

Grassy Narrows First Nation
Consolidated Financial Statements
March 31, 2014

Grassy Narrows First Nation

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For the year ended March 31, 2014

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Management's Responsibility

To the Members and Chief and Council of Grassy Narrows First Nation

The accompanying consolidated financial statements of Grassy Narrows First Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Grassy Narrows First Nation Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the First Nations's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Council to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

November 10, 2014

ORIGINAL SIGNED BY:
Roberta Keesick

Finance Manager

Independent Auditors' Report



To the Members of Grassy Narrows First Nation:

We have audited the accompanying consolidated financial statements of Grassy Narrows First Nation, which comprise the consolidated statement of financial position as at March 31, 2014 and the consolidated statements of operations, accumulated surplus, change in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

The First Nation's consolidated statement of operations and consolidated statement of change in net debt do not present a comparison of the results for the year with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly in all material respects the financial position of Grassy Narrows First Nation as at March 31, 2014 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kenora, Ontario

November 10, 2014

Chartered Professional Accountants

Licensed Public Accountants



Grassy Narrows First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013 <i>(Restated)</i>
Financial assets		
Current		
Cash (Note 3)	383,170	2,422,184
Temporary investments (Note 4)	596,569	-
Accounts receivable (Note 5)	1,145,856	970,050
	2,125,595	3,392,234
Advances to Keewache-Ete-Min (Note 6)	318,838	281,308
Funds Held in Ottawa Trust Fund (Note 7)	13,808	13,467
Advances to 1737743 Ontario Inc.	22,925	22,925
Total financial assets	2,481,166	3,709,934
Liabilities		
Current		
Accounts payable and accruals (Note 8)	468,790	387,986
Deferred revenue (Note 9)	299,885	269,711
Current portion of long-term debt (Note 10)	759,440	733,526
	1,528,115	1,391,223
Long-term debt (Note 10)	4,684,570	5,443,861
Total liabilities	6,212,685	6,835,084
Net debt	(3,731,519)	(3,125,150)
Contingencies (Note 19)		
Non-financial assets		
Tangible capital assets (Schedule 1)	22,636,934	21,730,152
Prepaid expenses	66,957	78,262
Total non-financial assets	22,703,891	21,808,414
Accumulated surplus	18,972,372	18,683,264

Approved on behalf of the Board

ORIGINAL SIGNED BY:	Chief	ORIGINAL SIGNED BY:	
Rudy Turtle		Randy Fobister	Councillor
ORIGINAL SIGNED BY:	Councillor		Councillor
Jason Kejick	Councillor		

Grassy Narrows First Nation
Consolidated Statement of Operations
For the year ended March 31, 2014

	<i>Schedules</i>	2014	<i>2013 (Restated)</i>
Revenue			
Aboriginal Affairs and Northern Development Canada		4,636,114	4,703,703
First Nation and Inuit Health		1,247,130	1,211,653
Canada Mortgage and Housing Corporation		112,962	112,962
Ministry of Health Promotion		45,000	45,000
Ministry of Community and Social Services		1,719,419	1,566,443
Ontario First Nations Limited Partnership		794,254	805,422
Ministry of Education		515,556	462,646
Miscellaneous		322,751	392,824
Kenora Chiefs Advisory Inc.		236,765	236,765
Shooniyaa Wa-Biitong		236,525	208,140
Ministry of Natural Resources		235,000	227,658
Ministry of Aboriginal Affairs		200,529	130,000
Rental income		142,850	128,905
Administration fees		138,686	112,583
Grassy Narrows Trust		116,000	-
Bimose Tribal Council		93,917	-
Ministry of Health and Long-Term Care		74,026	68,663
HST rebates		54,408	-
Ministry of The Solicitor General		38,124	38,124
Horizon Hydro		34,546	-
Donations and fundraising		17,301	9,429
Grand Council Treaty #3		-	4,286
Interest income		4,008	323
Other revenue		-	6,800
Investment income		-	5,400
Deferred revenue - prior year (Note 9)		269,711	863,372
Deferred revenue - current year (Note 9)		(299,885)	(269,711)
		10,985,697	11,071,390
Expenses			
Administration	4	1,072,156	996,067
Economic and Social Development	5	336,521	328,681
Operations and Maintenance	6	780,794	706,719
Social Services	7	2,966,509	2,841,186
Health	8	1,436,976	1,390,970
Ontario First Nations Limited Partnership	9	386,366	549,033
Capital Fund	10	922,274	707,501
Education Authority	11	2,915,281	2,688,231
Housing Authority	12	194,505	211,428
Ontario Process	13	124,526	246,211
Total Expenses (Schedule 2)		11,135,908	10,666,027
Surplus (deficit) before other items		(150,211)	405,363
Other income			
Gain on disposal of capital assets		439,319	-
Surplus		289,108	405,363

