

Grassy Narrows First Nation
Consolidated Financial Statements
March 31, 2021

Grassy Narrows First Nation

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For the year ended March 31, 2021

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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, 2023

Signed by:
ROBERTA KEESICK

Finance Manager

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Grassy Narrows First Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the First Nation as at March 31, 2021, and the results of its consolidated operations, changes in its net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kenora, Ontario

November 24, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

Grassy Narrows First Nation

Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020
Financial assets		
Current		
Cash resources (Note 3)	11,026,969	7,078,345
Temporary investments (Note 4)	7,703,506	2,675,308
Accounts receivable (Note 5)	1,345,821	309,192
Amounts due from government (Note 6)	3,276,160	1,683,914
Inventory for resale (Note 7)	175,487	181,888
	23,527,943	11,928,647
Investments in Government Business Partnerships (Note 8)	104	104
Advances to Other Parties (Note 9)	345,760	345,760
Funds held in Ottawa Trust Fund (Note 10)	16,041	15,736
Total financial assets	23,889,848	12,290,247
Liabilities		
Current		
Accounts payable and accruals (Note 11)	2,360,350	2,800,913
Deferred revenue (Note 12)	11,170,100	2,643,188
Repayable to funder (Note 13)	24,000	24,000
Current portion of long-term debt (Note 15)	667,860	599,905
Term loans due on demand (Note 14)	-	8,358
	14,222,310	6,076,364
Long-term debt (Note 15)	1,549,951	2,256,603
Total liabilities	15,772,261	8,332,967
Net financial assets	8,117,587	3,957,280
Contingent liabilities (Note 21)		
Non-financial assets		
Tangible capital assets (Schedule 1)	27,245,355	26,573,707
Prepaid expenses	160,457	189,026
Total non-financial assets	27,405,812	26,762,733
Accumulated surplus	35,523,399	30,720,013

Approved on behalf of Chief and Council

Signed by:
RUDY TURTLE

Chief

Signed by:
LITTLE BEAR COPENACE

Councillor

Signed by:
ARNOLD PAHPASAY

Councillor

Signed by:
JOHN CLINT KOKOPENACE

Councillor

Grassy Narrows First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2021

	Schedules	2021 Budget (Note 23)	2021	2020
Revenue				
Indigenous Services Canada (Note 17), (Note 20)		10,290,730	14,089,553	14,647,633
First Nations and Inuit Health (Note 18), (Note 20)		4,904,466	9,826,365	4,717,989
Environment and Climate Change Canada (Note 20)		250,000	348,993	250,000
Natural Resources Canada (Note 20)		5,000	5,000	-
Impact Assessment Agency of Canada (Note 20)		-	-	44,959
Canada Mortgage and Housing Corporation (Note 20)		-	-	17,067
Crown-Indigenous Relations and Northern Affairs Canada (Note 20)		242,402	242,402	-
Ministry of Community and Social Services (Note 20)		2,234,018	2,233,401	1,797,843
English and Wabigoon Rivers Remediation Trust		1,999,262	1,999,262	2,488,564
Ontario First Nations Limited Partnership		983,671	983,671	1,020,753
Ministry of Education (Note 20)		661,258	661,258	605,096
Ministry of Indigenous Affairs (Note 20)		173,774	374,993	252,684
Ministry of Infrastructure (Note 20)		-	323,242	-
Ministry of Agriculture, Food and Rural Affairs (Note 20)		-	275,020	219,903
Ministry of Health and Long-Term Care (Note 20)		125,349	125,349	113,939
Ministry of Heritage, Sport, Tourism and Culture (Note 20)		48,000	48,000	48,000
Ministry of the Solicitor General (Note 20)		38,124	38,124	38,124
Kenora Chiefs Advisory Inc.		443,584	544,067	421,195
Grand Council Treaty #3		216,986	392,317	212,402
Shooniyaa Wa-Biitong		368,921	368,920	232,673
Miscellaneous		58,994	282,940	392,524
Grassy Narrows Trust		137,464	137,464	9,750
Interest income		-	58,036	28,200
Rental income		31,800	31,700	79,461
HST rebates		-	22,775	143,529
Donations and fundraising		-	1	2
Bimose Tribal Council		-	-	7,151
Deferred revenue - prior year (Note 12)		1,919,290	2,643,188	1,395,875
Deferred revenue - current year (Note 12)		(499,679)	(11,170,100)	(2,643,188)
		24,633,414	24,885,941	26,542,128
Expenses				
Administration	4	195,409	232,240	888,900
Economic and Social Development	5	139,932	231,309	255,052
Operations and Maintenance	6	397,000	654,036	998,446
Social Services	7	3,825,262	3,850,530	3,244,577
Health	8	11,043,677	9,753,492	8,665,409
Ontario First Nations Limited Partnership	9	543,671	470,714	580,753
Capital Fund	10	837,255	809,703	802,446
Grassy Narrows Education Authority	11	4,366,782	3,988,804	3,474,497
Grassy Narrows Housing Authority	12	-	91,727	147,553
Total Expenses (Schedule 2)		21,348,988	20,082,555	19,057,633
Surplus		3,284,426	4,803,386	7,484,495
Accumulated surplus, beginning of year		30,720,013	30,720,013	23,235,518
Accumulated surplus, end of year		34,004,439	35,523,399	30,720,013

