

Big Grassy River First Nation
Consolidated Financial Statements
For the year ended March 31, 2020

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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.

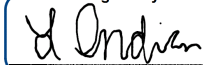
The consolidated financial statements have been prepared by management in accordance with Public Sector Accounting Principles. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has 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.

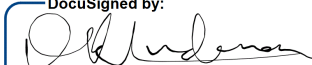
The First Nation maintains systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the First Nation's assets are appropriately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

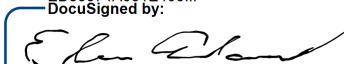
Big Grassy River First Nation Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements.

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.

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Chief

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Councilor

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Councilor



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BDO Canada LLP
607 Portage Avenue
Fort Frances ON P9A 0A7 Canada

Independent Auditor's Report

To 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, 2020, and the consolidated statement of operations, the consolidated statement of changes in net financial assets (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, 2020, 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, 2020, current assets as at March 31, 2020, and net assets as at March 31, 2020. Our audit opinion on the consolidated financial statements for the year ended March 31, 2020, 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

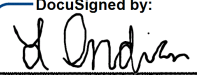

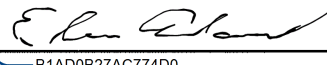
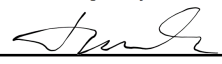
Chartered Professional Accountants, Licensed Public Accountants

Fort Frances, Ontario
June 1, 2021

Big Grassy River First Nation Consolidated Statement of Financial Position

March 31	2020	2019
Financial assets		
Cash and cash equivalents (Note 1)	\$ 16,372,578	\$ 308,818
Accounts and loans receivable (Note 2)	983,311	1,775,478
Portfolio investments (Note 15)	2,332,255	2,052,630
Investments held in trust (Note 12)	127,865	125,404
Government business enterprises (Note 8)	500,270	438,115
Total financial assets	20,316,279	4,700,445
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,887,556	1,289,894
Deferred revenue (Note 6)	5,019,881	920,177
Long-term debt (Note 7)	4,961,079	5,717,151
Due to related parties	9,990	-
Total liabilities	11,878,506	7,927,222
Net financial assets (debt)	8,437,773	(3,226,777)
Non-financial assets		
Prepaid expenses	17,865	9,817
Tangible capital assets (Note 3)	14,945,969	13,501,181
Tangible capital assets under construction (Note 3)	582,918	819,856
	15,546,752	14,330,854
Accumulated surplus (Note 11)	\$ 23,984,525	\$ 11,104,077

Approved on behalf of the First Nation:

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Big Grassy River First Nation Consolidated Statement of Operations

For the year ended March 31	Budget	2020	2019
	(Note 10)		
Revenue			
Indigenous Services Canada (Note 13)	\$ 3,864,322	\$ 5,777,811	\$ 4,221,213
Ministry of Community and Social Services	208,595	803,068	913,742
Health Canada	551,024	522,804	621,880
Weechi-It-Te-Win Family Services	531,592	586,207	703,207
Ontario First Nations Limited Partnership	-	742,318	856,774
Canada Mortgage and Housing Corporation	-	231,608	240,257
Rentals	-	855	4,620
Ministry of Health	1,055	81,266	139,539
Shooniyaa Wa-Biitong	20,000	56,994	72,862
Resource revenue	-	308,582	303,000
Highway Claim Settlement	-	8,102,508	-
Windy Point Settlement	-	7,424,357	-
Miscellaneous grants	472,759	568,759	434,533
Other	628,196	1,282,705	734,442
	<u>6,277,543</u>	<u>26,489,842</u>	<u>9,246,069</u>
Expenses			
Band support	789,077	3,949,870	3,066,274
Commercial and other	2,515	3,675,762	291,003
Education	3,133,714	2,886,473	2,957,427
Health and Social Services	1,421,396	2,533,333	2,482,546
Housing	-	563,956	538,333
	<u>5,346,702</u>	<u>13,609,394</u>	<u>9,335,583</u>
Annual surplus (deficit) for the year	<u>\$ 930,841</u>	12,880,448	(89,514)
Accumulated surplus, beginning of year		<u>11,104,077</u>	11,193,591
Accumulated surplus, end of year (Note 11)		<u>\$ 23,984,525</u>	<u>\$ 11,104,077</u>