The accompanying notes are an integral part of these financial statements

Grassy Narrows First Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2014

	2014	2013 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	18,827,948	18,416,556
Correction of an error <i>(Note 18)</i>	(144,684)	(138,655)
Accumulated surplus, beginning of year, as restated	18,683,264	18,277,901
Surplus	289,108	405,363
Accumulated surplus, end of year <i>(Note 11)</i>	18,972,372	18,683,264

Grassy Narrows First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2014

	2014	2013 <i>(Restated)</i>
Annual surplus	289,108	405,363
Purchases of tangible capital assets	(105,674)	-
Assets under construction	(1,880,066)	(625,156)
Amortization of tangible capital assets	1,078,958	1,077,235
Gain on sale of tangible capital assets	(439,319)	-
Proceeds on disposal of tangible capital assets	439,319	-
	(906,782)	452,079
Acquisition of prepaid expenses	(66,957)	(78,260)
Use of prepaid expenses	78,262	84,364
	11,305	6,104
(Increase) decrease in net debt	(606,369)	863,546
Net debt, beginning of year	(3,125,150)	(3,988,696)
Net debt, end of year	(3,731,519)	(3,125,150)

The accompanying notes are an integral part of these financial statements

Grassy Narrows First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Surplus	289,108	405,363
Non-cash items		
Amortization	1,078,958	1,077,235
Bad debts	70,244	102,935
Deferred revenue - current year	(12,352)	-
Gain on disposal of capital assets	(439,319)	-
	986,639	1,585,533
Changes in working capital accounts		
Accounts receivable	(246,049)	(397,508)
Prepaid expenses	11,305	6,104
Accounts payable and accruals	80,803	(376,653)
Deferred revenue	42,526	(593,661)
	875,224	223,815
Financing activities		
Advances of long-term debt	-	4,920,402
Repayment of long-term debt	(733,377)	(3,397,390)
Funds Held in Ottawa Trust Fund	(341)	(323)
Advances to 1737743 Ontario Inc.	-	(22,925)
	(733,718)	1,499,764
Capital activities		
Purchases of tangible capital assets	(105,674)	(625,156)
Increase in construction in progress	(1,880,066)	-
Proceeds on disposal of tangible capital assets	439,319	-
	(1,546,421)	(625,156)
Investing activities		
Advances to Keewache-Ete-Min	(37,530)	-
Advances to/from ANA Assets Corporation	-	291,260
	(37,530)	291,260
Increase (decrease) in cash resources	(1,442,445)	1,389,683
Cash resources, beginning of year	2,422,184	1,032,501
Cash resources, end of year	979,739	2,422,184
Cash resources are composed of:		
Cash	383,170	2,422,184
Temporary investments	596,569	-
	979,739	2,422,184

The accompanying notes are an integral part of these financial statements

Grassy Narrows First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

1. Operations

The Grassy Narrows First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Grassy Narrows First Nation reporting entity includes the First Nation government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation. The Grassy Narrows Trust administered by Grassy Narrows First Nation is excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Grassy Narrows First Nation
- Grassy Narrows Education Authority
- Grassy Narrows Ontario Process
- Grassy Narrows CMHC Housing

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Basis of presentation

Sources of financing and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash resources

Cash resources include balances with chartered banks.

