

**Grassy Narrows First Nation
Consolidated Financial Statements**

March 31, 2017

Grassy Narrows First Nation
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For the year ended March 31, 2017

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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.

November 24, 2017



Finance Manager

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, 2017, 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, 2017 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.



Chartered Professional Accountants

Kenora, Ontario

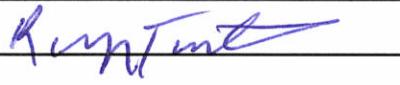
Licensed Public Accountants

November 24, 2017

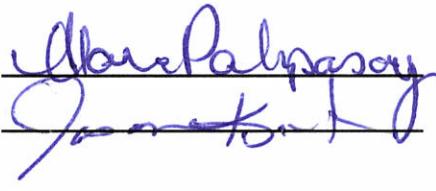
Grassy Narrows First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Current		
Cash and cash equivalents (Note 3)	660,262	259,944
Temporary investments (Note 4)	1,198,000	-
Accounts receivable (Note 5)	1,757,909	736,841
	3,616,171	996,785
Advances to Other Parties (Note 6)	345,760	345,638
Funds Held in Ottawa Trust Fund (Note 7)	14,769	14,501
Investments in Nation Partnerships (Note 8)	4,099	-
Total financial assets	3,980,799	1,356,924
Liabilities		
Current		
Bank indebtedness (Note 9)	-	15,000
Accounts payable and accruals (Note 10)	858,246	640,385
Deferred revenue (Note 11)	1,258,058	4,459
	2,116,304	659,844
Term loans due on demand (Note 12)	41,886	51,742
	2,158,190	711,586
Long-term debt (Note 13)	4,903,152	3,870,725
Total liabilities	7,061,342	4,582,311
Net debt	(3,080,543)	(3,225,387)
Contingencies (Note 19)		
Non-financial assets		
Tangible capital assets (Schedule 1)	21,328,502	21,349,638
Prepaid expenses	258,243	82,197
Total non-financial assets	21,586,745	21,431,835
Accumulated surplus	18,506,202	18,206,448

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, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue				
Indigenous and Northern Affairs Canada (Note 16), (Note 17)		3,362,255	6,386,654	4,708,758
First Nations and Inuit Health (Note 17)		1,413,456	1,499,101	1,294,997
Canada Mortgage and Housing Corporation (Note 17)		102,400	319,346	102,400
Employment and Social Development Canada (Note 17)		-	88,772	-
Canadian Environmental Assessment Agency (Note 17)		-	5,000	-
Ministry of Community and Social Services (Note 17)		47,718	1,971,427	1,834,494
Ontario First Nations Limited Partnership		900,000	925,190	816,331
Ministry of Indigenous Relations and Reconciliation (Note 17)		833,090	831,655	615,556
Ministry of Education (Note 17)		679,029	630,345	570,558
Kenora Chiefs Advisory Inc.		247,623	357,445	259,525
Ministry of the Environment and Climate Change (Note 17)		-	330,000	-
Shooniyyaa Wa-Biitong		-	312,660	223,848
Miscellaneous		73,721	277,766	184,007
Administration fees		115,000	177,535	193,890
Grand Council Treaty #3		-	141,904	1,063
Ministry of Health and Long-Term Care (Note 17)		-	127,442	82,479
Rental income		103,863	102,429	133,563
Ministry of Tourism, Culture and Sport (Note 17)		48,000	48,000	-
Bimose Tribal Council		-	44,393	35,080
Ministry of the Solicitor General (Note 17)		38,124	38,124	38,124
Independent Electricity System Operator		-	26,931	-
Grassy Narrows Trust		-	12,000	46,838
Ministry of Natural Resources (Note 17)		-	5,181	76,509
Kakina Economic Development Group LP		-	3,998	-
Other revenue		-	3,500	3,500
Interest income		-	269	2,640
HST rebates		25,000	49,545	99,084
Ministry of Health Promotion (Note 17)		-	-	45,000
Donations and fundraising		-	-	4,595
Repayment of funding		-	(5,509)	-
Deferred revenue - prior year (Note 11)		-	4,459	34,465
Deferred revenue - current year (Note 11)		-	(1,258,058)	(4,459)
		7,989,279	13,457,504	11,402,845
Expenses				
Administration	4	1,480,297	2,009,437	1,678,248
Economic and Social Development	5	193,500	475,625	326,659
Operations and Maintenance	6	390,014	1,022,317	909,689
Social Services	7	717,153	3,401,969	3,115,949
Health	8	1,523,288	1,658,770	1,490,000
Ontario First Nations Limited Partnership	9	360,000	393,182	360,495
Capital Fund	10	-	976,425	717,342
Grassy Narrows Education Authority	11	2,825,209	3,056,345	3,093,110
Grassy Narrows Housing Authority	12	137,308	163,680	156,359
Grassy Narrows Ontario Process	13	-	-	145,789
Total Expenses (Schedule 2)		7,626,769	13,157,750	11,993,640
Surplus (deficit)		(280,862)	299,754	(590,795)