The accompanying notes are an integral part of these financial statements

Grassy Narrows First Nation
Consolidated Statement of Change in Net Financial Assets
For the year ended March 31, 2021

	2021 Budget (Note 23)	2021	2020
Surplus	2,844,426	4,803,386	7,484,495
Purchases of tangible capital assets	-	(1,812,149)	(758,013)
Increase in construction in progress	-	(169,050)	(5,283,711)
Amortization of tangible capital assets	213,163	1,309,551	1,264,497
	213,163	(671,648)	(4,777,227)
Acquisition of prepaid expenses	-	(160,457)	(189,026)
Use of prepaid expenses	-	189,026	120,674
	-	28,569	(68,352)
Increase in net financial assets	3,057,589	4,160,307	2,638,916
Net financial assets, beginning of year	3,957,280	3,957,280	1,318,364
Net financial assets, end of year	7,014,869	8,117,587	3,957,280

Grassy Narrows First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating activities		
Surplus	4,803,386	7,484,495
Non-cash items		
Amortization	1,309,551	1,264,497
	6,112,937	8,748,992
Changes in working capital accounts		
Accounts receivable	(1,036,629)	51,493
Amounts due from government	(1,592,245)	874,395
Prepaid expenses	28,569	(68,352)
Inventory for resale	6,401	(181,888)
Accounts payable and accruals	(440,564)	1,870,419
Deferred revenue	8,526,912	1,247,313
Repayable to funder	-	18,491
	11,605,381	12,560,863
Financing activities		
Repayment of long-term debt	(638,697)	(605,627)
Repayment of term loan on demand	(8,358)	(11,873)
	(647,055)	(617,500)
Capital activities		
Purchases of tangible capital assets	(1,812,149)	(758,013)
Increase in construction in progress	(169,050)	(5,283,711)
	(1,981,199)	(6,041,724)
Investing activities		
Purchase of temporary investments	(5,028,198)	(1,024,146)
Interest earned on funds held in Ottawa Trust Fund	(305)	(303)
	(5,028,503)	(1,024,449)
Increase in cash resources	3,948,624	4,877,190
Cash resources, beginning of year	7,078,345	2,201,155
Cash resources, end of year	11,026,969	7,078,345
Supplementary cash flow information		
Income received	58,036	28,200
Interest paid	115,058	188,585

Grassy Narrows First Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

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.

Impact on operations for COVID-19

In early March 2020 the impact of the global outbreak of COVID-19 began to have a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The impact of COVID-19 has been partially offset by available Government programs for which the First Nation was eligible. Eligibility requirement under these programs have evolved since first announced and can be subject to changes in legislation or administrative positions, further, there is significant uncertainty of the period of time into the future that the Government will continue these programs.

At this time, it is unknown what further impact the COVID-19 outbreak may have on the First Nation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause increased support requests from members, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the First Nation's financial conditions.