Temporary investments

Temporary investments are valued at the lower of cost and market value.

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of First Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position. Trust monies consist of:

- Capital trust monies derived from non-renewable resource transactions on the sale of land or other First Nation capital assets, and
- Revenue trust monies generated primarily through land leasing transactions or interest earned on deposits held in trust.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Amortization for tangible capital assets is provided using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives. No amortization is taken in the year of acquisition.

	Method	Rate
Infrastructure	straight-line	35 years
Community buildings	straight-line	40 years
Automotive	straight-line	5 years
Land improvements	straight-line	30 years
Band housing	straight-line	30 years
Roads	straight-line	40 years
CMHC housing	straight-line	30 years
Computer Systems	straight-line	4 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the assets' carrying amount. Impairment is measured as the amount by which the assets' carrying value exceeds its fair value. Any impairment is included in the statement of operation for the year in which the asset becomes impaired.

Prices for similar items are used to measure fair value of long-lived assets.

Portfolio investments

Long-term investments in entities that are not owned, controlled or influenced by the First Nation reporting entity are accounted for using the cost method. They are recorded at cost, less any provision for other than temporary impairment.

Non-financial assets

The First Nation's tangible capital assets and other non-financial assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Net debt

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the First Nation is determined by its financial assets less its liabilities. Net debt is comprised of two components, non-financial assets and accumulated surplus (deficit).

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

Revenue recognition

Funding

Revenue is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period are reflected as deferred revenue on the statement of financial position in the year of receipt and is matched with the related department expenses in the year of their occurrence. Certain revenues may be repayable if surpluses exist or if certain reporting requirements are not met.

Government transfers

The First Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the First Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Other revenue

Other revenue, such as user fees, rent, and administrative fees are recognized when service is provided and collectibility is reasonably assured.

Financial instruments

All significant financial assets, financial liabilities and equity instruments of the First Nation are either recognized or disclosed in the consolidated financial statements together with other information relevant for making a reasonable assessment of future cash flows and interest rate, currency, or credit risk.

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting year.

Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end. Amortization is based on the estimated useful lives of the tangible capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the year in which they become known.

Segments

The First Nation conducts its business through ten reportable segments: Administration, Economic and Social Development, Operations and Maintenance, Social Services, Health, Ontario First Nations Limited Partnership, Capital Fund, Education Authority, Housing Authority and Ontario Process. These operating segments are established by senior management to facilitate the achievement of the First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Cash

	2014	2013
Operating bank account	330,580	1,972,319
Cash held in trust	4,364	103,658
Social Housing bank account	19,760	2,735
Ontario Process bank account	11,433	194
Education bank account	10,278	13,652
Cash on hand	4,566	6,354
Capital bank account	2,189	323,272
	383,170	2,422,184

4. Temporary investments

Temporary investments consist of a GIC held with the Royal Bank of Canada. The GIC pays interest annually at 1.05% and matures June 13, 2014. The market value as at March 31, 2014 is \$596,569 (2013 - \$0).

5. Accounts receivable

	2014	2013
First Nation Members	464,157	410,317
Insurance Receivable	439,319	-
Ministry of Education	148,950	56,622
Health Canada	144,127	16,840
Bimose Tribal Council	93,917	-
Miscellaneous	87,494	69,171
Kenora Chiefs Advisory Inc.	73,860	90,087
Aboriginal Affairs and Northern Development Canada	61,710	653,369
Shooniyaa Wa-Biitong	39,233	16,374
Ministry of Health	32,103	11,728
Ministry of Aboriginal Affairs	19,548	-
Ministry of Community and Social Services	17,011	63,733
Canada Mortgage and Housing Corporation	9,414	9,414
Ministry of Natural Resources	400	400
	1,631,243	1,398,055
Allowance for doubtful accounts	(485,387)	(428,005)
	1,145,856	970,050

Allowance for doubtful accounts is made up of band member advances \$231,238 (2013 - \$209,478), English River Fishing \$6,000 (2013 - \$6,000), Minnow Say Win \$14,877 (2013 - 14,877) and rent \$233,272 (2013 - \$197,650).

