

Grassy Narrows First Nation
Consolidated Financial Statements
March 31, 2016

Grassy Narrows First Nation

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For the year ended March 31, 2016

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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 Chief and 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.

December 20, 2016



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, 2016, and the consolidated statements of operations and 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 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, 2016 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

December 20, 2016

Chartered Professional Accountants

Licensed Public Accountants

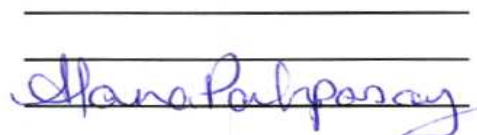
Grassy Narrows First Nation

Consolidated Statement of Financial Position

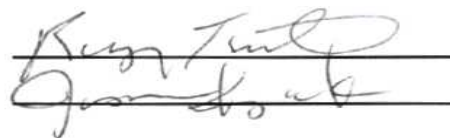
As at March 31, 2016

	2016	2015
Financial assets		
Current		
Cash and cash equivalents	259,944	178,087
Temporary investments	-	754,675
Accounts receivable (Note 4)	736,842	754,037
	996,786	1,686,799
Advances to Keewache-Ete-Min (Note 5)	322,713	326,677
Funds Held in Ottawa Trust Fund (Note 6)	14,501	14,199
Advances to 1737743 Ontario Inc.	22,925	22,925
Total financial assets	1,356,925	2,050,600
Liabilities		
Current		
Bank indebtedness (Note 7)	66,742	236,780
Accounts payable and accruals (Note 8)	640,386	515,437
Deferred revenue (Note 9)	4,459	34,465
	711,587	786,682
Long-term debt (Note 10)	3,870,725	4,676,009
Total liabilities	4,582,312	5,462,691
Net debt	(3,225,387)	(3,412,091)
Contingencies (Note 16)		
Non-financial assets		
Tangible capital assets (Schedule 1)	21,349,638	22,141,940
Prepaid expenses	82,197	67,394
Total non-financial assets	21,431,835	22,209,334
Accumulated surplus	18,206,448	18,797,243

Approved on behalf of the First Nation



Chief
Councillor
Councillor



Councillor
Councillor

Grassy Narrows First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	<i>Schedules</i>	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue				
Indigenous and Northern Affairs Canada (Note 13), (Note 14)		3,849,958	4,708,758	4,712,820
First Nation and Inuit Health (Note 14)		1,273,997	1,294,997	1,253,238
Canada Mortgage and Housing Corporation (Note 14)		-	102,400	107,681
Natural Resources Canada		-	-	98,000
Ministry of Community and Social Services (Note 14)		47,718	1,834,494	1,736,516
Ontario First Nations Limited Partnership		773,367	816,331	811,427
Ministry of Aboriginal Affairs (Note 14)		615,556	615,556	420,767
Ministry of Education (Note 14)		638,859	570,558	593,010
Kenora Chiefs Advisory Inc.		256,561	259,525	244,993
Shooniyaa Wa-Biitong		101,093	223,848	204,053
Administration fees		115,000	193,890	185,414
Miscellaneous		226,749	178,570	250,946
Rental income		-	133,563	118,540
HST rebates		25,000	99,084	49,152
Ministry of Health and Long-Term Care (Note 14)		-	82,479	77,202
Ministry of Natural Resources (Note 14)		-	76,509	110,907
Ministry of Health Promotion (Note 14)		45,000	45,000	45,000
Grassy Narrows Trust		46,838	46,838	118,954
Ministry of the Solicitor General (Note 14)		38,124	38,124	38,124
Bimose Tribal Council		-	35,080	83,580
Donations and fundraising		-	4,595	9,424
Other revenue		3,500	3,500	-
Interest income		-	2,640	5,169
Grand Council Treaty #3		-	1,063	-
Repayment of funding		-	-	(78,647)
Deferred revenue - prior year (Note 9)		36,178	34,465	299,885
Deferred revenue - current year (Note 9)		-	(4,459)	(34,465)
		8,093,498	11,397,408	11,461,690
Expenses				
Administration	4	1,323,005	1,672,811	1,463,719
Economic and Social Development	5	309,083	328,139	319,111
Operations and Maintenance	6	512,710	908,209	794,574
Social Services	7	953,721	3,115,949	3,083,409
Health	8	1,476,338	1,490,000	1,461,538
Ontario First Nations Limited Partnership	9	359,200	360,495	384,703
Capital Fund	10	-	717,342	746,936
Education Authority	11	2,855,371	3,093,110	3,117,239
Housing Authority	12	137,308	156,359	165,031
Ontario Process	13	-	145,789	100,560
Total Expenses (Schedule 2)		7,926,736	11,988,203	11,636,820
Surplus (Deficit)		166,762	(590,795)	(175,130)

