

**Grassy Narrows First Nation
Consolidated Financial Statements**

March 31, 2015

Grassy Narrows First Nation Contents

For the year ended March 31, 2015

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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 Nation'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.

October 29, 2015



Finance Manager

Independent Auditors' Report



To the Members and Chief and Council 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, 2015, 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 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Grassy Narrows First Nation as at March 31, 2015 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

October 29, 2015

MNP LLP

Chartered Professional Accountants, Licensed Public Accountants



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Grassy Narrows First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
Financial assets		
Current		
Cash (Note 3)	178,087	383,170
Temporary investments (Note 4)	754,675	596,569
Accounts receivable (Note 5)	754,037	1,145,856
	1,686,799	2,125,595
Advances to Keewache-Ete-Min (Note 6)	326,677	318,838
Funds Held in Ottawa Trust Fund (Note 7)	14,199	13,808
Advances to 1737743 Ontario Inc.	22,925	22,925
Total financial assets	2,050,600	2,481,166
Liabilities		
Current		
Bank indebtedness	236,780	-
Accounts payable and accruals (Note 8)	515,437	468,790
Deferred revenue (Note 9)	34,465	299,885
	786,682	768,675
Long-term debt (Note 10)	4,676,009	5,444,010
Total liabilities	5,462,691	6,212,685
Net debt	(3,412,091)	(3,731,519)
Contingencies (Note 17)		
Non-financial assets		
Tangible capital assets (Schedule 1)	22,141,940	22,636,934
Prepaid expenses	67,394	66,958
Total non-financial assets	22,209,334	22,703,892
Accumulated surplus	18,797,243	18,972,373

Approved on behalf of the Board

Arnold

Chief

Councillor

Councillor

William F. Hooto
J. Sonokwika

Councillor

Councillor

Grassy Narrows First Nation
Consolidated Statement of Operations

For the year ended March 31, 2015

	<i>Schedules</i>	<i>2015 Budget</i>	<i>2015</i>	<i>2014</i>
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 14)		4,706,051	4,712,820	4,636,114
First Nation and Inuit Health (Note 15)		1,253,238	1,253,238	1,247,130
Canada Mortgage and Housing Corporation (Note 15)		107,681	107,681	112,962
Ministry of Health Promotion (Note 15)		45,000	45,000	45,000
Ministry of Community and Social Services (Note 15)		1,662,016	1,736,516	1,719,419
Ontario First Nations Limited Partnership		811,427	811,427	794,254
Ministry of Education (Note 15)		705,902	593,010	515,556
Ministry of Aboriginal Affairs (Note 15)		420,767	420,767	200,529
Miscellaneous		121,558	270,271	322,751
Kenora Chiefs Advisory Inc.		326,598	244,993	236,765
Shooniyaa Wa-Biitong		49,630	204,053	236,525
Administration fees		115,000	166,089	138,686
Rental income		117,000	118,540	142,850
Grassy Narrows Trust		118,954	118,954	116,000
Ministry of Natural Resources (Note 15)		29,700	110,907	235,000
Natural Resources Canada (Note 15)		98,000	98,000	-
Bimose Tribal Council		-	83,580	93,917
Ministry of Health and Long-Term Care (Note 15)		99,000	77,202	74,026
HST rebates		25,000	49,152	54,408
Ministry of the Solicitor General (Note 15)		38,124	38,124	38,124
Donations and fundraising		5,250	9,424	17,301
Interest income		-	5,169	4,008
Horizon Hydro		-	-	34,546
Repayment of funding		-	(78,647)	-
Deferred revenue - prior year (Note 9)		222,344	299,885	269,711
Deferred revenue - current year (Note 9)		(60,000)	(34,465)	(299,885)
		11,018,240	11,461,690	10,985,697
Expenses				
Administration	4	1,136,201	1,452,702	1,072,156
Economic and Social Development	5	309,143	319,111	336,521
Operations and Maintenance	6	548,862	794,574	778,955
Social Services	7	3,070,543	3,086,915	2,966,509
Health	8	1,439,593	1,469,049	1,436,976
Ontario First Nations Limited Partnership	9	384,703	384,703	386,366
Capital Fund	10	745,139	746,936	922,274
Education Authority	11	2,623,264	3,117,239	2,915,281
Housing Authority	12	192,681	165,031	196,344
Ontario Process	13	98,000	100,560	124,526
Total Expenses (Schedule 2)		10,548,129	11,636,820	11,135,908
Surplus (deficit) before other items		470,111	(175,130)	(150,211)
Other income				
Gain on disposal of capital assets		-	-	439,319
Surplus (Deficit)		470,111	(175,130)	289,108