6. Advances to Keewache-Ete-Min

Advances from Keewache-Ete-Min, the Grassy Narrows Community Development Corporation, are unsecured, non-interest bearing and due on demand.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Funds held in Ottawa Trust Fund

Capital and revenue trust monies are transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Council.

	2014	2013
AANDC Capital Trust		
Balance, beginning of year	7,954	7,954
Balance, end of year	7,954	7,954
Revenue Trust		
Balance, beginning of year	5,513	5,191
Interest	341	322
Balance, end of year	5,854	5,513
	13,808	13,467

8. Accounts Payable and Accruals

	2014	2013
Trade payables	429,451	310,159
Accruals	24,110	59,619
Government remittances	15,229	18,208
	468,790	387,986

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. Deferred revenue

	Balance March 31, 2013	Funding Received 2014	Other Revenue 2014	Revenue Recognized 2014	Balance March 31, 2014
<u>Federal Government</u>					
<u>Capital projects</u>					
AANDC - Capital - Arena	160,381	-	-	2,088	158,293
<u>Other</u>					
AANDC - Economic Development	8,820	55,500	-	55,500	8,820
	169,201	55,500	-	57,588	167,113
<u>Provincial Government</u>					
<u>Other</u>					
Activator	19,704	-	45,001	51,423	13,282
<u>Other</u>					
OPA	10,000	-	-	10,000	-
Water Protection - Daycare	60,000	-	-	-	60,000
Fire Fighting	1,377	-	33,215	34,592	-
TD Trust Funds	-	-	60,561	5,122	55,439
Student Awards	4,051	-	-	-	4,051
Environmental Gathering	5,378	-	10,084	15,462	-
	80,806	-	103,860	65,176	119,490
Total	269,711	55,500	148,861	174,187	299,885

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

10. Long-term debt

	2014	2013
Mortgage payable to First National Financial Corporation with monthly payments of \$13,960 monthly including interest at 4.86%, guaranteed by ministerial guarantee, renews September 1, 2014.	775,594	902,465
Loan payable to Royal Bank of Canada with blended monthly payments of \$61,505 monthly including interest at 5.00%, secured by assignment of accounts receivable and supported by a Band Council Resolution, renews January 1, 2017.	4,351,749	4,858,255
Loan payable to Royal Bank of Canada with monthly payments of \$8,333 plus interest at RBC prime + 2.00%, secured by assignment of accounts receivable and supported by a Band Council Resolution, matures May 2017.	316,667	416,667
	5,444,010	6,177,387
Less: current portion	759,440	733,526
	4,684,570	5,443,861

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

	Total
2015	759,440
2016	1,449,020
2017	519,404
2018	361,299
2019	140,000
	3,229,163
Thereafter	1,455,407

11. Annual surplus/deficit

Annual surplus/deficit is comprised of the following:

	2014	2013
Unrestricted surplus	18,854,273	18,565,506
Replacement reserve	104,291	104,291
Equity in Ottawa Trust Fund	13,808	13,467
	18,972,372	18,683,264

Grassy Narrows First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2014

12. Financial instruments

The First Nation's financial instruments consist of cash, temporary investments, accounts receivable, bank advances, accounts payable and accruals, 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 market value of these financial instruments approximate their carrying values, unless otherwise noted.

13. Supplemental cash flow information

The First Nation has followed the indirect method of accounting for cash flows. In addition to items reported in the consolidated statement of cash flows, the First Nation paid \$288,825 (2013 - \$228,355) in interest and received \$4,008 (2013 - \$323) of interest.