Continued on next page

Grassy Narrows First Nation
Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2016

	2016 Budget	2016	2015
Surplus (Deficit) <i>(Continued from previous page)</i>	166,762	(590,795)	(175,130)
Accumulated surplus, beginning of year	18,797,243	18,797,243	18,972,373
Accumulated surplus, end of year	18,964,005	18,206,448	18,797,243

The accompanying notes are an integral part of these financial statements

Grassy Narrows First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2016

	2016 Budget	2016	2015
Surplus (deficit)	166,762	(590,795)	(175,130)
Purchases of tangible capital assets	-	(54,802)	(40,000)
Assets under construction	-	(158,716)	(535,329)
Amortization of tangible capital assets	-	1,005,820	1,070,323
	-	792,302	494,994
Acquisition of prepaid expenses	-	(82,197)	(67,394)
Use of prepaid expenses	-	67,394	66,958
	-	(14,803)	(436)
Decrease in net debt	166,762	186,704	319,428
Net debt, beginning of year	3,412,091	(3,412,091)	(3,731,519)
Net debt, end of year	3,578,853	(3,225,387)	(3,412,091)

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, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating activities		
Surplus (Deficit)	(590,795)	(175,130)
Non-cash items		
Amortization	1,005,820	1,070,323
	415,025	895,193
Changes in working capital accounts		
Accounts receivable	17,195	391,819
Prepaid expenses	(14,803)	(436)
Accounts payable and accruals	124,948	46,647
Deferred revenue	(30,006)	(265,420)
	512,359	1,067,803
Financing activities		
Advances of long-term debt	-	698,723
Repayment of long-term debt	(805,284)	(1,466,724)
Funds Held in Ottawa Trust Fund	(301)	(391)
	(805,585)	(768,392)
Capital activities		
Purchases of tangible capital assets	(54,802)	(40,000)
Increase in construction in progress	(158,716)	(535,329)
	(213,518)	(575,329)
Investing activities		
Repayment of Advances to Keewache-Ete-Min	-	(7,839)
Advances to Keewache-Ete-Min	3,964	-
	3,964	(7,839)
Decrease in cash resources	(502,780)	(283,757)
Cash resources, beginning of year	695,982	979,739
Cash resources, end of year	193,202	695,982
Cash resources are composed of:		
Cash and cash equivalents total	259,944	178,087
Temporary investments	-	754,675
Bank indebtedness	(66,742)	(236,780)
	193,202	695,982

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, 2016

1. Operations

The Grassy Narrows First Nation (the "First Nation") is located in the Province of Ontario, and provides various services to its members. Grassy Narrows First Nation includes the First Nation's members, government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

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. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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.

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 capital 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.

Capital projects with a carrying value of \$5,077,021 (2016 - \$4,918,305) are currently under construction. As such, amortization of these assets has not been recorded during the year.

	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

Temporary 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 combined with non-financial assets comprises a second indicator of financial position and accumulated surplus.

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.

Other revenue

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

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.

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 consolidated 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.

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.

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, 2016

3. Cash and cash equivalents

	2016	2015
RBC GIC	246,219	-
Social Housing bank account	33,176	26,631
Operating bank account	12,420	-
Cash on hand	3,230	82
Ontario Process Bank Account	1,918	84,903
Capital bank account	1,395	1,787
Education bank account	(38,414)	64,684
	259,944	178,087

RBC GIC consists of a GIC held with Royal Bank of Canada. The GIC pays interest annually at 0.6% and matures June 13, 2016. The market value as at March 31, 2016 is \$246,219 (2015 - \$0). In accordance with significant accounting policies, it is classified as a cash resource as it matures within three months.