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, 2015

	2015	2014
Accumulated surplus, beginning of year	18,972,373	18,683,265
Surplus (Deficit)	(175,130)	289,108
Accumulated surplus, end of year (Note 11)	18,797,243	18,972,373

Grassy Narrows First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2015

	2015 Budget	2015	2014
Annual surplus (deficit)	(214,868)	(175,130)	289,108
Purchases of tangible capital assets	-	(40,000)	(105,674)
Assets under construction	-	(535,329)	(1,880,066)
Amortization of tangible capital assets	80,000	1,070,323	1,078,958
Gain on disposal of tangible capital assets	-	-	(439,319)
Proceeds of disposal of tangible capital assets	-	-	439,319
	80,000	494,994	(906,782)
Acquisition of prepaid expenses	-	(67,393)	(66,957)
Use of prepaid expenses	-	66,957	78,262
	-	(436)	11,305
(Increase) decrease in net debt	(134,868)	319,428	(606,369)
Net debt, beginning of year	(3,731,519)	(3,731,519)	(3,125,150)
Net debt, end of year	(3,866,387)	(3,412,091)	(3,731,519)

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, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating activities		
Surplus (Deficit)	(175,130)	289,108
Non-cash items		
Amortization	1,070,323	1,078,958
Gain on disposal of capital assets	-	(439,319)
	895,193	928,747
Changes in working capital accounts		
Accounts receivable	391,819	(175,805)
Prepaid expenses	(436)	11,305
Accounts payable and accruals	46,647	68,432
Deferred revenue	(265,420)	42,526
	1,067,803	875,205
Financing activities		
Advances of long-term debt	698,723	-
Repayment of long-term debt	(1,466,724)	(733,377)
Funds Held in Ottawa Trust Fund	(391)	(322)
	(768,392)	(733,699)
Capital activities		
Purchases of tangible capital assets	(40,000)	(105,674)
Increase in construction in progress	(535,329)	(1,880,066)
Proceeds of disposal of tangible capital assets	-	439,319
	(575,329)	(1,546,421)
Investing activities		
Advances to Keewache-Ete-Min	(7,839)	(37,530)
Decrease in cash resources	(283,757)	(1,442,445)
Cash resources, beginning of year	979,739	2,422,184
Cash resources, end of year	695,982	979,739
Cash resources are composed of:		
Cash	178,087	383,170
Temporary investments	754,675	596,569
Bank indebtedness	(236,780)	-
	695,982	979,739

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, 2015

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 includes balances with banks and short-term investments with maturities of three months or less.

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, 2015

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 straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. No amortization is taken in the year of acquisition.

	Rate
Infrastructure	35 years
Community buildings	40 years
Automotive	5 years
Land improvements	30 years
Band housing	30 years
Roads	40 years
CMHC housing	30 years
Computer systems	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.

Temporary 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 consolidated 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).

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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 public sector accounting standards 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, 2015

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

Recent accounting pronouncements

PS 3210 Assets

In June 2015, new PS 3210 Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts. The main features of this Standard are as follows:

Assets are defined as economic resources controlled by a government as a result of past transactions or events and from which future economic benefits are expected to be obtained.

Economic resources can arise from such events as agreements, contracts, other government's legislation, the government's own legislation, and voluntary contributions.