14. AANDC funding reconciliation

	2014	2013
AANDC funding per Confirmation	4,636,114	4,703,703
AANDC funding per Financial Statements	4,636,114	4,703,703

15. Government transfers

	<i>Operating</i>	<i>Capital</i>	2014	2013
Federal government transfers				
Aboriginal Affairs and Northern Development Canada	4,636,114	-	4,636,114	4,703,703
First Nation and Inuit Health	1,247,130	-	1,247,130	1,211,653
Canada Mortgage and Housing Corporation	112,962	-	112,962	112,962
Total Federal	5,996,206	-	5,996,206	6,028,318
Provincial government transfers				
Ministry of Health Promotion	45,000	-	45,000	45,000
Ministry of Community and Social Services	1,719,419	-	1,719,419	1,566,443
Ministry of Education	515,556	-	515,556	462,646
Ministry of Natural Resources	235,000	-	235,000	227,658
Ministry of Aboriginal Affairs	200,529	-	200,529	130,000
Ministry of Health and Long-Term Care	74,026	-	74,026	68,663
Ministry of the Solicitor General	38,124	-	38,124	38,124
Total Provincial	2,827,654	-	2,827,654	2,538,534
	8,823,860	-	8,823,860	8,566,852

16. Economic dependence

Grassy Narrows First Nation receives 42.1% (2013 - 42.5%) of its revenue from Aboriginal Affairs and Northern Development Canada (AANDC) as a result of treaties entered into with the Government of Canada. These treaties are administered by AANDC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these treaties.

17. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the First Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus (deficit) have not been reported in these financial statements. While having no effect on reported revenue, expenses, and surplus (deficit), omission of this information is considered a departure from PSA standards.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

18. Correction of an error

During the year, the First Nation determined that amortization of a building had not been taken at the proper rate. This resulted in tangible capital assets being overstated and amortization expense being understated in 2013 by \$144,684 (2012 - \$138,655). The retroactive application of this correction of an error did not have a material impact on the results of operations and financial position of the First Nation. The error first occurred in 2009.

19. Contingent liabilities

The First Nation has signed funding agreements with Aboriginal Affairs and Northern Development Canada and other government bodies for funding of programs which state that the funding party may require surpluses to be returned. The total of such surpluses were indeterminable and the amount could be material. Payment of recoveries of prior year surpluses will be recorded in the year recovered or paid.

20. First Nations Financial Transparency and Accountability Act

The First Nation is required by the First Nations Transparency and Accountability Act to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. As the audit report date is after this date, the First Nation is not in compliance with the requirement. The possible effect of this non-compliance has not yet been determined.

21. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Grassy Narrows First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Infrastructure</i>	<i>Community buildings</i>	<i>Automotive</i>	<i>Land improvements</i>	<i>Band housing</i>	<i>Roads</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	3,637,341	15,728,144	761,752	657,933	14,817,220	1,730,869	37,333,259
Acquisition of tangible capital assets	-	105,674	-	-	-	-	105,674
Construction-in-progress	-	823,573	-	-	3,559,403	-	4,382,976
Balance, end of year	3,637,341	16,657,391	761,752	657,933	18,376,623	1,730,869	41,821,909
Accumulated amortization							
Balance, beginning of year	2,241,927	7,077,336	681,797	487,259	7,619,301	1,060,269	19,167,889
Annual amortization	85,405	385,230	39,978	21,931	435,354	31,109	999,007
Balance, end of year	2,327,332	7,462,566	721,775	509,190	8,054,655	1,091,378	20,166,896
Net book value of tangible capital assets	1,310,009	9,194,825	39,977	148,743	10,321,968	639,491	21,655,013
2013 - Net book value of tangible capital assets	1,395,414	9,240,555	79,954	170,675	9,111,090	670,599	20,670,300