Big Grassy River First Nation Consolidated Statement of Changes in Net Financial Assets (Debt)

For the year ended March 31	2020	2019
Annual surplus (deficit) for the year	\$ 12,880,448	\$ (89,514)
Proceeds on disposal of capital assets	-	15,484
Loss on disposal of capital assets	-	2,159
Acquisition of capital assets	(2,020,309)	(881,926)
Amortization of capital assets	812,459	731,142
Net change in prepaid expenses	(8,048)	4,157
	11,664,550	(218,498)
Net debt, beginning of year	(3,226,777)	(3,008,279)
Net financial assets (debt), end of year	\$ 8,437,773	\$ (3,226,777)

Big Grassy River First Nation Consolidated Statement of Cash Flows

For the year ended March 31	2020	2019
Operating transactions		
Annual surplus (deficit)	\$ 12,880,448	\$ (89,514)
Adjustments for		
Amortization	812,459	731,142
Loss on disposal of capital assets	-	2,159
Net income from commercial enterprises	(62,155)	(46,577)
	13,630,752	597,210
Changes in non-cash working capital balances		
Investments held in trust	(2,462)	(2,847)
Accounts receivable	792,167	(1,195,393)
Prepaid expenditures	(8,046)	4,157
Accounts payable	597,662	318,904
Related party balances	9,990	-
Deferred revenue	4,099,703	899,263
Investments	(279,625)	-
	18,840,141	621,294
Capital transactions		
Net change in long-term debt	(756,072)	531,973
Purchase of capital assets	(2,020,309)	(881,926)
Proceeds on disposal	-	15,484
	(2,776,381)	(334,469)
Increase in cash	16,063,760	286,825
Cash, beginning of year	308,818	21,993
Cash, end of year	\$ 16,372,578	\$ 308,818
Represented by		
Cash	\$ 16,372,578	\$ 308,818

Big Grassy River First Nation Summary of Significant Accounting Policies

March 31, 2020

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, 2020

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	<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>		
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, 2020

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, 2020

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, 2020

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:

	2020	2019
Internally restricted Reserves	\$ 345,231	\$ 305,906
Unrestricted Operating	16,027,347	2,912
Total cash and cash equivalents	\$ 16,372,578	\$ 308,818

2. Accounts and Loans Receivable

	2020	2019
Band member advances	\$ 354,003	\$ 352,903
Accounts receivable - General	979,420	1,779,370
Accounts receivable - Onigaming	423,168	417,078
Net advances (receipts) to Mishkosiminiziibiing Development Corporation	3,891	(3,891)
	1,760,482	2,545,460
Allowance for doubtful accounts	777,171	769,982
	\$ 983,311	\$ 1,775,478

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

3. Tangible Capital Assets

	Cost			Accumulated Amortization			2020	2019
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Amortization	Net Book Value	Net Book Value
						Disposals and Write-downs		
School Housing	\$ 5,169,214	\$ -	\$ -	\$ 5,169,214	\$ 2,326,143	\$ 129,230	\$ 2,713,841	\$ 2,843,071
Water project	13,612,958	1,495,006	-	15,107,964	6,103,135	377,699	8,627,130	7,509,823
Medical building	4,297,309	-	-	4,297,309	2,470,954	107,433	1,718,922	1,826,355
Roundhouse	728,292	-	-	728,292	382,350	18,207	327,735	345,942
Fire hall	227,626	-	-	227,626	79,673	5,691	142,262	147,953
Other buildings	324,844	-	-	324,844	72,337	8,121	244,386	252,507
Roads	742,210	589,892	-	1,332,102	766,579	58,476	507,047	(24,369)
Computer equipment	401,936	-	-	401,936	401,936	-	-	-
Furniture and equipment	111,612	-	-	111,612	106,360	1,576	3,676	5,252
Vehicles	429,296	50,045	-	479,341	331,020	24,659	123,662	98,276
Pow wow grounds	841,600	122,304	-	963,904	659,054	73,108	231,742	182,546
	330,343	-	-	330,343	16,518	8,259	305,566	313,825
	\$ 27,217,240	\$ 2,257,247	\$ -	\$ 29,474,487	\$ 13,716,059	\$ 812,459	\$ 14,945,969	\$ 13,501,181