The public is often the beneficiary of goods and services provided by a public sector entity. Such assets benefit public sector entities as they assist in achieving the entity's primary objective of providing public goods and services.

A public sector entity's ability to regulate an economic resource does not, in and of itself, constitute control of an asset, if the interest extends only to the regulatory use of the economic resource and does not include the ability to control access to future economic benefits.

A public sector entity acting as a trustee on behalf of beneficiaries specified in an agreement or statute is merely administering the assets, and does not control the assets, as future economic benefits flow to the beneficiaries.

An economic resource may meet the definition of an asset, but would not be recognized if there is no appropriate basis for measurement and a reasonable estimate cannot be made, or if another Handbook Section prohibits its recognition. Information about assets not recognized should be disclosed in the notes.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3320 Contingent Assets

In June 2015, new PS 3320 Contingent Assets was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.

Passing legislation that has retroactive application after the financial statement date cannot create an existing condition or situation at the financial statement date.

Elected or public sector entity officials announcing public sector entity intentions after the financial statement date cannot create an existing condition or situation at the financial statement date.

Disclosures should include existence, nature, and extent of contingent assets, as well as the reasons for any non-disclosure of extent, and the bases for any estimates of extent made.

When a reasonable estimate can be made, disclosure should include a best estimate and a range of possible amounts (or a narrower range of more likely amounts), unless such a disclosure would have an adverse impact on the outcome.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

PS 3380 Contingent Rights

In June 2015, new PS 3380 Contractual Rights was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). This new Section establishes disclosure standards on contractual rights, and does not include contractual rights to exchange assets where revenue does not arise. The main features of this Standard are as follows:

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

Until a transaction or event occurs under a contract or agreement, an entity only has a contractual right to an economic resource. Once the entity has received an asset, it no longer has a contractual right.

Contractual rights are distinct from contingent assets as there is no uncertainty related to the existence of the contractual right.

Disclosures should include descriptions about nature, extent, and timing.

The standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted.

PS 3430 Restructuring

In June 2015, new PS 3430 Restructuring Transactions was included in the CPA Canada Public Sector Accounting Handbook (PSA HB). The new Section establishes disclosure standards on contingent assets. The main features of this Standard are as follows:

A restructuring transaction is defined separately from an acquisition. The key distinction between the two is the absence of an exchange of consideration in a restructuring transaction.

A restructuring transaction is defined as a transfer of an integrated set of assets and/or liabilities, together with related program or operating responsibilities that does not involve an exchange of consideration.

Individual assets and liabilities transferred in a restructuring transaction are derecognized by the transferor at their carrying amount and recognized by the recipient at their carrying amount with applicable adjustments.

The increase in net assets or net liabilities resulting from recognition and derecognition of individual assets and liabilities received from all transferors, and transferred to all recipients in a restructuring transaction, is recognized as revenue or as an expense.

Restructuring-related costs are recognized as expenses when incurred.

Individual assets and liabilities received in a restructuring transaction are initially classified based on the accounting policies and circumstances of the recipient at the restructuring date.

The financial position and results of operations prior to the restructuring date are not restated.

Disclosure of information about the transferred assets, liabilities and related operations prior to the restructuring date by the recipient is encouraged but not required.

The Section is effective for new restructuring transactions that occur in fiscal periods beginning on or after April 1, 2018. Earlier application is encouraged.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

3. Cash

	2015	2014
Operating bank account	-	330,580
Cash held in trust	-	4,364
Social Housing bank account	26,631	19,760
Ontario Process bank account	84,903	11,433
Education bank account	64,684	10,278
Cash on hand	82	4,566
Capital bank account	1,787	2,189
	178,087	383,170

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, 2015. The market value as at March 31, 2015 is \$754,675 (2014 - \$596,569).

