



Consolidated Financial Statements

Bear River First Nation

March 31, 2020

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Independent auditor's report

To the Chief, Councilors and Members of the Bear River First Nation

Opinion

We have audited the consolidated financial statements of Bear River First Nation ("the First Nation"), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statements of operations, change in net debt and cash flow 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 financial position of Bear River First Nation as at March 31, 2020, and its results of operations, its changes in its net debt, and its 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 Entity 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 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.

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

Those charged with governance are responsible for overseeing the Entity'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 Entity'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 Entity'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 Entity 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 Entity and the organizations it controls 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.

Kentville, Canada
July 9, 2020

Chartered Professional Accountants

Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for local governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants of Canada ("CPA Canada"), and as such, include amounts that are the best estimates and judgements of management.

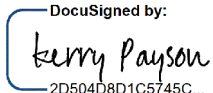
Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The First Nation Council is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Grant Thornton LLP, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Bear River First Nation and meet when required.

Chief  _____
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Band Manager  _____
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Date July 9, 2020

Bear River First Nation
Consolidated Statement of Financial Position

March 31

2020

2019

Financial assets

Cash and cash equivalents (Note 2)	\$ 867,987	\$ 335,190
Accounts receivable (Note 3)	263,867	190,180
Due from related party	1,654,141	-
Trust funds held by federal government (Note 4)	11,514	11,292
Due from governments and other government organizations (Note 5)	446,861	1,598,859

Total financial assets	<u>3,244,370</u>	<u>2,135,521</u>
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Financial liabilities

Operating line of credit	-	100,000
Payables and accruals (Note 7)	330,983	567,551
Deferred revenue (Note 8)	861,026	1,493,523
Deficit in partnership (Note 6)	165,786	-
Long-term debt (Note 9)	2,915,010	1,252,649

Total financial liabilities	<u>4,272,805</u>	<u>3,413,723</u>
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Net debt	<u>(1,028,435)</u>	<u>(1,278,202)</u>
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Non-financial assets

Tangible capital assets (Note 10)	5,758,828	4,951,795
Prepaid expenses	21,152	21,152
Inventory	108,787	109,540

Total non-financial assets	<u>5,888,767</u>	<u>5,082,487</u>
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Accumulated surplus	<u>\$ 4,860,332</u>	<u>\$ 3,804,285</u>
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On behalf of the Band

DocuSigned by:

Carol Dee Potter

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Chief

DocuSigned by:

Fred Harlow Robar

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Councillor

Bear River First Nation

Consolidated Statement of Operations

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Federal government transfers for operating (Note 19)	\$ 1,215,626	\$ 2,783,316	\$ 2,140,419
Federal government transfers for capital (Note 19)	-	62,300	80,018
Provincial government transfers for operating (Note 19)	130,000	114,042	129,576
Rent	-	17,250	6,359
Other investment income	4,500	11,064	1,728
Investment loss (Note 6)	-	(165,837)	-
L'sitkuk Gas Bar	1,428,100	1,365,362	1,478,643
Other (Note 11)	902,709	1,687,882	1,072,111
Total revenues	<u>3,680,935</u>	<u>5,875,379</u>	<u>4,908,854</u>
Expenses			
Band Support	1,482,919	1,052,309	1,152,844
Community Maintenance	15,000	320,871	535,620
Economic Development	-	148,700	237,997
Education	111,385	458,428	499,367
Fisheries	316,021	551,828	293,329
Health	119,645	410,766	433,321
Housing	202,469	214,656	220,376
L'sitkuk Gas Bar	1,372,400	1,347,400	1,450,592
Social Services	258,425	314,374	374,952
Total expenses	<u>3,878,264</u>	<u>4,819,332</u>	<u>5,198,398</u>
Annual surplus (deficit)	\$ <u>(197,329)</u>	\$ <u>1,056,048</u>	\$ <u>(289,544)</u>

Bear River First Nation
Consolidated Statement of Changes in Net Debt
Year Ended March 31