4. Accounts receivable

	2016	2015
First Nation Members	565,724	490,190
Indigenous and Northern Affairs Canada	147,546	9,805
Health Canada	140,204	10,714
Kenora Chiefs Advisory Inc.	130,490	112,605
Miscellaneous	122,769	74,013
Ministry of Aboriginal Affairs	117,260	-
Ontario First Nations Limited Partnership	25,979	66,683
Ministry of Community and Social Services	23,500	43,705
Ministry of Health	19,308	12,193
Insurance receivable	13,680	239,319
Ministry of Natural Resources	10,200	56,257
Canada Mortgage and Housing Corporation	8,533	8,533
Bimose Tribal Council	7,943	36,123
Ministry of Education	-	119,957
	1,333,136	1,280,097
Allowance for doubtful accounts	(596,294)	(526,060)
	736,842	754,037

Allowance for doubtful accounts is made up of band member advances \$290,729 (2015 - \$239,269), English River Fishing \$6,000 (2015 - \$6,000), Minnow Say Win \$15,201 (2015 - \$15,201), CMHC rent \$266,247 (2015 - \$247,473) and trade receivables \$18,117 (2015 - \$18,117).

5. 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, 2016

6. Funds held in Ottawa Trust Fund

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

	2016	2015
INAC Capital Trust		
Balance, beginning of year	7,954	7,954
Balance, end of year	7,954	7,954
Revenue Trust		
Balance, beginning of year	6,245	5,854
Interest	302	391
Balance, end of year	6,547	6,245
	14,501	14,199

7. Bank indebtedness

Bank indebtedness includes a demand loan in the amount of \$51,742 (2015 - \$40,000), bearing interest at a fixed rate of 6.24% and a demand loan in the amount of \$15,000 (2015 - \$0), bearing interest at prime rate plus 2%.

8. Accounts payable and accruals

	2016	2015
Trade payables	545,277	424,522
Accruals	73,000	73,000
Government remittances	22,109	17,915
	640,386	515,437

9. Deferred revenue

	Balance March 31, 2015	Funding Received 2016	Other Revenue 2016	Revenue Recognized 2016	Balance March 31, 2016
<u>Provincial Government</u>					
<u>Other</u>					
Activator - Economic Development	11,178	-	44,999	51,718	4,459
<u>Other</u>					
New Horizon - Economic Development	23,287	-	(23,287)	-	-
Total	34,465	-	21,712	51,718	4,459

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

10. Long-term debt

	2016	2015
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.	493,456	640,004
Loan payable to Royal Bank of Canada with monthly payments of \$8,333 plus interest at RBC prime + 2.00% (2016 - 4.7%), secured by assignment of accounts receivable and supported by a Band Council Resolution, matures May 2017.	116,667	216,667
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 31, 2017.	3,260,602	3,819,338
	3,870,725	4,676,009

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
2017	836,790
2018	786,571
2019	804,619
2020	722,577
2021	720,168
	3,870,725

11. 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.

12. 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 \$189,937 (2015 - \$246,544) in interest and received \$2,640 (2015 - \$5,169) of interest.

13. INAC funding reconciliation

	2016	2015
INAC funding per Confirmation	4,708,758	4,712,820
INAC funding per Financial Statements	4,708,758	4,712,820

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2016

14. Government transfers

	<i>Operating</i>	<i>2016</i>	<i>2015</i>
Federal government transfers			
Indigenous and Northern Affairs Canada	4,708,758	4,708,758	4,712,820
First Nation and Inuit Health	1,294,997	1,294,997	1,253,238
Canada Mortgage and Housing Corporation	102,400	102,400	107,681
Natural Resources Canada	-	-	98,000
Total Federal	6,106,155	6,106,155	6,171,739
Provincial government transfers			
Ministry of Health Promotion	45,000	45,000	45,000
Ministry of Community and Social Services	1,834,494	1,834,494	1,736,516
Ministry of Education	570,558	570,558	593,010
Ministry of Natural Resources	76,509	76,509	110,907
Ministry of Aboriginal Affairs	615,556	615,556	420,767
Ministry of Health and Long-Term Care	82,479	82,479	77,202
Ministry of the Solicitor General	38,124	38,124	38,124
Total Provincial	3,262,720	3,262,720	3,021,526
	9,368,875	9,368,875	9,193,265