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Grassy Narrows First Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2017

	2017 Budget	2017	2016
Surplus (deficit) (Continued from previous page)	(280,862)	299,754	(590,795)
Accumulated surplus, beginning of year	18,206,448	18,206,448	18,797,243
Accumulated surplus, end of year	17,925,586	18,506,202	18,206,448

Grassy Narrows First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2017

	2017 Budget	2017	2016
Surplus (deficit)	(280,862)	299,754	(590,795)
Purchases of tangible capital assets	-	(480,380)	(54,802)
Construction in progress	-	(509,085)	(158,716)
Amortization of tangible capital assets	74,065	1,010,601	1,005,820
	74,065	21,136	792,302
Acquisition of prepaid expenses	-	(258,243)	(82,197)
Use of prepaid expenses	-	82,197	67,394
	-	(176,046)	(14,803)
(Increase) Decrease in net debt	(206,797)	144,844	186,704
Net debt, beginning of year	(3,225,387)	(3,225,387)	(3,412,091)
Net debt, end of year	(3,432,184)	(3,080,543)	(3,225,387)

Grassy Narrows First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Surplus (deficit)	299,754	(590,795)
Non-cash items		
Amortization	1,010,601	1,005,820
	1,310,355	415,025
Changes in working capital accounts		
Accounts receivable	(1,021,068)	17,196
Prepaid expenses	(176,046)	(14,803)
Accounts payable and accruals	217,861	124,947
Deferred revenue	1,253,599	(30,006)
	1,584,701	512,359
Financing activities		
Advances of long-term debt	6,500,672	54,802
Repayment of long-term debt	(5,478,101)	(848,344)
Funds Held in Ottawa Trust Fund	(268)	(301)
	1,022,303	(793,843)
Capital activities		
Purchases of tangible capital assets	(480,380)	(54,802)
Increase in construction in progress	(509,085)	(158,716)
	(989,465)	(213,518)
Investing activities		
Advances from Keewache-Ete-Min	(122)	-
Advances to Keewache-Ete-Min	-	3,964
Investments in Nation partnerships	(4,099)	-
	(4,221)	3,964
Increase (decrease) in cash and cash equivalents	1,613,318	(491,038)
Cash and cash equivalents, beginning of year	244,944	735,982
Cash and cash equivalents, end of year	1,858,262	244,944
Cash and cash equivalents are composed of:		
Cash and cash equivalents	660,262	259,944
Temporary investments	1,198,000	-
Bank indebtedness	-	(15,000)
	1,858,262	244,944

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, 2017

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 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 the 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 Housing Authority

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 and cash equivalents

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.

Temporary investments

The First Nation's temporary investments consist of GIC's from entities that are not owned, controlled or influenced by the First Nation reporting entity and are accounted for at cost, less any provision for other than temporary impairment.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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 for infrastructure, community buildings, automotive, land improvements, band housing, roads, CMHC housing, and computer systems. 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.