Grassy Narrows First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Subtotal</i>	<i>CMHC housing</i>	<i>Computer systems</i>	<i>2014</i>	<i>2013</i>
					(Restated)
Cost					
Balance, beginning of year	37,333,259	2,221,940	23,544	39,578,743	39,636,205
Acquisition of tangible capital assets	105,674	-	-	105,674	-
Construction-in-progress	4,382,976	-	-	4,382,976	2,502,910
Balance, end of year	41,821,909	2,221,940	23,544	44,067,393	42,139,115
Accumulated amortization					
Balance, beginning of year	19,167,889	1,171,840	11,772	20,351,501	19,331,728
Annual amortization	999,007	74,065	5,886	1,078,958	1,077,235
Balance, end of year	20,166,896	1,245,905	17,658	21,430,459	20,408,963
Net book value of tangible capital assets	21,655,013	976,035	5,886	22,636,934	21,730,152
2013					
tangible capital assets	20,670,300	1,050,095	11,770	21,730,152	

Grassy Narrows First Nation
Schedule 2 - Schedule of Consolidated Expenses by Object
For the year ended March 31, 2014

	2014	2013 <i>(Restated)</i>
Consolidated expenses by object		
Administrative expenses	3,446,437	3,053,310
Amortization of tangible capital assets	1,078,958	1,077,235
Bank charges and short-term interest	20,276	45,297
Community development	159,530	246,580
Cultural development	26,696	30,794
Economic development	24,862	29,006
Education	321,051	338,078
Education	-	5,000
Health	175,278	237,653
Honoraria	21,572	25,316
Interest on long-term debt	288,825	228,355
Provision for allowances	70,244	102,935
Salaries, wages and benefits	4,061,217	3,941,199
Social	1,440,962	1,305,269
	11,135,908	10,666,027

Grassy Narrows First Nation
Schedule 3 - Consolidated Summary Schedule of Revenue and Expenses by Segment
For the year ended March 31, 2014

	Schedule #	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/ Transfers From (To)	Current Surplus (Deficit)
Segment								
Administration	4	560,011	794,580	(45,439)	1,309,152	1,072,156	-	236,996
Economic and Social Development	5	80,500	238,107	13,178	331,785	336,521	-	(4,736)
Operations and Maintenance	6	390,014	451,709	-	841,723	780,794	-	60,929
Social Services	7	533,575	2,524,082	-	3,057,657	2,966,509	(70,000)	21,148
Health	8	-	1,434,320	-	1,434,320	1,436,976	-	(2,656)
Ontario First Nations Limited Partnership	9	-	794,254	-	794,254	386,366	(407,888)	-
Capital Fund	10	587,440	19,000	2,088	608,528	922,274	407,888	94,142
Education Authority	11	2,484,574	203,235	-	2,687,809	2,915,281	70,000	(157,472)
Housing Authority	12	-	224,787	-	224,787	194,505	-	30,282
Ontario Process	13	-	135,000	-	135,000	124,526	-	10,474
		4,636,114	6,819,074	(30,173)	11,425,015	11,135,908	-	289,107

Grassy Narrows First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	560,011	695,174
First Nation and Inuit Health	-	9,096
Miscellaneous	196,672	277,236
Administration fees	138,686	112,583
Ministry of Aboriginal Affairs	120,529	50,000
Grassy Narrows Trust	116,000	-
Ministry of Natural Resources	100,000	-
HST rebates	54,408	-
Horizon Hydro	34,546	-
Shooniyaa Wa-Biitong	29,731	34,258
Grand Council Treaty #3	-	4,286
Interest income	4,008	323
Deferred revenue - prior year	10,000	367,558
Deferred revenue - current year	(55,439)	(10,000)
	1,309,152	1,540,514
Expenses		
Administration	8,259	-
Bad debts (recoveries)	34,622	47,770
Bank charges and interest	14,958	40,540
Contracted services	239,362	165,512
Furniture and equipment	-	1,604
Insurance	18,530	14,182
Interest on long-term debt	-	19,236
Meetings	6,100	-
Professional fees	96,700	62,418
Repairs and maintenance	2,589	1,298
Salaries and benefits	396,603	410,554
Social assistance	50	-
Staff fund expenditures	4,122	1,995
Supplies	36,328	8,997
Telephone and utilities	30,201	20,766
Travel and training	183,732	201,195
	1,072,156	996,067
Surplus before transfers	236,996	544,447
Transfers between programs		
Transfer to Capital Fund	-	367,558
Surplus	236,996	912,005