The net book value of the tangible assets not being amortized because they are under construction is \$582,918 (2019 - \$819,856). 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, 2020

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

	2020	2019
Accounts payable - general	\$ 1,517,997	\$ 1,024,335
Infrastructure payable	265,559	265,559
Accrued legal settlement obligation (Note 17)	104,000	-
	<u>\$ 1,887,556</u>	<u>\$ 1,289,894</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

6. Deferred Revenue

	Balance March 31, 2019	Funding Received 2020	Funding Recognized 2020	Balance March 31, 2020
ISC				
Triplex construction	\$ 570,177	\$ -	\$ 570,177	\$ -
Youth mobilization	350,000	350,000	316,557	383,443
Community Planning	-	75,000	-	75,000
Post-Secondary Education	-	819,987	726,888	93,099
FN School Target HSCE	-	84,884	20,054	64,830
Water Treatment Plant	-	4,200,000	176,741	4,023,259
Health Canada				
Brighter Futures	-	91,239	75,785	15,454
NNAADAP	-	74,853	48,777	26,076
Ontario Child & Youth	-	39,212	18,832	20,380
Aboriginal Diabetes	-	17,601	4,082	13,519
AKRC				
AKRC ADI	-	1,875	-	1,875
Diabetes Education	-	5,000	-	5,000
Family Well-Being	-	146,814	99,058	47,756
GCT#3				
COVID-19 Relief	-	20,255	-	20,255
Diabetes Program Enhancement	-	10,000	-	10,000
IHWS				
Community Wellness Worker	-	69,690	44,406	25,284
MCCSS	-	91,288	73,598	17,690
Ministry of Indigenous Affairs	-	85,000	64,464	20,536
Seven Generations	-	77,030	66,895	10,135
Shooniyaa Wa-Biitong	-	81,329	56,994	24,335
Weechi-It-Te-Win	-	200,000	78,045	121,955
	<u>\$ 920,177</u>	<u>\$ 6,541,057</u>	<u>\$ 2,441,353</u>	<u>\$ 5,019,881</u>

Indigenous Services Canada

Indigenous Services Canada advances the First Nation funding for many different programs and projects. These fixed funding contributions must be spent on eligible expenses within each of these programs and projects.

Health Canada

Health Canada advances the First Nation funding for the Early Childhood Development, National Native Alcohol and Drug Abuse Program, Aboriginal Diabetes Initiative and Early Childhood Development. These fixed funding contributions must be spent on eligible expenses within each of these programs.

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

6. Deferred Revenue (continued)

Anishinaabeg of Kabapikotawangag Resource Council

AKRC advances the First Nation funding for Diabetes Education, Aboriginal Diabetes Initiative and the Family Well-Being program. This funding must be spent on eligible expenses within each of these programs.

Grand Council Treaty #3

GCT#3 advances the First Nation funding for enhancement of the Diabetes Program and for COVID-19 Relief. This funding must be spent on eligible expenses within each of these programs.

Indigenous Healing and Wellness Strategy

IHWS advances the First Nation funding for Community Wellness Workers. This funding must be spent on eligible expenses within this program.