	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

Capital projects with a carrying value of \$5,586,106 (2016 - \$5,077,021) are currently under construction. As such, amortization of these assets has not been recorded during the year.

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 surplus for the year.

Discounted cash flows are used to measure fair value of long-lived assets.

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.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

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 collectability 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 period.

Accounts receivable are stated after evaluation as to their collectability 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 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, Grassy Narrows Education Authority, Grassy Narrows Housing Authority and Grassy Narrows 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, 2017

3. Cash and cash equivalents

	2017	2016
Operating bank account	269,342	12,420
Education bank account	224,671	(38,414)
Social Housing bank account	96,391	33,176
RBC GIC	66,240	246,219
Cash on hand	2,615	3,230
Capital bank account	1,003	1,395
Ontario Process Bank Account	-	1,918
	660,262	259,944

4. Temporary investments

	2017	2016
Royal Bank of Canada - GIC (interest at 0.50%, matures January 18, 2018)	764,000	-
Royal Bank of Canada - GIC (interest at 0.70%, matures July 18, 2017)	434,000	-
Royal Bank of Canada - GIC (interest at 0.65%, matures June 13, 2017)	66,240	-
Royal Bank of Canada - GIC (interest at 0.6%, matures June 13, 2016)	-	246,219
	1,264,240	246,219
Less cash maturing within three months	(66,240)	(246,219)
	1,198,000	-

The market value of the above GIC's at March 31, 2017 approximates book value.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

5. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada	417,800	147,546
First Nation Members	313,683	299,476
CMHC rent	293,888	266,247
Ministry of the Environment and Climate Change	270,000	-
Miscellaneous	256,429	122,769
Shooniyaa Wa-Biitong	181,973	25,979
Kenora Chiefs Advisory Inc.	176,047	130,490
Ministry of Indigenous Relations and Reconciliation	174,997	117,260
Ministry of Education	151,016	-
Ministry of Community and Social Services	57,038	23,500
Ministry of Health	43,810	19,308
Bimose Tribal Council	18,105	7,943
Health Canada	16,485	140,204
Canada Mortgage and Housing Corporation	8,533	8,533
Insurance receivable	-	13,680
Ministry of Natural Resources	-	10,200
	2,379,804	1,333,135
Allowance for doubtful accounts	(621,895)	(596,294)
	1,757,909	736,841

Allowance for doubtful accounts is made up of band member advances \$306,806 (2016 - \$290,729), English River Fishing \$6,000 (2016 - \$6,000), Minnow Say Win \$15,201 (2016 - \$15,201), trade receivables \$0 (2016 - \$18,117) and CMHC rent \$293,888 (2016 - \$266,247).

6. Advances to Other Parties

Advances to Keewache-Ete-Min, the Grassy Narrows Community Development Corporation, are unsecured, non-interest bearing and no fixed terms of repayment. The balance as at March 31, 2017 is \$322,835 (2016 - \$322,713).

Advances to 1737743 Ontario Inc. are unsecured, non-interest bearing and no fixed terms of repayment. The balance as at March 31, 2017 is \$22,925 (2016 - \$22,925).

7. 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.

	2017	2016
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	6,547	6,245
Interest	268	302
Balance, end of year	6,815	6,547
	14,769	14,501

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

8. Investment in Nation Partnerships

	2017	2016
Kakina Economic Development Group LP		
Partnership Units - 99,999 (10% interest)	1	-
Income earned less distributed	<u>3,998</u>	-
	<u>3,999</u>	-
Kakina Economic Development Group GP Inc.		
100 Shares (10% interest)	100	-
	<u>4,099</u>	-

The following table presents condensed financial information for the limited partnership accounted for using the modified equity basis:

As at March 31, 2017	Kakina Economic Development Group LP (audited)
Current assets	<u>88,016</u>
Current liabilities	48,025
Partners' capital	<u>39,991</u>
Total liabilities and partners' capital	<u>88,016</u>
Revenue	138,219
Expenses	<u>98,239</u>
Net income	<u>39,980</u>

9. Bank indebtedness

Bank indebtedness includes a demand loan in the amount of \$0 (2016 - \$15,000), bearing interest at prime rate plus 2%.