Grassy Narrows First Nation
Economic and Social Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	80,500	98,300
Ministry of Health Promotion	45,000	45,000
Shooniyaa Wa-Biitong	84,057	50,455
Ministry of Aboriginal Affairs	80,000	80,000
Donations and fundraising	17,000	-
Miscellaneous	12,051	17,162
Investment income	-	5,400
Deferred revenue - prior year	39,330	110,739
Deferred revenue - current year	(26,153)	(39,330)
	331,785	367,726
Expenses		
Contracted services	132,868	131,909
Salaries and benefits	149,050	142,918
Supplies	3,546	7,882
Telephone and utilities	1,672	4,307
Travel and training	49,385	41,665
	336,521	328,681
Surplus (deficit)	(4,736)	39,045

Grassy Narrows First Nation
Operations and Maintenance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	390,014	414,360
Miscellaneous	12,390	13,458
Deferred revenue - prior year	60,000	60,000
Deferred revenue - current year	(60,000)	(60,000)
	402,404	427,818
Expenses		
Amortization	347,637	347,637
Community development proposals	1,866	639
Contracted services	71,183	30,883
Furniture and equipment	1,093	8,802
Insurance	38,883	24,106
Rent	22,501	-
Repairs and maintenance	26,623	36,500
Road maintenance	22,202	25,610
Salaries and benefits	113,722	113,095
Supplies	36,872	47,107
Telephone and utilities	88,025	63,707
Travel and training	10,187	8,633
	780,794	706,719
Deficit before other items	(378,390)	(278,901)
Other income (expense)		
Gain (loss) on disposal of capital assets	439,319	-
Surplus (deficit)	60,929	(278,901)

Grassy Narrows First Nation
Social Services
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	533,575	567,625
Ministry of Community and Social Services	1,671,701	1,518,725
Ministry of Education	515,556	462,646
Shooniyaa Wa-Biitong	122,737	123,428
Kenora Chiefs Advisory Inc.	101,938	101,938
Ministry of Health and Long-Term Care	74,026	68,663
Ministry of The Solicitor General	38,124	38,124
Miscellaneous	-	13,743
	3,057,657	2,894,892
Expenses		
Administration	29,288	28,514
Amortization	9,904	9,904
Contracted services	237,383	285,978
Food	14,379	21,012
Furniture and equipment	-	2,732
Insurance	17,289	20,450
Professional fees	25,979	25,667
Rent	12,000	12,000
Repairs and maintenance	31,400	2,478
Salaries and benefits	922,578	887,678
Social assistance	1,428,560	1,305,269
Supplies	79,668	77,356
Telephone and utilities	46,689	44,995
Travel and training	111,392	117,153
	2,966,509	2,841,186
Surplus before transfers	91,148	53,706
Transfers between programs		
Transfer to Education Program	(70,000)	(63,000)
Surplus (deficit)	21,148	(9,294)

Grassy Narrows First Nation
Health

Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
First Nation and Inuit Health	1,247,130	1,202,557
Kenora Chiefs Advisory Inc.	134,827	134,827
Ministry of Community and Social Services	47,718	47,718
Miscellaneous	4,645	5,458
	1,434,320	1,390,560
Expenses		
Administration	77,014	69,069
Contracted services	393,814	381,829
Insurance	7,822	7,119
Repairs and maintenance	-	430
Salaries and benefits	692,091	690,015
Supplies	81,777	59,021
Telephone and utilities	61,395	72,576
Travel and training	123,063	110,911
	1,436,976	1,390,970
Deficit	(2,656)	(410)

Grassy Narrows First Nation
Ontario First Nations Limited Partnership
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Ontario First Nations Limited Partnership	794,254	805,422
Deferred revenue - prior year	-	134,993
	794,254	940,415
Expenses		
Community development	159,530	246,580
Cultural development	26,696	30,794
Economic development	24,862	29,006
Education	-	5,000
Health	175,278	237,653
	386,366	549,033
Surplus before transfers	407,888	391,382
Transfers between programs		
Transfer to Capital Fund Program	(407,888)	(391,382)
Surplus (deficit)	-	-