15. Economic dependence

Grassy Narrows First Nation receives 41% (2015 - 41%) of its revenue from Indigenous and Northern Affairs Canada (INAC) as a result of treaties entered into with the Government of Canada. These treaties are administered by INAC 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.

16. Contingencies

The First Nation has signed funding agreements with Indigenous and Northern Affairs 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.

17. First Nations Financial Transparency 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 INAC by July 29, 2016. 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.

18. Comparative figures

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

19. Budget information

The disclosed budget information has been approved by the Chief and Council and presented to the members of the First Nation.

Grassy Narrows First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2016

	<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	15,833,818	801,752	657,933	14,817,220	1,730,869	37,478,933
Acquisition of tangible capital assets	-	-	54,802	-	-	-	54,802
Construction-in-progress	-	-	-	-	-	-	-
Balance, end of year	3,637,341	15,833,818	856,554	657,933	14,817,220	1,730,869	37,533,735
Accumulated amortization							
Balance, beginning of year	2,412,737	7,848,941	761,753	531,121	8,480,231	1,122,486	21,157,269
Annual amortization	85,405	386,375	8,304	21,931	398,632	31,108	931,755
Balance, end of year	2,498,142	8,235,316	770,057	553,052	8,878,863	1,153,594	22,089,024
Net book value of tangible capital assets	1,139,199	7,598,502	86,497	104,881	5,938,357	577,275	15,444,711
2015 Net book value of tangible capital assets	1,224,604	7,984,877	40,000	126,812	6,336,987	608,383	16,321,663

Grassy Narrows First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2016

	<i>Subtotal</i>	<i>CMHC housing</i>	<i>Computer systems</i>	<i>Construction in progress</i>	<i>2016</i>	<i>2015</i>
Cost						
Balance, beginning of year	37,478,933	2,221,940	23,544	4,918,305	44,642,722	44,067,393
Acquisition of tangible capital assets	54,802	-	-	-	54,802	40,000
Construction-in-progress	-	-	-	158,716	158,716	535,330
Balance, end of year	37,533,735	2,221,940	23,544	5,077,021	44,856,240	44,642,723
Accumulated amortization						
Balance, beginning of year	21,157,269	1,319,969	23,544	-	22,500,782	21,430,460
Annual amortization	931,755	74,065	-	-	1,005,820	1,070,323
Balance, end of year	22,089,024	1,394,034	23,544	-	23,506,602	22,500,783
Net book value of tangible capital assets	15,444,711	827,906	-	5,077,021	21,349,638	22,141,940
2015 Net book value of tangible capital assets	16,321,663	901,970	-	4,918,307	22,141,940	

Grassy Narrows First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2016

	2016 Budget	2016	2015
Consolidated expenses by object			
Administrative expenses	3,061,638	4,025,131	3,801,859
Amortization of tangible capital assets	-	1,005,820	1,070,322
Bank charges and short-term interest	24,500	27,148	29,483
Community development	150,000	150,000	198,687
Cultural development	-	31,635	28,478
Economic development	-	500	3,396
Education	154,514	126,190	147,455
Fundraising	-	9,921	9,784
Health	209,200	178,360	154,146
Honoraria	24,000	24,312	23,800
Interest on long-term debt	-	189,937	246,544
Provision for allowances	45,000	321,341	40,672
Salaries, wages and benefits	4,158,484	4,399,202	4,430,459
Social	99,400	1,498,706	1,451,735
	7,926,736	11,988,203	11,636,820