10. Accounts payable and accruals

	2017	2016
Trade payables	686,782	545,276
Ontario Process	80,172	-
Accruals	73,000	73,000
Government remittances	12,783	22,109
Funding repayable	<u>5,509</u>	-
	<u>858,246</u>	<u>640,385</u>

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

11. Deferred revenue

	Balance March 31, 2016	Funding Received 2017	Other Revenue 2017	Revenue Recognized 2017	Balance March 31, 2017
<u>Federal Government</u>					
Skills Link Project - Economic Development	-	88,772	-	68,110	20,662
Housing - Capital Fund	-	1,736,355	-	803,471	932,884
Education - Special Education	-	588,980	-	451,550	137,430
Education - Teacherages	-	16,865	-	-	16,865
	-	2,430,972	-	1,323,131	1,107,841
<u>Provincial Government</u>					
Mercury Disability Claims - Administration	-	981,655	-	833,145	148,510
Activator - Economic Development	4,459	48,000	-	52,459	-
	4,459	1,029,655	-	885,604	148,510
<u>Other</u>					
IESO - Health	-	26,931	-	25,224	1,707
Total	4,459	3,487,558	-	2,233,959	1,258,058

12. Term loans due on demand

	2017	2016
Royal Bank of Canada term loan with monthly payments of \$1,068, bearing interest at 6.24%	41,886	51,742

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

13. Long-term debt

	2017	2016
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.	345,012	493,456
Loan payable to Royal Bank of Canada with monthly payments of \$8,333 plus interest at RBC prime + 2.00% (as at March 2017 - 4.70%), secured by assignment of accounts receivable and supported by a Band Council Resolution, matures May 2017.	16,667	116,667
Loan payable to Royal Bank of Canada with blended monthly payments of \$61,500 monthly including interest at 4.00%, secured by assignment of accounts receivable and supported by a Band Council Resolution, renewing on January 27, 2019.	4,541,473	-
<u>Loan payable to Royal Bank of Canada repaid during the year.</u>	<u>-</u>	<u>3,260,602</u>
	4,903,152	3,870,725

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
2018	734,729
2019	744,220
2020	652,942
2021	638,774
2022	664,799
	<hr/>
	3,435,464
	<hr/>
Thereafter	1,467,688
	<hr/>

14. Financial instruments

The First Nation's financial instruments consist of cash, temporary investments, accounts receivable, bank indebtedness, term loans due on demand, 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.

15. 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 \$184,463 (2016 - \$189,937) in interest and received \$269 (2016 - \$2,640) of interest.

16. INAC funding reconciliation

	2017	2016
INAC funding per Confirmation	6,386,654	4,708,758
<u>INAC funding per Financial Statements</u>	<u>6,386,654</u>	<u>4,708,758</u>

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

17. Government transfers

	<i>Operating</i>	<i>Capital</i>	<i>2017</i>	<i>2016</i>
Federal government transfers				
Indigenous and Northern Affairs Canada	6,386,654	-	6,386,654	4,708,758
First Nations and Inuit Health	1,499,101	-	1,499,101	1,294,997
Canada Mortgage and Housing Corporation	319,346	-	319,346	102,400
Employment and Social Development Canada	88,772	-	88,772	-
Canadian Environmental Assessment Agency	5,000	-	5,000	-
Total Federal	8,298,873	-	8,298,873	6,106,155
Provincial government transfers				
Ministry of Community and Social Services	1,971,427	-	1,971,427	1,834,494
Ministry of Indigenous Relations and Reconciliation	831,655	-	831,655	615,556
Ministry of Education	630,345	-	630,345	570,558
Ministry of the Environment and Climate Change	330,000	-	330,000	-
Ministry of Health and Long-Term Care	127,442	-	127,442	82,479
Ministry of Tourism, Culture and Sport	48,000	-	48,000	-
Ministry of the Solicitor General	38,124	-	38,124	38,124
Ministry of Natural Resources	5,181	-	5,181	76,509
Ministry of Health Promotion	-	-	-	45,000
Total Provincial	3,982,174	-	3,982,174	3,262,720
	12,281,047	-	12,281,047	9,368,875

18. Economic dependence

The First Nation receives 47% (2016 - 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.