5. Accounts receivable

	2015	2014
First Nation Members	490,190	464,157
Insurance receivable	239,319	439,319
Ministry of Education	119,957	148,950
Kenora Chiefs Advisory Inc.	112,605	73,860
Miscellaneous	74,013	87,494
Shooniyaa Wa-Biitong	66,683	39,233
Ministry of Natural Resources	56,257	400
Ministry of Community and Social Services	43,705	17,011
Bimose Tribal Council	36,123	93,917
Ministry of Health	12,193	32,103
Health Canada	10,714	144,127
Aboriginal Affairs and Northern Development Canada	9,805	61,710
Canada Mortgage and Housing Corporation	8,533	9,414
Ministry of Aboriginal Affairs	-	19,548
	1,280,097	1,631,243
Allowance for doubtful accounts	(526,060)	(485,387)
	754,037	1,145,856

Allowance for doubtful accounts is made up of band member advances \$239,269 (2014 - \$231,238), English River Fishing \$6,000 (2014 - \$6,000), Minnow Say Win \$15,201 (2014 - \$14,877), rent \$247,473 (2014 - \$233,272) and trade receivables \$18,117 (2014 - \$0).

6. Advances to Keewache-Ete-Min

Advances to 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, 2015

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.

	2015	2014
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	5,854	5,513
Interest	391	341
Balance, end of year	6,245	5,854
	14,199	13,808

8. Accounts payable and accruals

	2015	2014
Trade payables	424,522	390,963
Accruals	73,000	59,619
Government remittances	17,915	18,208
	515,437	468,790

9. Deferred revenue

	Balance March 31, 2014	Funding Received 2015	Other Revenue 2015	Revenue Recognized 2015	Balance March 31, 2015
Federal Government					
Capital projects					
AANDC - Capital - Arena	158,293	-	-	158,293	-
Other					
AANDC - Economic Development	8,820	55,500	-	64,320	-
	167,113	55,500	-	222,613	-
Provincial Government					
Other					
Activator - Economic Development	13,282	-	45,000	47,104	11,178
Other					
New Horizon - Economic Development	-	-	25,000	1,713	23,287
Water Protection - Operations	60,000	-	-	60,000	-
TD Trust Funds - Administration	55,439	-	118,954	174,393	-
Student Awards - Economic Development	4,051	-	-	4,051	-
	119,490	-	143,954	240,157	23,287
Total	299,885	55,500	188,954	509,874	34,465

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

10. Long-term debt

	2015	2014
Loan payable to the Canada Mortgage and Housing Corporation with monthly payments of \$13,079 including interest at 2.01%, secured by Ministerial Guarantee, matures June 2019.	640,004	-
Loan payable to Royal Bank of Canada with monthly payments of \$8,333 plus interest at RBC prime + 2.00% (2015 - 4.0%), secured by assignment of accounts receivable and supported by a Band Council Resolution, matures May 2017.	216,667	316,667
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.	3,819,338	4,351,749
<u>Mortgage payable to First National Financial Corporation, repaid during the year.</u>	<u>-</u>	<u>775,594</u>
	4,676,009	5,444,010

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
2016	805,231
2017	836,821
2018	769,937
2019	804,656
2020	723,834
	<hr/>
	3,940,479
	<hr/>
Thereafter	735,530
	<hr/>

11. Accumulated surplus

Accumulated surplus is comprised of the following:

	2015	2014
Unrestricted surplus	18,678,753	18,854,274
Replacement reserve	104,291	104,291
Equity in Ottawa Trust Fund	14,199	13,808
	<hr/>	<hr/>
	18,797,243	18,972,373

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.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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 \$246,543 (2014 - \$288,825) in interest and received \$5,169 (2014 - \$4,008) of interest.