Grassy Narrows First Nation

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

For the year ended March 31, 2016

	<i>Schedule #</i>	<i>INAC Revenue</i>	<i>Other Revenue</i>	<i>Deferred Revenue</i>	<i>Total Revenue</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>
Segment								
Administration	4	600,781	990,468	-	1,591,249	1,672,811	17,774	(63,788)
Economic and Social Development	5	70,700	228,104	30,006	328,810	328,139	-	671
Operations and Maintenance	6	403,496	28,760	-	432,256	908,209	-	(475,953)
Social Services	7	427,700	2,702,630	-	3,130,330	3,115,949	(54,520)	(40,139)
Health	8	-	1,502,440	-	1,502,440	1,490,000	(15,480)	(3,040)
Ontario First Nations Limited Partnership	9	-	816,331	-	816,331	360,495	(455,836)	-
Capital Fund	10	583,818	-	-	583,818	717,342	438,062	304,538
Education Authority	11	2,622,263	133,504	-	2,755,767	3,093,110	70,000	(267,343)
Housing Authority	12	-	191,338	-	191,338	156,359	-	34,979
Ontario Process	13	-	65,069	-	65,069	145,789	-	(80,720)
		4,708,758	6,658,644	30,006	11,397,408	11,988,203	-	(590,795)

Grassy Narrows First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	634,333	600,781	573,778
Ministry of Aboriginal Affairs	525,556	525,556	280,982
Shooniyaa Wa-Biitong	50,764	50,764	66,858
Administration fees	115,000	173,970	166,089
Miscellaneous	3,600	89,487	160,673
HST rebates	25,000	50,569	49,152
Grassy Narrows Trust	46,838	46,838	118,954
Bimose Tribal Council	-	34,080	-
Rental income	-	12,000	-
Other revenue	3,500	3,500	-
Interest income	-	2,641	5,169
Grand Council Treaty #3	-	1,063	-
Deferred revenue - prior year	-	-	55,439
	1,404,591	1,591,249	1,477,094
Expenses			
Administration	31,203	27,168	16,937
Bad debts	-	302,566	26,472
Bank charges and interest	20,000	21,708	22,302
Contracted services	234,640	255,770	333,126
Insurance	6,000	6,618	16,929
Meeting	-	10,243	470
Miscellaneous	-	1,647	-
Professional fees	147,177	266,504	159,045
Repairs and maintenance	-	4,216	5,560
Salaries and benefits	686,487	492,809	524,549
Social assistance	-	-	1,123
Staff fund expenditures	5,000	9,021	3,809
Supplies	13,552	42,408	49,715
Telephone	27,600	27,878	47,827
Travel and training	151,346	204,255	255,855
	1,323,005	1,672,811	1,463,719
Surplus (deficit) before transfers	81,586	(81,562)	13,375
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	-	17,774	-
Surplus (deficit)	81,586	(63,788)	13,375

Grassy Narrows First Nation
Economic and Social Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	70,700	70,700	80,300
Ministry of Aboriginal Affairs	90,000	90,000	139,785
Shooniyaa Wa-Biitong	50,329	50,329	-
Miscellaneous	31,335	31,335	28,089
Ministry of Natural Resources	-	11,440	29,700
Donations and fundraising	-	-	5,250
Deferred revenue - prior year (Note 9)	36,178	34,465	26,153
Deferred revenue - current year (Note 9)	-	(4,459)	(34,465)
Ministry of Health Promotion	45,000	45,000	45,000
	323,542	328,810	319,812
Expenses			
Administration	9,000	9,000	16,225
Contracted services	106,902	119,307	61,499
Salaries and benefits	139,903	143,859	146,892
Supplies	16,579	16,836	5,204
Telephone	4,000	1,960	2,875
Travel and training	32,699	37,177	86,416
	309,083	328,139	319,111
Surplus	14,459	671	701

Grassy Narrows First Nation
Operations and Maintenance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	367,522	403,496	396,844
Miscellaneous	13,000	27,760	17,620
Bimose Tribal Council	-	1,000	-
Deferred revenue - prior year	-	-	60,000
	380,522	432,256	474,464
Expenses			
Amortization	-	315,962	347,636
Contracted services	33,348	208,698	76,917
Furniture and equipment	-	-	1,639
Insurance	25,000	11,433	8,419
Repairs and maintenance	64,785	21,955	15,233
Road maintenance	25,000	18,726	24,230
Salaries and benefits	143,577	118,448	116,565
Supplies	47,000	82,047	71,629
Telephone	164,000	125,841	120,837
Travel and training	10,000	5,099	11,469
	512,710	908,209	794,574
Deficit	(132,188)	(475,953)	(320,110)