19. 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.

20. First Nations Financial Transparency Act

The First Nation is required by the First Nations Financial Transparency Act to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 28, 2017. As the audit report date is after this date, the First Nation is not in compliance with the requirement. The possible effect of this non-compliance has not yet been determined.

21. Comparative figures

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

22. 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, 2017

	<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	856,554	657,933	14,817,220	1,730,869	37,533,735
Acquisition of tangible capital assets	-	-	6,380	-	474,000	-	480,380
Balance, end of year	3,637,341	15,833,818	862,934	657,933	15,291,220	1,730,869	38,014,115
Accumulated amortization							
Balance, beginning of year	2,498,142	8,235,316	770,057	553,052	8,878,863	1,153,594	22,089,024
Annual amortization	85,405	386,375	20,236	21,931	393,303	29,286	936,536
Balance, end of year	2,583,547	8,621,691	790,293	574,983	9,272,166	1,182,880	23,025,560
Net book value of tangible capital assets	1,053,794	7,212,127	72,641	82,950	6,019,054	547,989	14,988,555
2016 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

Grassy Narrows First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Subtotal</i>	<i>CMHC housing</i>	<i>Computer systems</i>	<i>Construction in progress</i>	<i>2017</i>	<i>2016</i>
Cost						
Balance, beginning of year	37,533,735	2,221,940	23,544	5,077,021	44,856,240	44,642,722
Acquisition of tangible capital assets	480,380	-	-	509,085	989,465	213,518
Balance, end of year	38,014,115	2,221,940	23,544	5,586,106	45,845,705	44,856,240
Accumulated amortization						
Balance, beginning of year	22,089,024	1,394,034	23,544	-	23,506,602	22,500,782
Annual amortization	936,536	74,065	-	-	1,010,601	1,005,820
Balance, end of year	23,025,560	1,468,099	23,544	-	24,517,203	23,506,602
Net book value of tangible capital assets	14,988,555	753,841	-	5,586,106	21,328,502	21,349,638
2016 Net book value of tangible capital assets	15,444,711	827,906	-	5,077,021	21,349,638	

Grassy Narrows First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2017

	2017 Budget	2017	2016
Consolidated expenses by object			
Administrative expenses	2,835,209	4,938,630	4,030,569
Amortization of tangible capital assets	74,065	1,010,601	1,005,820
Bank charges and short-term interest	24,500	40,029	27,148
Community development	150,000	158,509	150,000
Cultural development	-	97,655	31,635
Economic development	-	1,368	500
Education	142,903	179,761	126,189
Fundraising	-	17,359	9,921
Health	277,686	199,958	178,360
Honouraria	28,800	35,962	24,312
Interest on long-term debt	10,155	184,463	189,937
Provision for allowances	44,126	76,785	321,341
Salaries, wages and benefits	4,039,325	4,521,299	4,399,202
Social	-	1,695,371	1,498,706
	7,626,769	13,157,750	11,993,640

Grassy Narrows First Nation
Schedule 3 - Summary of Consolidated Schedules of Revenue and Expenses by Segment
For the year ended March 31, 2017