	2020		2019
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus (deficit)	\$ (197,329)	\$ 1,056,048	\$ (289,544)
Acquisition of tangible capital assets	-	(1,231,747)	(812,011)
Net transfer of capital assets	-	-	-
Amortization of tangible capital assets	-	<u>424,714</u>	<u>362,370</u>
	<u>\$ (197,329)</u>	<u>249,014</u>	<u>(739,185)</u>
Change in inventory		753	174
Change in prepaid expense		<u>-</u>	<u>(1,087)</u>
Decrease (increase) in net debt		249,767	(740,098)
Net debt			
Beginning of year		<u>(1,278,202)</u>	<u>(538,104)</u>
End of year		<u>\$ (1,028,435)</u>	<u>\$ (1,278,202)</u>

Bear River First Nation
Consolidated Schedule of Fund Balances

Year Ended March 31

2020

2019

			Net assets - externally restricted									
	Investment in Capital Assets	Unrestricted Fund	Funds on Deposit with DISC	Replacement Reserve	Operating Reserve	MCARR Reserve	Contributed Surplus	Gas Bar Replacement Reserve	Total	Total		
Accumulated surplus, opening balance	\$ 3,841,601	\$ (761,823)	\$ 11,292	\$ 184,778	\$ 18,986	\$ 76,101	\$ 408,350	\$ 25,000	\$ 3,804,285	\$ 4,093,830		
Excess (deficiency) of revenue over expenditures (Page 4)	-	1,056,048	-	-	-	-	-	-	1,056,048	(289,544)		
Government assistance for capital additions, net of expenditures	-	18,427	-	(18,427)	-	-	-	-	-	-		
Transfers	795,059	(795,059)	-	-	-	-	-	-	-	-		
Transfers	-	(23,180)	-	23,180	-	-	-	-	-	-		
Transfers	-	18,986	-	-	(18,986)	-	-	-	-	-		
Transfer of reserve funds- Gas Bar	-	(10,000)	-	-	-	-	-	10,000	-	-		
Interest earned	-	(975)	222	-	-	753	-	-	-	-		
Accumulated surplus, ending balance	\$ 4,636,660	\$ (497,576)	\$ 11,514	\$ 189,531	\$ -	\$ 76,854	\$ 408,350	\$ 35,000	\$ 4,860,333	\$ 3,804,286		

Bear River First Nation

Consolidated Statement of Cash Flows

Year Ended March 31

2020

2019

Increase (decrease) in cash and cash equivalents

Operations

Excess (deficiency) of revenue over expenditures	\$ 1,056,048	\$ (289,544)
Amortization	424,714	362,370
Investment (income) loss	165,837	-
Change in non-cash operating net financial assets (Note 12)	209,998	(19,328)
	<u>1,856,596</u>	<u>53,498</u>

Investing

Advances to related party	(1,654,141)	-
Purchase of investment in Digby Pines	(51)	-
Net transfer of assets	-	-
Proceeds from funds on deposit	(222)	(131)
Purchase of tangible capital assets, net of disposal	(1,231,747)	(812,011)
	<u>(2,886,161)</u>	<u>(812,142)</u>

Financing

Decrease (increase) in operating line of credit	(100,000)	100,000
Repayment of long-term debt	(88,460)	(85,428)
Proceeds from issuance of long-term debt	1,750,823	201,300
	<u>1,562,363</u>	<u>215,872</u>

Increase in cash and cash equivalents **532,797** (542,772)

Cash and cash equivalents

Beginning of year	<u>335,190</u>	<u>877,962</u>
End of year	<u>\$ 867,987</u>	<u>\$ 335,190</u>

Bear River First Nation
Notes to the Consolidated Financial Statements

March 31, 2020

1. Significant accounting policies**(a) Basis of accounting**

These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for local governments as recommended by the Public Sector Accounting Board of CPA Canada.

(b) Reporting entity

The Bear River First Nation ("the First Nation") reporting entity includes the Bear River First Nation government and all related entities that are controlled by the First Nation.

(c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise or partnership, which are included in the consolidated financial statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

Organizations consolidated in Bear River First Nation's financial statements include:

- Bear River First Nation Housing Projects
- Bear River First Nation Health Center
- L'sitkuk Gas Bar Limited
- 3331786 Nova Scotia Limited
- 3331787 Nova Scotia Limited

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

(e) Tangible capital assets

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

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Bear River First Nation's incremental cost of borrowing.