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 enterprises that are accountable to the First Nation and are either owned or controlled by the First Nation.

The financial statements consolidate the financial activities of all entities and departments comprising the First Nation reporting entity, except for government business entities.

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
- 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.

Cash resources

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

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Inventory is classified as a financial asset when all of the following criteria are met:

- Prior to March 31, 2021, the First Nation has committed to sell the asset;
- The asset is in a condition to be sold;
- The asset is publicly seen to be for sale;
- There is an active market for the asset;
- A plan exists for selling the asset; and
- A sale to a party external to the First Nation can reasonably be expected within one year.

Temporary investments

Temporary investment consist of guaranteed investment certificate with maturity of greater than three months and less than one year, valued at market value.

Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributed to construction and development, as well as interest costs that are directly attributable to the acquisition and construction of the asset.

Tangible capital assets are written down when the conditions indicate that they no longer contribute to the First Nation's ability to provide goods and services, or that the value of future economic benefits associated with a tangible capital asset is less than its net book value. The net write-downs are accounted for as an expense in the consolidated statement of operations and accumulated surplus.

Contributed capital assets are recorded into revenue at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts, are not recognized as tangible capital assets.

Assets under construction are not amortized until the asset is available to be put into service.

Amortization

Tangible capital assets are amortized annually 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
Equipment	5 years
Computer systems	4 years
CMHC Housing	30 years
GNEA buildings and improvements	40 years
GNEA equipment	5 years

Capital projects with a carrying value of \$7,816,137 (2020 - \$7,617,388) are currently under construction. As such, none of these assets were available for use at March 31, 2021 and no amortization was recorded for the year.

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

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.

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 consolidated statement of operations for the year in which the asset becomes impaired.

Prices for similar items 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 financial assets

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

Investments in Government Business Partnerships

Government Business Partnerships that are neither controlled by the First Nation nor dependent on the First Nation for their continued operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by the post acquisition losses and distributions received.

Revenue Recognition

Government transfers

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

Other revenue

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

Deferred revenue

Deferred revenue consists of unspent contributions for programs which are not complete at year end. The unspent revenue is carried forward to be matched against expenses to be incurred in the subsequent year.

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

Use of estimates

The preparation of consolidated financial statements in accordance 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.

Amortization is based on the estimated useful lives of tangible capital assets.

Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end.

Deferred revenue is based on management's review of revenue received, but unspent as of year-end.

Surplus repayable is based on the agreements in place with the funding agencies.

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

Segments

The First Nation conducts its business through 9 reportable segments: Administration, Economic and Social Development, Operations and Maintenance, Social Services, Health, Ontario First Nations Limited Partnership, Capital Fund, Grassy Narrows Education Authority, and Grassy Narrows Housing Authority. 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.

Administration - includes administration, governance activities, and band operations.

Economic and Social Development - activities to increase economic opportunities for the First Nation.

Operations and Maintenance - includes activities for the operations and maintenance of the First Nations infrastructure.

Social Services - includes activities delivering social and employment assistance programming.

Health - includes operations of the health and wellness services for the First Nation.

Ontario First Nations Limited Partnership - includes distribution of cash received to various segments for capital and/or operating expenditures.

Capital Fund - includes activities for any ongoing capital projects within the First Nation.

Grassy Narrows Education Authority - includes activities related to the school operations.

Grassy Narrows Housing Authority - includes activities operating the First Nations band housing.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

3. Cash resources

	2021	2020
Operating bank account	6,036,793	4,644,180
Education bank account	4,604,534	2,051,953
Royal Bank of Canada - guaranteed investment certificate	373,787	369,990
Social Housing bank account	8,447	10,836
Cash on hand	3,137	1,367
Capital bank account	271	19
	11,026,969	7,078,345