Grassy Narrows First Nation
Capital Fund
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	587,440	582,788
Miscellaneous	19,000	-
Deferred revenue - prior year	160,381	169,398
Deferred revenue - current year	(158,293)	(160,381)
	608,528	591,805
Expenses		
Amortization	468,218	469,108
Bank charges and interest	-	29
Contracted services	16,370	20,508
Interest on long-term debt	248,679	162,999
Repairs and maintenance	-	2,769
Salaries and benefits	40,145	28,191
Supplies	148,862	23,196
Telephone and utilities	-	609
Travel and training	-	92
	922,274	707,501
Deficit before transfers	(313,746)	(115,696)
Transfers between programs		
Transfer from Ontario First Nations Limited Partnership	407,888	391,382
Transfer from Band Support	-	(367,558)
	407,888	23,824
Surplus (deficit)	94,142	(91,872)

Grassy Narrows First Nation
Education Authority
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013 (Restated)
Revenue		
Aboriginal Affairs and Northern Development Canada	2,484,574	2,345,456
Bimose Tribal Council	93,917	-
Miscellaneous	77,992	65,707
Rental income	31,025	27,825
Donations and fundraising	301	9,429
Other revenue	-	6,800
	2,687,809	2,455,217
Expenses		
Administration	20,398	18,891
Advertising	1,828	478
Amortization	179,134	179,136
Automotive	27,251	6,493
Bad debts (recoveries)	-	1,441
Bank charges and interest	4,831	4,200
Book and education supplies	33,764	36,287
Casual labour	3,312	7,523
Chief and council	-	1,140
Consulting	22,502	8,993
Contracted services	2,782	4,013
Donations and fundraising	14,148	9,401
Employee benefits	85,658	84,571
Enhanced teacher salaries	65,000	58,900
Field trips	4,260	7,881
Furniture and equipment	14,422	2,928
Honoraria	22,900	19,385
Insurance	57,388	70,902
Living allowances	188,324	192,908
Meetings	5,529	7,126
Miscellaneous	49,475	585
Professional development	5,101	6,939
Professional fees	21,525	11,566
Renovations	10,553	15,695
Rent	396	-
Repairs and maintenance	23,974	82,934
Salaries and benefits	1,584,857	1,449,298
School awards	4,944	6,492
Supplies	155,213	105,761
Telephone and utilities	181,729	163,868
Travel and training	31,000	29,101
Tuition	93,083	93,395
	2,915,281	2,688,231
Deficit before transfers	(227,472)	(233,014)
Transfers between programs		
Transfer from Social Services	70,000	63,000
Deficit	(157,472)	(170,014)

Grassy Narrows First Nation
Housing Authority
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Canada Mortgage and Housing Corporation	112,962	112,962
Rental income	111,825	101,080
	224,787	214,042
Expenses		
Administration	15,000	15,000
Amortization	74,065	71,450
Bad debts (recoveries)	35,622	53,724
Bank charges and interest	311	135
Insurance	17,059	16,599
Interest on long-term debt	40,146	46,120
Professional fees	8,000	6,000
Repairs and maintenance	4,302	2,400
	194,505	211,428
Surplus	30,282	2,614

Grassy Narrows First Nation
Ontario Process
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2014

	2014	2013
Revenue		
Ministry of Natural Resources	135,000	227,658
Miscellaneous	-	60
Deferred revenue - prior year	-	20,685
	135,000	248,403
Expenses		
Bank charges and interest	176	393
Consulting	44,200	59,732
Honoraria	-	4,790
Office rent	-	1,996
Office supplies	70	21,360
Professional fees	29,400	52,839
Repairs and maintenance	-	400
Salaries and benefits	45,800	68,456
Telephone and utilities	3,575	10,339
Travel and training	1,305	25,906
	124,526	246,211
Surplus	10,474	2,192