	Schedule #	INAC Revenue	Other Revenue	Deferred Revenue	Total Revenue	Total Expenses	Adjustments/Transfers From (To)	Current Surplus (Deficit)
Administration	4	598,625	1,882,917	(148,510)	2,333,032	2,009,437	-	323,595
Economic and Social Development	5	89,247	371,081	(16,203)	444,125	475,625	-	(31,500)
Operations and Maintenance	6	364,105	245,896	-	610,001	1,022,317	92,008	(320,308)
Social Services	7	427,995	2,991,070	-	3,419,065	3,401,969	(54,700)	(37,604)
Health	8	-	1,666,857	(1,707)	1,665,150	1,658,770	(15,990)	(9,610)
Ontario First Nations Limited Partnership	9	-	925,190	-	925,190	393,182	(532,008)	-
Capital Fund	10	1,736,355	-	(932,884)	803,471	976,425	440,000	267,046
Grassy Narrows Education Authority	11	3,170,327	52,884	(154,295)	3,068,916	3,056,345	70,690	83,261
Grassy Narrows Housing Authority	12	-	188,554	-	188,554	163,680	-	24,874
Grassy Narrows Ontario Process	13	-	-	-	-	-	-	-
		6,386,654	8,324,449	(1,253,599)	13,457,504	13,157,750	-	299,754

Grassy Narrows First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	461,428	598,625	600,781
First Nations and Inuit Health	193,000	193,000	-
Canadian Environmental Assessment Agency	-	5,000	-
Ministry of Indigenous Relations and Reconciliation	743,090	741,655	525,556
Ministry of the Environment and Climate Change	-	330,000	-
Miscellaneous	24,600	235,648	94,924
Administration fees	115,000	163,517	173,970
Grand Council Treaty #3	-	100,304	1,063
HST rebates	25,000	49,545	50,569
Bimose Tribal Council	-	44,393	34,080
Grassy Narrows Trust	-	12,000	46,838
Shooniyaa Wa-Biitong	-	8,595	50,764
Other revenue	-	3,500	3,500
Kenora Chiefs Advisory Inc.	-	1,000	-
Interest income	-	269	2,640
Rental income	-	-	12,000
Repayment of funding	-	(5,509)	-
Deferred revenue - current year <i>(Note 11)</i>	-	(148,510)	-
	1,562,118	2,333,032	1,596,685
Expenses			
Administration	47,764	46,980	27,168
Bad debts	-	49,144	302,566
Bank charges and interest	20,000	34,400	21,708
Contracted services	195,539	612,805	255,770
Insurance	6,000	11,981	6,618
Meetings	67,510	4,000	10,243
Miscellaneous	5,000	1,339	7,084
Professional fees	203,123	295,340	266,504
Repairs and maintenance	-	2,301	4,216
Salaries and benefits	724,802	544,527	492,809
Staff fund expenditures	5,000	6,190	9,021
Supplies	23,000	59,393	42,408
Telephone	20,000	50,266	27,878
Travel and training	162,559	290,771	204,255
	1,480,297	2,009,437	1,678,248
Surplus (deficit) before transfers	81,821	323,595	(81,563)
Transfers between segments	-	-	17,774
Surplus (deficit)	81,821	323,595	(63,789)

Grassy Narrows First Nation
Economic and Social Development
Schedule 5 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	55,500	89,247	70,700
Employment and Social Development Canada	-	88,772	-
Shooniyyaa Wa-Biitong	-	134,553	50,329
Ministry of Indigenous Relations and Reconciliation	90,000	90,000	90,000
Ministry of Tourism, Culture and Sport	48,000	48,000	-
Miscellaneous	-	5,758	27,815
Ministry of Health Promotion	-	-	45,000
Kakina Economic Development Group LP	-	3,998	-
Deferred revenue - prior year (Note 11)	-	4,459	34,465
Deferred revenue - current year (Note 11)	-	(20,662)	(4,459)
	193,500	444,125	313,850
Expenses			
Administration	9,000	9,000	9,000
Contracted services	5,000	127,290	117,827
Furniture and equipment	6,744	-	-
Honouraria	4,800	-	-
Professional fees	2,000	-	-
Salaries and benefits	114,107	267,721	143,859
Supplies	8,550	32,726	16,836
Telephone	2,000	3,131	1,960
Travel and training	41,299	35,757	37,177
	193,500	475,625	326,659
Deficit	-	(31,500)	(12,809)