Ministry of Children, Community, and Social Services

MCCSS advances the First Nation funding for community support services, including homemaking services. This funding must be spent on eligible long-term care homemaker expenses within the program.

Ministry of Indigenous Affairs

The province advances the First Nation funding for provincial flood claims. This funding must be spent on eligible expenses within the project claim.

Seven Generations Education Institute

Seven Generations advances the First Nation funding for the Language Revitalization Project. This funding must be spent on eligible expenses within the program for the revitalization of the Ojibwe language.

Shooniyaa Wa-Biitong

Shooniyaa Wa-Biitong advances the First Nation funding for the Child Care Initiative. This funding must be used to provide child care in the community.

Weechi-It-Te-Win

Weechi-It-Te-Win advances the First Nation additional funding in relation to the Internet and Trailer Upgrade project. This funding must be spent on eligible expenses within the project.

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

7. Long-term Debt

	2020	2019
CMHC loan - Phase IV Project with interest at 2.20%, requiring monthly payments of \$4,820 principal and interest, secured by an assignment of fire insurance and a ministerial guarantee, renewal date January 2023.	\$ 158,751	\$ 212,468
CMHC loan - interest rate at 0.94%, repayable \$3,108 monthly, secured by a general security agreement, renewal date September 2020.	532,442	564,567
CMHC loan - interest rate at 2.70%, requiring monthly payments of \$3,488 commencing August 2008, secured by an assignment of fire insurance and a ministerial guarantee, renewal date November 2023.	468,703	497,527
CMHC loan - interest rate at 1.83%, repayable \$3,512 monthly, secured by a general security agreement, renewal date May 2020.	541,977	573,897
CMHC loan - interest rate at 1.11%, repayable \$4,087 monthly, secured by a general security agreement, renewal date April 2021.	722,281	763,065
CMHC loan - interest rate at 1.30%, requiring monthly payments of \$2,194, secured by an assignment of fire insurance and a ministerial guarantee, renewal date June 2022.	294,344	316,691
CIBC loan - interest at prime rate plus 1.5%, requiring monthly payments of \$1,310 plus interest, secured by automotive equipment, maturing September 2023.	53,670	70,700
CIBC loan - interest at prime rate plus 1.5%, repayable monthly at \$417, secured by specific automotive equipment, maturing June 2019.	-	1,667
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
CIBC loan, repayable at \$470 per month plus interest at prime plus 1.5%, secured by automotive equipment, maturing May 2019.	-	894
Carried forward	\$ 2,772,168	\$ 3,002,517

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

7. Long-term Debt (continued)

Brought forward	\$ 2,772,168	\$ 3,002,517
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	222,052
ISC Flood Claim, 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.	1,939,092	1,939,092
ISC Windy Point, 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.	-	209,802
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
Farming Land Specific Claim, repayable in full from proceeds of claim, repayable on the earlier of March 31, 2024, or the date on which the claim is settled.	27,767	-
	<u>\$ 4,961,079</u>	<u>\$ 5,717,151</u>

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

Year	Amount
2021	\$ 227,676
2022	355,300
2023	226,928
2024	297,167
2025	167,456
Thereafter	3,686,552
	<u>\$ 4,961,079</u>

Big Grassy River First Nation
Notes to Consolidated Financial Statements

March 31, 2020

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.

Big Grassy LP

Big Grassy LP is a limited partnership that was created for the purpose of exploring economic activities for Big Grassy River First Nation.