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

1. Significant accounting policies (continued)

(e) Tangible capital assets (continued)

Amortization is provided for on a straight-line basis, over the expected useful life of the assets in the table that follows:

Band buildings	25 years
Commercial buildings	25 years
Residential buildings	25 years
Roads	30 years
Underground networks	50 years
Furniture and equipment	10 years
Pool	20 years
Computer equipment	4 years
Housing Project buildings	25 years
Motor vehicles	5 years

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

Contributed capital assets are recorded into revenues 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.

(f) Inventories held for use

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

(g) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service performed is deferred and recognized when the fee is earned or service performed.

Bear River First Nation
Notes to the Consolidated Financial Statements

March 31, 2020

1. Significant accounting policies (continued)**(h) Measurement uncertainty**

In preparing the consolidated financial statements for Bear River First Nation, management is required 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 period. Items requiring the use of significant estimates include amortization and allowance for doubtful accounts. Actual results could differ from these estimates. Estimates include the expected useful life of assets and standard costs related to specific types of inventory.

(i) Revenues and expenditures – CMHC Housing Projects

Revenues and expenditures are recorded according to the accrual basis of accounting. Rental revenue is recorded at a flat monthly rate and not on a rent-to-income basis as set out in the agreement with the Canada Mortgage and Housing Corporation (CMHC).

(j) Replacement Reserve

The Replacement Reserve account is funded by an annual charge against earnings as opposed to an appropriation of surplus.

(k) Operating Reserve

The Operating Reserve account is funded by an appropriation of surplus as prescribed by the CMHC.

(l) RRAP expenditures

Repairs and renovations incurred under the CMHC Residential Renovations Assistance Program (RRAP) are expensed in the consolidated statement of operations in the year incurred.

(m) Budget

The budget was approved by Chief and Council on May 9, 2017.

(n) Related party transactions

Effective for the fiscal period beginning on April 1, 2017, the First Nation was required to adopt Public Sector Accounting section 2200, related party transactions, which establishes the disclosure requirements for reporting related party transactions. Management has determined that there are no transactions to disclose at this time.

(o) Contractual rights

Effective for the fiscal period beginning on April 1, 2017, the First Nation was required to adopt Public Sector Accounting section 3380, contractual rights, which establishes the disclosure requirements for contractual rights. Management has determined that there are no contractual rights to disclose at this time.

(p) Pension plan

The First Nation offers a defined contribution pension plan to some employees. An expense is recorded in the period when the First Nation is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in payables and accruals on the statement of financial position.

(q) Investments

Investments in business partnerships are accounted for by the modified equity method and applied using the First Nation's share of the business partnership.

Investments are reviewed by management for impairment and if a decline in the value is considered other than temporary, the investment is written down to reflect the impairment with a charge to income.

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

2. Cash and cash equivalents

Under the terms of an agreement with CMHC, Bear River First Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the CMHC with any interest earned to be credited as revenue to the Housing Project Replacement Reserve.

Cash is comprised of the following:

	<u>2020</u>	<u>2019</u>
Externally restricted		
CMHC reserves	\$ 82,457	\$ 83,369
MCARR reserve	<u>71,462</u>	<u>76,028</u>
	<u>153,919</u>	<u>159,397</u>
Unrestricted		
Operating	607,223	140,958
L'sitkuk Gas Bar Operating	75,695	27,160
Housing Project	<u>31,150</u>	<u>7,675</u>
	<u>714,068</u>	<u>175,793</u>
Total cash	<u>\$ 867,987</u>	<u>\$ 335,190</u>

3. Accounts receivable

	<u>2020</u>	<u>2019</u>
Due from others		
Mi'kmaq Kina'matnewey	\$ 13,743	\$ 74,785
Mi'kmaq Employment/Training Secretariat	7,221	-
Amounts owing (net of allowance for doubtful accounts)	<u>242,903</u>	<u>115,395</u>
Total accounts receivable	<u>\$ 263,867</u>	<u>\$ 190,180</u>

4. Trust funds held by federal government

Trust fund accounts arise from moneys derived from capital or revenue sources as outlined in Section 62 of the *Indian Act*. These funds are held in trust in the Consolidated Revenue Fund of the Government of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the *Indian Act*.