Grassy Narrows First Nation
Social Services
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	175,300	427,700	487,858
Ministry of Community and Social Services	-	1,786,776	1,688,798
Ministry of Education	638,859	570,558	593,010
Shooniyaa Wa-Biitong	-	122,755	137,195
Kenora Chiefs Advisory Inc.	101,938	101,938	101,938
Ministry of Health and Long-Term Care	-	82,479	77,202
Ministry of the Solicitor General	38,124	38,124	38,124
	954,221	3,130,330	3,124,125
Expenses			
Administration	1,184	29,414	29,413
Amortization	-	9,904	9,904
Contracted services	90,239	277,631	286,574
Food	-	21,372	23,164
Furniture and equipment	-	1,093	-
Insurance	1,212	31,212	31,843
Professional fees	-	35,000	35,000
Rent	1,776	12,000	12,000
Repairs and maintenance	-	1,500	76,200
Salaries and benefits	619,758	940,106	911,677
Social assistance	99,400	1,498,706	1,450,611
Supplies	37,000	87,402	48,491
Telephone	-	47,102	46,180
Travel and training	61,152	123,507	122,352
Building Accomodation	42,000	-	-
	953,721	3,115,949	3,083,409
Surplus before transfers	500	14,381	40,716
Transfers between segments			
Transfer to Education Authority	-	(70,000)	(70,000)
Transfer from Early Child Development - Health	-	15,480	-
	-	(54,520)	(70,000)
Deficit	500	(40,139)	(29,284)

**Grassy Narrows First Nation
Health**

Schedule 8 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
First Nation and Inuit Health	1,273,997	1,294,997	1,253,238
Kenora Chiefs Advisory Inc.	154,623	157,587	143,055
Ministry of Community and Social Services	47,718	47,718	47,718
Miscellaneous	-	2,138	1,747
	1,476,338	1,502,440	1,445,758
Expenses			
Administration	70,914	93,388	112,385
Contracted services	343,887	339,634	304,950
Insurance	12,000	9,613	9,574
Professional fees	-	-	110
Repairs and maintenance	-	-	851
Salaries and benefits	768,636	794,839	797,860
Supplies	72,982	66,067	69,131
Telephone	62,230	65,870	72,337
Travel and training	132,789	120,589	94,340
Building Accomodation	3,000	-	-
Rent	9,900	-	-
	1,476,338	1,490,000	1,461,538
Surplus (deficit) before transfers	-	12,440	(15,780)
Transfers between segments			
Transfer to Crisis Intervention	(60,000)	-	-
Transfer from Early Childhood Development	(51,686)	-	-
Transfer to Maternal Health	(37,882)	-	-
Transfer to National Child Benefit - Social Services	149,568	(15,480)	-
	-	(15,480)	-
Deficit	-	(3,040)	(15,780)

Grassy Narrows First Nation
Ontario First Nations Limited Partnership
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Ontario First Nations Limited Partnership	773,367	816,331	811,427
Expenses			
Community development	150,000	150,000	198,687
Cultural development	-	31,635	28,478
Economic development	-	500	3,396
Health	209,200	178,360	154,142
	359,200	360,495	384,703
Surplus before transfers	414,167	455,836	426,724
Transfers between segments			
Transfer to Capital Fund	(438,062)	(438,062)	(426,724)
Transfer to Band Support - Administration	-	(17,774)	-
	(438,062)	(455,836)	(426,724)
Surplus (deficit)	(23,895)	-	-

Grassy Narrows First Nation
Capital Fund
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Indigenous and Northern Affairs Canada	-	583,818	586,846
Deferred revenue - prior year	-	-	158,293
	-	583,818	745,139
Expenses			
Amortization	-	434,137	461,081
Contracted services	-	47,763	34,624
Interest on long-term debt	-	179,782	219,168
Salaries and benefits	-	-	23,471
Supplies	-	55,660	8,592
	-	717,342	746,936
Deficit before transfers	-	(133,524)	(1,797)
Transfers between segments			
Transfer from Ontario First Nations Limited Partnership	438,062	438,062	426,724
Surplus	438,062	304,538	424,927

