginning of year</b>     |                   | <u>11,193,591</u>    | <u>9,914,366</u>     |
| <b>Accumulated surplus, end of year (Note 11)</b> |                   | <u>\$ 11,104,077</u> | <u>\$ 11,193,591</u> |



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

| For the year ended March 31            | 2019           | 2018           |
|--|----------------|----------------|
| 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         | 4,157          | (10,894)       |
|  | (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         |
|--|-------------|--------------|
| <b>Operating transactions</b>                    |             |              |
| 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           | (46,577)    | (266,944)    |
|  | 597,210     | 1,752,138    |
| <br>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                                      | -           | (1,000,000)  |
|  | 621,294     | 550,976      |
| <br><b>Capital transactions</b>                  |             |              |
| Net change in long-term debt                     | 531,973     | 130,274      |
| Purchase of capital assets                       | (881,926)   | (502,103)    |
| Proceeds on disposal                             | 15,484      | -            |
|  | (334,469)   | (371,829)    |
| <br>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    |
| <br><b>Represented by</b>                        |             |              |
| Cash   | \$ 308,818  | \$ 74,659    |
| Bank indebtedness                                | -           | (52,666)     |
|  | \$ 308,818  | \$ 21,993    |

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## Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2019

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**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

|                                     |   |                         |             |
|-------------------------------------|---|-------------------------|-------------|
| <b>Amortization</b>                 | 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%         |
| <b>Program Surplus</b>              | 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.   |                         |             |
| <b>Long-term Loans Receivable</b>   | Loans are carried at the unpaid principal less allowances for doubtful loans.   |                         |             |
| <b>Allowance for Doubtful Loans</b> | The First Nation maintains specific allowances for doubtful loans that reduces the carrying value of loans identified as impaired to their estimated realizable amounts.  |                         |             |
| <b>Investments</b>                  | <p>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.</p> <p>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.</p> |                         |             |
| <b>Replacement Reserves</b>         | The replacement reserve accounts are funded by an annual allocation based on amounts specified in agreements with Canada Mortgage and Housing Corporation.  |                         |             |



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## Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2019

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|                                |  |
|--------------------------------|--|
| <b>Government Transfers</b>    | 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.  |
| <b>Revenue Recognition</b>     | <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> |
| <b>Financial Instruments</b>   | 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.  |
| <b>Trust Funds</b>             | 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.  |
| <b>Measurement Uncertainty</b> | 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.   |



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## Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2019

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### 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<br>Reserves      | \$ 305,906        | \$ 266,581       |
| Unrestricted<br>Operating              | 2,912             | (191,922)        |
| <b>Total cash and cash equivalents</b> | <b>\$ 308,818</b> | <b>\$ 74,659</b> |

### 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<br>Mishkosiminiziibiing Development<br>Corporation | (3,891)             | 15,950            |
|   | 2,545,460           | 1,302,904         |
| Allowance for doubtful accounts   | 769,982             | 722,819           |
|   | <b>\$ 1,775,478</b> | <b>\$ 580,085</b> |

# 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    | \$ -       | \$ -                     | \$ 5,169,214    | \$ 2,196,913    | \$ 129,230   | \$ -                      | \$ 2,326,143    | \$ 2,843,071   | \$ 2,972,301   |
| Housing                 | 13,558,660      | 54,298     | -                        | 13,612,958      | 5,762,811       | 340,324      | -                         | 6,103,135       | 7,509,823      | 7,795,849      |
| Water project           | 4,297,309       | -          | -                        | 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     | 265,559             | 215,175           |
|                            | <u>\$ 1,289,894</u> | <u>\$ 970,990</u> |

### 6. Deferred Revenue

|                         | Balance<br>March 31,<br>2018 | Funding<br>Received<br>2019 | Funding<br>Recognized<br>2019 | Balance<br>March 31,<br>2019 |
|-------------------------|------------------------------|-----------------------------|-------------------------------|------------------------------|
| ISC                     |                              |                             |                               |                              |
| Triplex construction    | \$ -                         | \$ 1,040,600                | \$ 470,423                    | \$ 570,177                   |
| Youth mobilization      | -                            | 350,000                     | -                             | 350,000                      |
| Waste Water Action Plan | 20,914                       | -                           | 20,914                        | -                            |
|                         | <u>\$ 20,914</u>             | <u>\$ 1,390,600</u>         | <u>\$ 491,337</u>             | <u>\$ 920,177</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  | \$ 3,002,517 | \$ 3,253,303 |