14. AANDC funding reconciliation

	2015	2014
AANDC funding per Confirmation	4,712,820	4,636,114
AANDC funding per Financial Statements	4,712,820	4,636,114

15. Government transfers

	<i>Operating</i>	<i>Capital</i>	2015	2014
Federal government transfers				
Aboriginal Affairs and Northern Development Canada	4,712,820	-	4,712,820	4,636,114
First Nation and Inuit Health	1,253,238	-	1,253,238	1,247,130
Canada Mortgage and Housing Corporation	107,681	-	107,681	112,962
Natural Resources Canada	98,000	-	98,000	-
Total Federal	6,171,739	-	6,171,739	5,996,206
Provincial government transfers				
Ministry of Health Promotion	45,000	-	45,000	45,000
Ministry of Community and Social Services	1,736,516	-	1,736,516	1,719,419
Ministry of Education	593,010	-	593,010	515,556
Ministry of Natural Resources	110,907	-	110,907	235,000
Ministry of Aboriginal Affairs	420,767	-	420,767	200,529
Ministry of Health and Long-Term Care	77,202	-	77,202	74,026
Ministry of the Solicitor General	38,124	-	38,124	38,124
Total Provincial	3,021,526	-	3,021,526	2,827,654
	9,193,265	-	9,193,265	8,823,860

16. Economic dependence

Grassy Narrows First Nation receives 42.6% (2014 - 42.1%) 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. 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.

18. 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, 2015. 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.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

19. 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, 2015

	Infrastructure	Community buildings	Automotive	Land improvements	Band housing	Roads	Subtotal
Cost							
Balance, beginning of year	3,637,341	15,833,817	761,752	657,933	14,817,220	1,730,869	37,438,932
Acquisition of tangible capital assets	-	-	40,000	-	-	-	40,000
Construction-in-progress	-	-	-	-	-	-	-
Balance, end of year	3,637,341	15,833,817	801,752	657,933	14,817,220	1,730,869	37,478,932
Accumulated amortization							
Balance, beginning of year	2,327,332	7,462,566	721,775	509,191	8,054,655	1,091,378	20,166,897
Annual amortization	85,405	386,374	39,977	21,931	425,576	31,108	990,371
Balance, end of year	2,412,737	7,848,940	761,752	531,122	8,480,231	1,122,486	21,157,268
Net book value of tangible capital assets	1,224,604	7,984,877	40,000	126,811	6,336,989	608,383	16,321,664
2014 - Net book value of tangible capital assets	1,310,009	8,371,252	39,977	148,743	6,762,565	639,490	17,272,036

Grassy Narrows First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Subtotal</i>	<i>CMHC housing</i>	<i>Computer systems</i>	<i>Construction in progress</i>	<i>2015</i>	<i>2014</i>
Cost						
Balance, beginning of year	37,438,932	2,221,940	23,544	4,382,977	44,067,393	42,081,653
Acquisition of tangible capital assets	40,000	-	-	-	40,000	105,674
Construction-in-progress	-	-	-	535,329	535,329	1,880,066
Balance, end of year	37,478,932	2,221,940	23,544	4,918,306	44,642,722	44,067,393
Accumulated amortization						
Balance, beginning of year	20,166,897	1,245,905	17,658	-	21,430,460	20,351,501
Annual amortization	990,371	74,065	5,886	-	1,070,322	1,078,958
Balance, end of year	21,157,268	1,319,970	23,544	-	22,500,782	21,430,459
Net book value of tangible capital assets	16,321,664	901,970	-	4,918,306	22,141,940	22,636,934
2014 - Net book value of tangible capital assets	17,272,036	976,035	5,886	4,382,977	22,636,934	

Grassy Narrows First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object

For the year ended March 31, 2015

	2015 Budget	2015	2014
Consolidated expenses by object			
Administrative expenses	3,935,419	3,165,669	3,663,808
Amortization of tangible capital assets	80,000	1,073,348	1,078,958
Bank charges and short-term interest	24,000	29,483	20,276
Community development	354,703	597,088	159,530
Cultural development	-	28,478	26,696
Economic development	-	3,396	24,862
Education	349,414	363,496	321,051
Health	-	154,142	237,653
Honoraria	18,000	23,800	25,316
Interest on long-term debt	32,000	246,544	228,355
Provision for allowances	13,181	63,411	102,935
Salaries, wages and benefits	4,484,856	4,433,030	3,941,199
Social	1,256,556	1,454,935	1,305,269
	10,548,129	11,636,820	11,135,908