Grassy Narrows First Nation
Education Authority
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Revenue			
Indigenous and Northern Affairs Canada	2,602,103	2,622,263	2,587,194
HST rebates	-	48,514	-
Rental income	-	32,625	33,025
Miscellaneous	178,814	27,850	42,817
Administration fees	-	19,920	19,325
Donations and fundraising	-	4,595	4,174
Bimose Tribal Council	-	-	83,580
	2,780,917	2,755,767	2,770,115
Expenses			
Administration	4,500	19,920	19,325
Advertising	1,750	7,628	3,383
Amortization	-	171,752	177,637
Automotive	22,000	17,241	15,026
Bank charges and interest	4,500	5,068	6,324
Book and education supplies	34,750	22,585	22,559
Capital purchases	2,500	-	-
Casual labour	-	10,584	1,335
Consulting	25,000	53,445	14,484
Contracted services	10,000	3,384	14,400
Employee benefits	113,013	108,146	77,916
Field trips	6,000	18,293	25,324
Fundraising	-	9,921	9,784
Furniture and equipment	13,000	12,430	7,297
Honouraria	24,000	22,400	23,600
Insurance	85,000	80,296	88,348
Living allowances	173,000	200,939	194,618
Management fees	-	-	18,782
Meeting	7,000	4,381	3,383
Miscellaneous	5,500	5,652	1,950
Office supplies	200	185	-
Professional development	17,000	5,624	17,848
Professional fees	17,500	30,290	20,728
Renovations	-	1,386	18,170
Repairs and maintenance	79,500	54,964	25,863
Salaries and benefits	1,669,706	1,717,875	1,730,989
School awards	2,000	1,787	3,598
Supplies	162,500	136,106	202,391
Teacher salaries	17,404	68,600	64,800
Telephone	182,000	163,514	159,197
Travel and training	62,284	53,404	48,608
Tuition	113,764	85,310	99,572
	2,855,371	3,093,110	3,117,239
Deficit before transfers	(74,454)	(337,343)	(347,124)

Continued on next page

Grassy Narrows First Nation
Education Authority
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	<i>2016 Budget</i>	<i>2016</i>	<i>2015</i>
Deficit before transfers <i>(Continued from previous page)</i>	(74,454)	(337,343)	(347,124)
Transfers between segments			
Transfer from Social Services	-	70,000	70,000
Deficit	(74,454)	(267,343)	(277,124)

Grassy Narrows First Nation
Housing Authority
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Canada Mortgage and Housing Corporation	102,400	102,400	107,681
Rental income	88,938	88,938	85,515
	191,338	191,338	193,196
Expenses			
Administration	15,088	15,088	15,000
Amortization	74,065	74,065	74,065
Bad debts	-	18,775	14,200
Bank charges and interest	-	-	844
Insurance	26,000	26,035	23,019
Interest on long-term debt	10,155	10,155	27,376
Professional fees	8,000	8,000	8,000
Repairs and maintenance	4,000	4,241	2,527
	137,308	156,359	165,031
Surplus	54,030	34,979	28,165

Grassy Narrows First Nation
Ontario Process
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2016

	2016 Budget	2016	2015
Revenue			
Ministry of Natural Resources	-	65,069	81,207
Repayment of funding	-	-	(78,647)
	-	65,069	2,560
Expenses			
Bank charges and interest	-	373	13
Consulting	-	26,166	36,724
Honouraria	-	1,912	200
Miscellaneous	-	8,328	-
Office rent	-	150	-
Office supplies	-	4,262	3,942
Professional fees	-	3,378	-
Salaries and benefits	-	14,520	35,740
Supplies	-	49,829	19,575
Telephone	-	578	-
Travel and training	-	36,293	4,366
	-	145,789	100,560
Deficit	-	(80,720)	(98,000)