4. Temporary investments

	2021	2020
Royal Bank of Canada - GIC (interest at 0.45%, matures September 30, 2021)	5,000,000	-
Royal Bank of Canada - GIC (interest at 0.45%, matures August 7, 2021)	1,013,653	-
Royal Bank of Canada - GIC (interest at 0.2%, matures March 19, 2022)	827,158	-
Royal Bank of Canada - GIC (interest at 0.4%, matures August 4, 2021)	513,865	-
Royal Bank of Canada - GIC (interest at 0.4%, matures August 5, 2021)	348,830	-
Royal Bank of Canada - matured during the year	-	1,000,000
Royal Bank of Canada - matured during the year	-	825,384
Royal Bank of Canada - matured during the year	-	506,250
Royal Bank of Canada - matured during the year	-	343,674
	7,703,506	2,675,308

The market value of the above guaranteed investment certificates at March 31, 2021 approximates book value.

5. Accounts receivable

	2021	2020
First Nation Members	709,625	711,800
Ontario First Nations Limited Partnership	654,776	-
Shooniyaa Wa-Biitong	333,770	15,880
Grassy Narrows Trust	137,464	-
Grand Council Treaty #3	107,543	57,475
Miscellaneous	78,464	128,166
Kenora Chiefs Advisory Inc.	37,711	68,128
Harmonized Sales Tax	9,127	57,107
	2,068,480	1,038,556
Allowance for doubtful accounts	(722,659)	(729,364)
	1,345,821	309,192

Allowance for doubtful accounts is made up of band member advances \$313,384 (2020 - \$320,089), English River Fishing \$6,000 (2020 - \$6,000), Minnow Say Win \$15,201 (2020 - \$15,201), and rent \$388,074 (2020 - \$388,074).

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Amounts due from government

	2021	2020
Federal		
Indigenous Services Canada	1,209,697	239,218
First Nations and Inuit Health	44,094	36,384
Environment and Climate Change Canada	149,993	-
Province of Ontario	1,872,376	1,408,312
	3,276,160	1,683,914

7. Inventory for resale

Inventory consists of granular materials.

	2021	2020
Inventory		
Granular A & B (7/8")	120,607	127,008
Granular B (5/8")	54,880	54,880
	175,487	181,888

The cost of inventories recognized as an expense and included in supplies amounted to \$6,397 (2020 – \$70,593).

8. Investment in government partnerships

	2021	2020
Investment in Kakina Economic Development Group LP (99,999 partnership units, 10% interest)	1	1
Ontario First Nations Asset Management GP Corporation	1	1
Ontario First Nations Sovereign Wealth GP	1	1
Ontario First Nations Limited Partnership	1	1
Investment in Kakina Economic Development Group GP (100 shares)	100	100
	104	104

9. Advances to Other Parties

	2021	2020
Advances to Keewache-Ete-Min, the Grassy Narrows Development Corporation	322,835	322,835
Advances to 1737743 Ontario Inc.	22,925	22,925
	345,760	345,760

Advances to other parties are non-interest bearing, unsecured and have no fixed terms of repayment.

Grassy Narrows First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

10. Funds held in Ottawa Trust Fund

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

	2021	2020
Capital Trust		
Balance, beginning and end of year	7,954	7,954
Revenue Trust		
Balance, beginning of year	7,782	7,479
Interest	305	303
Balance, end of year	8,087	7,782
	16,041	15,736

11. Accounts payable and accruals

	2021	2020
Trade payables	2,214,705	2,626,413
Ontario Process	-	78,647
Accruals	105,000	73,000
Government remittances	40,645	22,853
	2,360,350	2,800,913

12. Deferred revenue

	Balance March 31, 2020	Funding Received 2021	Other Revenue 2021	Revenue Recognized 2021	Balance March 31, 2021
<u>Federal Government</u>					
Administration	95,592	1,865,952	-	1,844,329	117,215
Operations and Maintenance	-	769,911	-	333,807	436,104
Social	-	815,303	-	373,501	441,802
Health	836,882	14,406,405	-	8,392,897	6,850,390
Capital	663,002	1,021,943	-	1,272,415	412,530
Grassy Narrows Education Authority	-	5,544,471	-	4,864,379	680,092
	1,595,476	24,423,985	-	17,081,328	8,938,133
<u>Provincial Government</u>					
Health	1,047,712	1,999,262	-	1,027,960	2,019,014
Capital	-	598,262	-	400,309	197,953
Grassy Narrows Education Authority	-	15,000	-	-	15,000
	1,047,712	2,612,524	-	1,428,269	2,231,967
	2,643,188	27,036,509	-	18,509,597	11,170,100