Grassy Narrows First Nation

Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment

For the year ended March 31, 2015

Segment	Schedule #	AANDC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/Transfers From (To)	Current Surplus (Deficit)
Administration	4	573,778	847,877	55,439	1,477,094	1,452,702	-	24,392
Economic and Social Development	5	80,300	247,824	(8,312)	319,812	319,111	-	701
Operations and Maintenance	6	396,844	17,620	60,000	474,464	794,574	-	(320,110)
Social Services	7	487,858	2,636,267	-	3,124,125	3,086,915	(70,000)	(32,790)
Health	8	-	1,445,758	-	1,445,758	1,469,049	-	(23,291)
Ontario First Nations Limited Partnership	9	-	811,427	-	811,427	384,703	(426,724)	-
Capital Fund	10	586,846	-	158,293	745,139	746,936	426,724	424,927
Education Authority	11	2,587,194	182,921	-	2,770,115	3,117,239	70,000	(277,124)
Housing Authority	12	-	193,196	-	193,196	165,031	-	28,165
Ontario Process	13	-	100,560	-	100,560	100,560	-	-
		4,712,820	6,483,450	265,420	11,461,690	11,636,820	-	(175,130)

Grassy Narrows First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 <i>Budget</i>	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	713,790	573,778	560,011
Ministry of Aboriginal Affairs	280,982	280,982	120,529
Administration fees	115,000	166,089	138,686
Miscellaneous	16,238	160,673	196,672
Grassy Narrows Trust	118,954	118,954	116,000
Shooniyaa Wa-Biitong	49,630	66,858	29,731
HST rebates	25,000	49,152	54,408
Interest income	-	5,169	4,008
Ministry of Natural Resources	-	-	100,000
Horizon Hydro	-	-	34,546
Deferred revenue - prior year	-	55,439	10,000
Deferred revenue - current year	-	-	(55,439)
	1,319,594	1,477,094	1,309,152
Expenses			
Administration	19,554	16,937	8,259
Bad debts	-	26,472	34,622
Bank charges and interest	20,000	22,302	14,958
Contracted services	272,316	333,126	239,362
Insurance	6,000	16,929	18,530
Meetings	1,950	470	6,100
Professional fees	50,000	159,045	96,700
Repairs and maintenance	-	5,560	2,589
Salaries and benefits	593,667	513,532	396,603
Social assistance	-	1,123	50
Staff fund expenditures	5,000	3,809	4,122
Supplies	5,933	49,715	36,328
Telephone and utilities	28,500	47,827	30,201
Travel and training	133,281	255,855	183,732
	1,136,201	1,452,702	1,072,156
Surplus	183,393	24,392	236,996

Grassy Narrows First Nation
Economic and Social Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	80,300	80,300	80,500
Ministry of Health Promotion	45,000	45,000	45,000
Ministry of Aboriginal Affairs	139,785	139,785	80,000
Ministry of Natural Resources	29,700	29,700	-
Miscellaneous	3,089	28,089	12,051
Donations and fundraising	5,250	5,250	17,000
Shooniyaa Wa-Biitong	-	-	84,057
Deferred revenue - prior year	4,051	26,153	39,330
Deferred revenue - current year	-	(34,465)	(26,153)
	307,175	319,812	331,785
Expenses			
Administration	16,225	16,225	-
Contracted services	53,201	61,499	132,868
Salaries and benefits	147,211	146,892	149,050
Supplies	8,550	5,204	3,546
Telephone and utilities	4,257	2,875	1,672
Travel and training	79,699	86,416	49,385
	309,143	319,111	336,521
Surplus (Deficit)	(1,968)	701	(4,736)