Percentage ownership

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

Carrying value, March 31, 2019
Purchase of shares/units
Share of net income

Carrying value, March 31, 2020

	MDC	Big Grassy LP
	100%	99.9%
\$	391,538	\$ -
	50,201	-
	(3,624)	-
	438,115	-
	-	9,990
	(180,323)	232,488
\$	257,792	\$ 242,478

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

8. Government Business Enterprises, at modified equity (continued)

Financial position

Current assets
Long-term assets

Current liabilities
Long-term liabilities

Share capital
Net equity, end of year

	MDC		Big Grassy LP
	2020	2019	2020 2019
\$	236,377 \$	394,606	\$ 242,478 \$
	67,549	94,356	-
\$	303,926 \$	488,962	\$ 242,478 \$
\$	21,386 \$	13,776	\$ - \$
	24,748	37,071	-
	46,134	50,847	-
	1,000	1,000	9,990
	256,792	437,115	232,488
	257,792	438,115	242,478
\$	303,926 \$	488,962	\$ 242,478 \$

Results of operations

Revenues
Operating expenses

Net income
Net equity, beginning of year

Net equity, end of year

	2020	2019	2020 2019
\$	274,734 \$	371,358	\$ 232,488 \$
	455,057	321,157	-
	(180,323)	50,201	232,488
	437,115	386,914	-
\$	256,792 \$	437,115	\$ 232,488 \$

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

9. Defined Contribution Pension Plan

The expense for the First Nation pension plan for the year was \$45,751 (2019 - \$48,858). 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:

	2020	2019
Current funds	\$ 10,631,116	\$ (747,348)
Investment in capital assets	12,756,719	11,296,521
Investment in INAC trust funds	127,865	125,404
Equity in enterprises	123,594	123,594
Replacement reserve	345,231	305,906
	<u>\$23,984,525</u>	<u>\$ 11,104,077</u>

Under the terms of the agreement 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 \$345,231 (2019 - \$305,906).

For the year ended March 31						2020	2019
	6-Unit Housing	7-Unit Housing	10-Unit Housing	6-Plex Housing	9-Unit Housing	Total	Total
Balance, beginning of year	\$61,680	\$ 86,529	\$ 81,365	\$ 63,413	\$ 12,919	\$305,906	\$266,581
Allocation for the year	7,200	12,075	8,500	8,400	3,150	39,325	39,325
Balance, end of year	<u>\$68,880</u>	<u>\$ 98,604</u>	<u>\$ 89,865</u>	<u>\$ 71,813</u>	<u>\$ 16,069</u>	<u>\$345,231</u>	<u>\$305,906</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

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, 2019	Additions 2020	Withdrawals 2020	Balance March 31, 2020
Held by Federal Government				
Capital	\$ 60,176	\$ -	\$ -	\$ 60,176
Revenue	65,228	2,461	-	67,689
	<u>\$ 125,404</u>	<u>\$ 2,461</u>	<u>\$ -</u>	<u>\$ 127,865</u>

13. Indigenous Services Canada Funding Reconciliation

	2020	2019
ISC revenue per funding confirmation	\$ 9,497,265	\$ 5,123,096
Recovery of prior years' funding	-	(2,622)
Deferred revenue, beginning of year	920,175	20,914
Deferred revenue, end of year	<u>(4,639,629)</u>	<u>(920,175)</u>
Balance, end of year	<u>\$ 5,777,811</u>	<u>\$ 4,221,213</u>

14. Government Transfers

	Operating	Capital	2020 Total	Operating	Capital	2019 Total
Federal						
ISC	\$ 4,786,801	\$ 991,010	\$ 5,777,811	\$ 3,714,324	\$ 506,889	\$ 4,221,213
Health Canada	522,804	-	522,804	577,576	44,304	621,880
CMHC	231,608	-	231,608	240,257	-	240,257
Sub-total	<u>5,541,213</u>	<u>991,010</u>	<u>6,532,223</u>	<u>4,532,157</u>	<u>551,193</u>	<u>5,083,350</u>
Provincial	<u>1,042,556</u>	<u>162,873</u>	<u>1,205,429</u>	<u>1,241,590</u>	<u>-</u>	<u>1,241,590</u>
Total	<u>\$ 6,583,769</u>	<u>\$ 1,153,883</u>	<u>\$ 7,737,652</u>	<u>\$ 5,773,747</u>	<u>\$ 551,193</u>	<u>\$ 6,324,940</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

15. Portfolio Investments

Investments consist of the following:

	Actual	Budget
398,879 Common shares of New Gold	\$ 2,052,630	\$ 2,052,630
Allowance for investment value	(720,375)	-
	1,332,255	2,052,630
Bank note due November 2024	500,000	-
Bank note due November 2026	500,000	-
	<u>\$ 2,332,255</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, 2020, are \$291,182 (2019 - \$454,722) and the fair market value of the bank notes at March 31, 2020, are \$379,107 and \$297,670 (2019 - \$NIL and \$NIL).