Grassy Narrows First Nation
Operations and Maintenance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	222,805	364,105	403,496
Canada Mortgage and Housing Corporation	-	216,946	-
First Nations and Inuit Health	-	10,000	-
Miscellaneous	13,000	13,769	31,280
Ministry of Natural Resources	-	5,181	11,440
Bimose Tribal Council	-	-	1,000
	235,805	610,001	447,216
Expenses			
Amortization	-	326,073	315,962
Contracted services	24,348	216,915	210,178
Cultural development proposals	-	67,307	-
Furniture and equipment	-	2,732	-
Insurance	25,000	30,476	11,433
Repairs and maintenance	36,089	11,396	21,955
Road maintenance	25,000	23,272	18,726
Salaries and benefits	143,577	145,155	118,448
Supplies	47,000	65,547	82,047
Telephone	79,000	127,330	125,841
Travel and training	10,000	6,114	5,099
	390,014	1,022,317	909,689
Deficit before transfers	(154,209)	(412,316)	(462,473)
Transfers between segments	-	92,008	-
Deficit	(154,209)	(320,308)	(462,473)

Grassy Narrows First Nation
Social Services
Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	-	427,995	427,700
Ministry of Community and Social Services	-	1,923,709	1,786,776
Ministry of Education	679,029	630,345	570,558
Shooniyaa Wa-Biitong	-	169,512	122,755
Ministry of Health and Long-Term Care	-	127,442	82,479
Kenora Chiefs Advisory Inc.	-	101,938	101,938
Ministry of the Solicitor General	38,124	38,124	38,124
	717,153	3,419,065	3,130,330
Expenses			
Administration	1,184	34,413	29,414
Amortization	-	9,904	9,904
Building accommodation	41,126	-	-
Contracted services	-	373,552	277,631
Food	-	22,394	21,372
Furniture and equipment	40,000	-	1,093
Insurance	7,212	33,234	31,212
Professional fees	-	33,932	35,000
Rent	1,776	12,000	12,000
Repairs and maintenance	50,147	2,151	1,500
Salaries and benefits	519,702	1,027,925	940,106
Social assistance	-	1,610,644	1,498,706
Supplies	8,000	84,867	87,402
Telephone	-	48,563	47,102
Travel and training	48,006	108,390	123,507
	717,153	3,401,969	3,115,949
Surplus before transfers	-	17,096	14,381
Transfers between segments	-	(54,700)	(54,520)
Surplus (deficit)	-	(37,604)	(40,139)

Grassy Narrows First Nation
Health
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
First Nations and Inuit Health	1,220,456	1,296,101	1,294,997
Kenora Chiefs Advisory Inc.	247,623	254,507	157,587
Ministry of Community and Social Services	47,718	47,718	47,718
Grand Council Treaty #3	-	41,600	-
Independent Electricity System Operator	-	26,931	-
Miscellaneous	-	-	2,138
Deferred revenue - current year <i>(Note 11)</i>	-	(1,707)	-
	1,515,797	1,665,150	1,502,440
Expenses			
Administration	93,364	99,379	93,388
Building accommodation	3,000	-	-
Contracted services	282,103	385,758	339,634
Insurance	13,275	17,136	9,613
Rent	19,038	9,300	-
Salaries and benefits	781,069	770,506	794,839
Social assistance	-	84,727	-
Special projects	67,686	-	-
Supplies	64,820	81,026	66,067
Telephone	51,950	65,860	65,870
Travel and training	146,983	145,078	120,589
	1,523,288	1,658,770	1,490,000
Surplus (deficit) before transfers	(7,491)	6,380	12,440
Transfers between segments	(103,372)	(15,990)	(15,480)
Deficit	(110,863)	(9,610)	(3,040)

Grassy Narrows First Nation
Ontario First Nations Limited Partnership
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Ontario First Nations Limited Partnership	900,000	925,190	816,331
Expenses			
Community development	150,000	158,509	150,000
Cultural development	-	30,347	31,635
Economic development	-	1,368	500
Education proposals	-	3,000	-
Health	210,000	199,958	178,360
	360,000	393,182	360,495
Surplus before transfers	540,000	532,008	455,836
Transfers between segments	(540,000)	(532,008)	(455,836)
Surplus (deficit)	-	-	-