Grassy Narrows First Nation
Operations and Maintenance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	548,862	396,844	390,014
Miscellaneous	-	17,620	12,390
Deferred revenue - prior year	60,000	60,000	60,000
Deferred revenue - current year	(60,000)	-	(60,000)
	548,862	474,464	402,404
Expenses			
Amortization	-	347,636	347,637
Community development proposals	-	-	1,866
Contracted services	60,178	76,917	71,183
Furniture and equipment	-	1,639	1,093
Insurance	25,000	8,419	37,044
Rent	-	-	22,501
Repairs and maintenance	82,089	15,233	26,623
Road maintenance	-	24,230	22,202
Salaries and benefits	143,577	116,565	113,722
Supplies	69,000	71,629	36,872
Telephone and utilities	159,018	120,837	88,025
Travel and training	10,000	11,469	10,187
	548,862	794,574	778,955
Deficit before other items	-	(320,110)	(376,551)
Other income (expense)			
Gain (loss) on disposal of capital assets	-	-	439,319
Surplus (Deficit)	-	(320,110)	62,768

Grassy Narrows First Nation
Social Services
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	412,758	487,858	533,575
Ministry of Community and Social Services	1,614,298	1,688,798	1,671,701
Ministry of Education	705,902	593,010	515,556
Shooniyaa Wa-Biitong	-	137,195	122,737
Kenora Chiefs Advisory Inc.	188,261	101,938	101,938
Ministry of Health and Long-Term Care	99,000	77,202	74,026
Ministry of the Solicitor General	38,124	38,124	38,124
	3,058,343	3,124,125	3,057,657
Expenses			
Administration	-	29,413	29,288
Amortization	-	9,904	9,904
Contracted services	457,099	286,574	237,383
Food	-	23,164	14,379
Insurance	1,212	31,843	17,289
Professional fees	-	35,000	25,979
Rent	-	12,000	12,000
Repairs and maintenance	41,065	76,200	31,400
Salaries and benefits	1,106,488	915,183	922,578
Social assistance	1,256,556	1,450,611	1,428,560
Supplies	59,867	48,491	79,668
Telephone and utilities	-	46,180	46,689
Travel and training	148,256	122,352	111,392
	3,070,543	3,086,915	2,966,509
Surplus before transfers	(12,200)	37,210	91,148
Transfers between programs			
Transfer to Education	(70,000)	(70,000)	(70,000)
Surplus (Deficit)	(82,200)	(32,790)	21,148

Grassy Narrows First Nation
Health
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 <i>Budget</i>	2015	2014
Revenue			
First Nation and Inuit Health	1,253,238	1,253,238	1,247,130
Kenora Chiefs Advisory Inc.	138,337	143,055	134,827
Ministry of Community and Social Services	47,718	47,718	47,718
Miscellaneous	-	1,747	4,645
	1,439,293	1,445,758	1,434,320
Expenses			
Administration	79,414	112,385	77,014
Contracted services	312,336	304,950	393,814
Insurance	6,000	9,574	7,822
Professional fees	-	110	-
Repairs and maintenance	-	851	-
Salaries and benefits	771,363	805,371	692,091
Supplies	165,337	69,131	81,777
Telephone and utilities	60,282	72,337	61,395
Travel and training	44,861	94,340	123,063
	1,439,593	1,469,049	1,436,976
Deficit	(300)	(23,291)	(2,656)

Grassy Narrows First Nation
Ontario First Nations Limited Partnership
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Ontario First Nations Limited Partnership	811,427	811,427	794,254
Expenses			
Community development	190,703	198,687	159,530
Cultural development	30,000	28,478	26,696
Economic development	4,000	3,396	24,862
Health	160,000	154,142	175,278
	384,703	384,703	386,366
Surplus before transfers	426,724	426,724	407,888
Transfers between programs			
Transfer to Capital Fund Program	(426,724)	(426,724)	(407,888)
Surplus (Deficit)	-	-	-