## 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             |
|   | <u>\$ 5,717,151</u> | <u>\$ 5,185,178</u> |

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 | 1,915,798           |
|            | <u>\$ 5,717,151</u> |

## 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  
Share of net income

\$ 124,594  
266,944

Carrying value, March 31, 2018  
Share of net income  
Other adjustments

391,538  
50,201  
(3,624)

Carrying value, March 31, 2019

\$ 438,115

#### Financial position

Current assets  
Long-term assets

|                  | 2019              | 2018              |
|------------------|-------------------|-------------------|
| Current assets   | \$ 394,606        | \$ 350,467        |
| Long-term assets | 94,356            | 40,712            |
|                  | <u>\$ 488,962</u> | <u>\$ 391,179</u> |

Current liabilities  
Long-term liabilities

|                       |               |              |
|-----------------------|---------------|--------------|
| Current liabilities   | \$ 13,776     | \$ 3,265     |
| Long-term liabilities | 37,071        | -            |
|                       | <u>50,847</u> | <u>3,265</u> |

Share capital  
Net equity, end of year

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| 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> |

#### Results of operations

Revenues  
Operating expenses

|                    | 2019           | 2018           |
|--------------------|----------------|----------------|
| Revenues           | \$ 371,358     | \$ 562,217     |
| Operating expenses | <u>321,157</u> | <u>298,897</u> |

Net income  
Net equity, beginning of year

|                               |                |                |
|-------------------------------|----------------|----------------|
| Net income                    | 50,201         | 263,320        |
| Net equity, beginning of year | <u>386,914</u> | <u>123,594</u> |

Net equity, end of year

|                         |                   |                   |
|-------------------------|-------------------|-------------------|
| 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            | 305,906             | 266,581              |
|                                | <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<br>Housing | 7-Unit<br>Housing | 10-Unit<br>Housing | 6-Plex<br>Housing | 9-Unit<br>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     | 7,200             | 12,075            | 8,500              | 8,400             | 3,150             | 39,325           | 39,324           |
| Balance, end of year        | <u>\$61,680</u>   | <u>\$ 86,529</u>  | <u>\$ 81,365</u>   | <u>\$ 63,413</u>  | <u>\$ 12,919</u>  | <u>\$305,906</u> | <u>\$266,581</u> |



## 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<br>March 31,<br>2018 | Additions<br>2019 | Withdrawals<br>2019 | Balance<br>March 31,<br>2019 |
|----------------------------|------------------------------|-------------------|---------------------|------------------------------|
| Held by Federal Government |                              |                   |                     |                              |
| Capital                    | \$ 60,176                    | \$ -              | \$ -                | \$ 60,176                    |
| Revenue                    | 62,381                       | 2,847             | -                   | 65,228                       |
|                            | <u>\$ 122,557</u>            | <u>\$ 2,847</u>   | <u>\$ -</u>         | <u>\$ 125,404</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        | (920,175)           | (20,914)            |
| Balance, end of year                 | <u>\$ 4,221,213</u> | <u>\$ 3,580,607</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          | 240,257             | -                 | 240,257             | 239,970             | -                 | 239,970             |
| 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    | 1,241,590           | -                 | 1,241,590           | 1,105,046           | 78,127            | 1,183,173           |
| Total         | <u>\$ 5,773,747</u> | <u>\$ 551,193</u> | <u>\$ 6,324,940</u> | <u>\$ 5,404,538</u> | <u>\$ 140,707</u> | <u>\$ 5,545,245</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<br>Administration | Commercial<br>and other | Education    | Health and<br>Social Services | Housing    | 2019         |
|--|------------------------|-------------------------|--------------|-------------------------------|------------|--------------|
| <b>Revenue</b>   |                        |                         |              |                               |            |              |
| 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    |
| <b>Expenses</b>  |                        |                         |              |                               |            |              |
| 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<br>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    |
| <b>Excess (deficiency) of revenue over<br/>expenses for the year</b> | \$ (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

|  | Band<br>Administration | Commercial<br>and Other | Education    | Health and<br>Social Services | Housing      | 2018         |
|--|------------------------|-------------------------|--------------|-------------------------------|--------------|--------------|
| <b>Revenue</b>   |                        |                         |              |                               |              |              |
| 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    |
| <b>Expenses</b>  |                        |                         |              |                               |              |              |
| 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<br>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    |
| <b>Excess (deficiency) of revenue over<br/>expenses for the year</b> | \$ 230,425             | \$ 1,332,605            | \$ (92,662)  | \$ 89,264                     | \$ (280,407) | \$ 1,279,225 |