**Grassy Narrows First Nation
Capital Fund**
Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	-	1,736,355	583,818
Deferred revenue - current year (Note 11)	-	(932,884)	-
	-	803,471	583,818
Expenses			
Amortization	-	428,808	434,137
Contracted services	-	291,560	47,763
Interest on long-term debt	-	176,204	179,782
Supplies	-	78,898	55,660
Travel and training	-	955	-
	-	976,425	717,342
Deficit before transfers	-	(172,954)	(133,524)
Transfers between segments	-	440,000	438,062
Surplus (deficit)	-	267,046	304,538

Grassy Narrows First Nation
Grassy Narrows Education Authority
Schedule 11 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada	2,622,522	3,170,327	2,622,263
Miscellaneous	36,121	22,591	27,850
Rental income	14,925	16,275	32,625
Administration fees	-	14,018	19,920
HST rebates	-	-	48,514
Donations and fundraising	-	-	4,595
Deferred revenue - current year <i>(Note 11)</i>	-	(154,295)	-
	2,673,568	3,068,916	2,755,767
Expenses			
Administration	1,532	14,018	19,920
Advertising	9,056	5,091	7,628
Amortization	-	171,752	171,752
Automotive	22,000	13,160	17,241
Bank charges and interest	4,500	5,568	5,068
Book and education supplies	36,903	34,060	22,585
Casual labour	-	-	10,584
Consulting	18,301	11,266	53,445
Contracted services	50	50	3,384
Employee benefits	101,562	99,762	108,146
Field trips	6,000	8,185	18,293
Fundraising	-	17,359	9,921
Furniture and equipment	4,000	678	12,430
Honouraria	24,000	35,962	22,400
Insurance	85,710	85,710	80,296
Living allowances	314,191	334,283	200,939
Management fees	-	1,125	-
Meetings	5,800	1	4,381
Miscellaneous	3,552	250	5,652
Office supplies	200	152	185
Professional development	7,044	53,361	5,624
Professional fees	20,725	24,112	30,290
Property tax	-	52	-
Renovations	-	-	1,386
Repairs and maintenance	74,170	46,150	54,964
Salaries and benefits	1,654,505	1,572,101	1,717,875
School awards	11,701	1,049	1,787
Supplies	129,968	98,871	136,106
Teacher salaries	-	68,600	68,600
Telephone	150,777	157,461	163,514
Travel and training	38,962	61,640	53,404
Tuition	100,000	134,516	85,310
	2,825,209	3,056,345	3,093,110
Surplus (deficit) before transfers	(151,641)	12,571	(337,343)
Transfers between segments	-	70,690	70,000
Surplus (deficit)	(151,641)	83,261	(267,343)

Grassy Narrows First Nation
Grassy Narrows Housing Authority
Schedule 12 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Canada Mortgage and Housing Corporation	102,400	102,400	102,400
Rental income	88,938	86,154	88,938
	191,338	188,554	191,338
Expenses			
Administration	15,088	15,000	15,088
Amortization	74,065	74,065	74,065
Bad debts	-	27,641	18,775
Bank charges and interest	-	60	-
Insurance	26,000	26,616	26,035
Interest on long-term debt	10,155	8,259	10,155
Professional fees	8,000	8,000	8,000
Repairs and maintenance	4,000	4,039	4,241
	137,308	163,680	156,359
Surplus	54,030	24,874	34,979

Grassy Narrows First Nation
Grassy Narrows Ontario Process
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Ministry of Natural Resources	-	-	65,069
Expenses			
Bank charges and interest	-	-	373
Consulting	-	-	26,166
Honouraria	-	-	1,912
Miscellaneous	-	-	8,328
Office rent	-	-	150
Office supplies	-	-	4,262
Professional fees	-	-	3,378
Salaries and benefits	-	-	14,520
Supplies	-	-	49,829
Telephone	-	-	578
Travel and training	-	-	36,293
	-	-	145,789
Surplus (deficit)	-	-	(80,720)