**Grassy Narrows First Nation
Capital Fund**
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	586,846	586,846	587,440
Miscellaneous	-	-	19,000
Deferred revenue - prior year	158,293	158,293	160,381
Deferred revenue - current year	-	-	(158,293)
	745,139	745,139	608,528
Expenses			
Amortization	-	461,081	468,218
Contracted services	745,139	34,624	16,370
Interest on long-term debt	-	219,168	248,679
Salaries and benefits	-	23,471	40,145
Supplies	-	8,592	148,862
	745,139	746,936	922,274
Deficit before transfers	-	(1,797)	(313,746)
Transfers between programs	426,724	426,724	407,888
Surplus	426,724	424,927	94,142

**Grassy Narrows First Nation
Education Authority**
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Aboriginal Affairs and Northern Development Canada	2,363,495	2,587,194	2,484,574
Bimose Tribal Council	-	83,580	93,917
Miscellaneous	102,231	62,142	77,992
Rental income	32,000	33,025	31,025
Donations and fundraising	-	4,174	301
	2,497,726	2,770,115	2,687,809
Expenses			
Administration	4,000	1,500	20,398
Advertising	1,750	3,383	1,828
Amortization	-	177,637	179,134
Automotive	20,000	15,026	27,251
Bank charges and interest	4,000	6,324	4,831
Book and education supplies	31,150	40,384	33,764
Capital purchases	3,000	-	-
Casual labour	10,000	1,335	3,312
Consulting	24,000	14,484	22,502
Contracted services	4,000	14,400	2,782
Donations and fundraising	-	9,784	14,148
Employee benefits	84,571	77,916	85,658
Teacher salaries	58,900	64,800	65,000
Field trips	6,000	25,324	4,260
Furniture and equipment	10,000	7,297	14,422
Honoraria	18,000	23,600	22,900
Insurance	54,775	88,348	57,388
Living allowances	200,000	194,618	188,324
Management fees	54,775	18,782	-
Meetings	7,000	3,383	5,529
Miscellaneous	18,000	1,950	900
Professional development	7,000	17,848	5,101
Professional fees	17,500	20,728	21,525
Renovations	10,000	18,170	10,553
Rent	-	-	396
Repairs and maintenance	51,300	25,863	23,974
Salaries and benefits	1,471,079	1,730,989	1,584,857
School awards	5,500	3,598	4,944
Supplies	128,500	202,391	203,788
Telephone and utilities	180,500	159,197	181,729
Travel and training	31,200	48,608	31,000
Tuition	106,764	99,572	93,083
	2,623,264	3,117,239	2,915,281
Deficit before transfers	(125,538)	(347,124)	(227,472)
Transfers between programs			
Transfer from Social Services	70,000	70,000	70,000
Deficit	(55,538)	(277,124)	(157,472)

**Grassy Narrows First Nation
Housing Authority**
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Canada Mortgage and Housing Corporation	107,681	107,681	112,962
Rental income	85,000	85,515	111,825
	192,681	193,196	224,787
Expenses			
Administration	15,000	15,000	15,000
Amortization	80,000	74,065	74,065
Bad debts	13,181	14,200	35,622
Bank charges and interest	-	844	311
Insurance	25,000	23,019	18,898
Interest on long-term debt	32,000	27,376	40,146
Professional fees	10,000	8,000	8,000
Repairs and maintenance	17,500	2,527	4,302
	192,681	165,031	196,344
Surplus	-	28,165	28,443

Grassy Narrows First Nation
Ontario Process
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2015

	2015 Budget	2015	2014
Revenue			
Ministry of Natural Resources	-	81,207	135,000
Repayment of funding	-	(78,647)	-
Natural Resources Canada	98,000	98,000	-
	98,000	100,560	135,000
Expenses			
Bank charges and interest	-	13	176
Consulting	-	36,724	44,200
Honoraria	-	200	-
Office supplies	-	3,942	70
Professional fees	-	-	29,400
Salaries and benefits	98,000	35,740	45,800
Supplies	-	19,575	-
Telephone and utilities	-	-	3,575
Travel and training	-	4,366	1,305
	98,000	100,560	124,526
Surplus (Deficit)	-	-	10,474