16. Expenditure by Object

	2020	2019
Salaries, wages and honoraria	\$ 5,915,787	\$ 3,105,337
Office, equipment, supplies and program expenses	1,918,038	2,069,149
Professional services	754,809	601,384
Utilities, fuel and maintenance	679,200	712,391
Travel, training and meetings	1,178,114	1,116,214
Amortization	812,459	731,140
Other expenses	2,350,987	999,968
	<u>\$ 13,609,394</u>	<u>\$ 9,335,583</u>

Big Grassy River First Nation Notes to Consolidated Financial Statements

March 31, 2020

17. Contingencies

The Organization was named in three separate lawsuits, which are unresolved as of the date of the audit report. Management has accrued a maximum liability of \$104,000 (2019 - \$NIL) in the consolidated financial statements related to two of the claims. The outcome of the other claim is unknown and therefore, no provision for this claim has been made in the consolidated financial statements. The Organization has hired Counsel to defend its position on these matters.

18. Segmented Financial Information

The First Nation provides a variety of services including band administration, health and social services, education, housing, 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 2020 Segmented Disclosure

For the year ended March 31

18. Segmented Financial Information (continued)

	Revenue	Band Administration	Commercial and Other	Education	Health and Social Services	Housing	2020
Government transfers	\$ 1,487,276	\$ -	\$ -	\$ 3,428,166	\$ 1,425,008	\$ 996,561	\$ 7,337,011
Commercial activity	-	154,432	-	-	-	-	154,432
Other income	1,927,076	15,998,319	239,957	793,113	39,934	18,998,399	
	3,414,352	16,152,751	3,668,123	2,218,121	1,036,495	26,489,842	
Expenses							
Amortization	284,089	-	-	170,897	40,968	316,505	812,459
Other expenses	1,061,865	1,064,219	59,740	88,521	76,642	2,350,987	
Office, equipment, supplies and program expenses	496,835	156,515	1,003,182	208,577	52,929	1,918,038	
Professional	642,796	-	58,095	42,630	11,288	754,809	
Travel, training and meetings	295,010	4,794	70,267	807,879	164	1,178,114	
Utilities, fuel and maintenance	161,057	23,089	190,619	207,809	96,626	679,200	
Wages, benefits and honoraria	1,008,218	2,427,145	1,333,673	1,136,949	9,802	5,915,787	
	3,949,870	3,675,762	2,886,473	2,533,333	563,956	13,609,394	
Excess (deficiency) of revenue over expenses for the year	\$ (535,518)	\$ 12,476,989	\$ 781,650	\$ (315,212)	\$ 472,539	\$ 12,880,448	

Big Grassy River First Nation 2019 Segmented Disclosure

For the year ended March 31

18. Segmented Financial Information (continued)

	Revenue	Band Administration	Commercial and Other	Education	Health and Social Services	Housing	2019
Government transfers	\$ 1,170,621	\$ 1,200	\$ 1,200	\$ 2,394,810	\$ 1,690,636	\$ 672,261	\$ 5,929,528
Commercial activity	-	187,484	-	-	-	-	187,484
Other income	1,566,354	303,000	234,403	972,064	53,236	3,129,057	
	2,736,975	491,684	2,629,213	2,662,700	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	\$ (329,299)	\$ 200,681	\$ (328,214)	\$ 180,154	\$ 187,164	\$ (89,514)	