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13. Repayable to funder

	2021	2020
Grand Council Treaty #3	24,000	24,000

14. Term loans due on demand

	2021	2020
Loan payable to Royal Bank of Canada	-	8,358

15. Long-term debt

	2021	2020
Term loan to Royal Bank of Canada with monthly payments of \$62,152 including interest at Royal Bank Prime Rate plus 2%, secured by assignment of accounts receivable and supported by Band Council Resolution, renewing on January 27, 2022.	2,203,600	2,835,231
Term loan to Royal Bank of Canada with monthly payments of \$592 including interest at 1.25%, secured by assignment of accounts receivable and supported by Band Council Resolution, renewing on March 30, 2022.	14,211	21,277
	2,217,811	2,856,508
Less: current portion	667,860	599,905
	1,549,951	2,256,603

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

	Total
2022	667,860
2023	698,142
2024	723,360
2025	128,449
	2,217,811

16. Financial instruments

The First Nation's financial instruments consist of cash, temporary investments, accounts receivable, amounts due from government, 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.

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17. Indigenous Service Canada

	2021	2020
Indigenous Service Canada per Confirmation - set funding	126,590	25,000
Indigenous Service Canada per Confirmation - fixed funding	12,157,914	14,147,628
Indigenous Service Canada per Confirmation - grant funding	358,324	379,985
Indigenous Service Canada per Confirmation - flexible funding	1,446,725	95,020
Indigenous Service Canada funding per financial statements	14,089,553	14,647,633

18. First Nations and Inuit Health

	2021	2020
First Nations and Inuit Health per confirmation - flexible funding	6,236,694	3,860,249
First Nations and Inuit Health per confirmation - fixed funding	3,352,929	-
First Nations and Inuit Health per confirmation - set funding	236,742	857,740
First Nations and Inuit Health per financial statement	9,826,365	4,717,989

19. Economic dependence

The First Nation receives 56% (2020 - 55%) of its revenue from Indigenous Services Canada (ISC) as a result of treaties entered into with the Government of Canada. These treaties are administered by ISC 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.

20. Government transfers

	Operating	Capital	2021	2020
Federal government transfers				
Indigenous Services Canada	13,067,610	1,021,943	14,089,553	14,647,633
First Nations and Inuit Health	9,826,365	-	9,826,365	4,717,989
Environment and Climate Change Canada	348,993	-	348,993	250,000
Crown-Indigenous Relations and Northern Affairs Canada	242,402	-	242,402	-
Natural Resources Canada	5,000	-	5,000	-
Impact Assessment Agency of Canada	-	-	-	44,959
Canada Mortgage and Housing Corporation	-	-	-	17,067
Total Federal	23,490,370	1,021,943	24,512,313	19,677,648
Provincial government transfers				
Ministry of Community and Social Services	2,233,401	-	2,233,401	1,797,843
Ministry of Education	661,258	-	661,258	605,096
Ministry of Indigenous Affairs	374,993	-	374,993	252,684
Ministry of Infrastructure	323,242	-	323,242	-
Ministry of Agriculture, Food and Rural Affairs	275,020	-	275,020	219,903
Ministry of Health and Long-Term Care	125,349	-	125,349	113,939
Ministry of Heritage, Sports, Tourism, and Culture	48,000	-	48,000	48,000
Ministry of the Solicitor General	38,124	-	38,124	38,124
Total Provincial	4,079,387	-	4,079,387	3,075,589
	27,569,757	1,021,943	28,591,700	22,753,237

21. Contingent liabilities

The First Nation has entered into contribution agreements with various government departments. Funding received under these contribution agreements is subject to repayment if the First Nation fails to comply with the terms and conditions of the agreements.

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22. Comparative figures

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

23. Budget information

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

24. 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 Indigenous Services Canada by July 31, 2021. 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.