	Opening Balance	Additions	Withdrawals	Closing Balance 2020	Closing Balance 2019
Revenue	\$ 11,014	\$ 222	\$ -	\$ 11,236	\$ 11,014
Capital	<u>278</u>	<u>-</u>	<u>-</u>	<u>278</u>	<u>278</u>
Fund total	<u>\$ 11,292</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ 11,514</u>	<u>\$ 11,292</u>

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

5. Due from governments and other government organizations	<u>2020</u>	<u>2019</u>
CMHC	\$ 291,529	\$ 172,113
Provincial government - CASINO	52,400	52,400
Environment Canada - AFSAR	-	20,047
Department of Indigenous Services Canada	102,327	1,112,170
Department of Fisheries and Oceans	605	230,129
EcoAction	-	12,000
	<u>\$ 446,861</u>	<u>\$ 1,598,859</u>

6. Investment in 3331821 Nova Scotia Limited Partnership (operating as Digby Pines Golf Resort and Spa)

3331821 Nova Scotia Limited Partnership, registered on November 28, 2019, operates Digby Pines Golf Resort and Spa in Digby, Nova Scotia. The band and its wholly owned subsidiaries own 51% of the issued limited partnership units of the entity.

It was determined that the band had shared control of the partnership, together with unrelated private parties, and has accounted for the operations using the modified equity basis of accounting.

The following table presents condensed financial information for the Digby Pines Golf Resort and Spa for the period November 28, 2019 to March 31, 2020:

	<u>2020</u>
Assets	
Cash and cash equivalents	\$ 1,115
Sales tax receivable	307,603
Inventory	46,956
Tangible capital assets	1,879,162
Other assets	<u>41,513</u>
Total assets	<u>2,276,349</u>
Liabilities	
Accounts payable	996,872
Notes payable to related parties	1,604,647
Equity	<u>(325,170)</u>
Total liabilities and equity	<u>\$ 2,276,349</u>
	<u>2020</u>
Revenue	\$ -
Expenses	<u>325,170</u>
Net loss	<u>\$ (325,170)</u>

The First Nation has recorded an investment loss of of \$165,837 on the consolidated statement of operations, calculated using the modified equity method at 51% of the total loss of the Partnership.

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

7. Payables and accruals	<u>2020</u>	<u>2019</u>
Trade payables	\$ 253,952	\$ 441,244
Accrued salaries and employee benefits payable	72,960	15,572
Other accrued liabilities	<u>4,071</u>	<u>110,735</u>
	\$ 330,983	\$ 567,551

8. Deferred revenue

	Balance 31-Mar <u>2019</u>	Funding Received <u>2020</u>	Revenue Recognized <u>2020</u>	Balance 31-Mar <u>2020</u>
<u>Federal Government</u>				
Department of Indigenous Services Canada (DISC)				
Waste water	\$ 157,531	\$ 25,780	\$ 1,609	\$ 181,702
Response (COVID)	-	94,827	76,487	18,340
PNID	-	114,995	92,495	22,500
Preparation and mitigation	-	7,500	-	7,500
Community building	9,973	80,000	-	89,973
Roads and Bridges	1,233,361	-	1,091,578	141,783
Capital	13,947	86,883	76,248	24,582
CMHC - RRAP	-	147,900	16,000	131,900
<u>Other</u>	<u>78,711</u>	<u>309,443</u>	<u>145,408</u>	<u>242,746</u>
	\$ 1,493,523	\$ 867,328	\$ 1,499,825	\$ 861,026

Other deferred revenues are Mi'kmaq Kina'matnewey funding for feasibility study in process, Department of Communities, Culture and Heritage funding for New Opportunities for Work program, and AFSAR project in process.

9. Long-term debt

	<u>2020</u>	<u>2019</u>
2.63% loan, amortized to 2022, payable in monthly instalments of \$315, including principal and interest.	\$ 10,036	\$ 13,506
2.82% loan, amortized to 2023, payable in monthly instalments of \$320, including principal and interest.	11,081	14,547
2.63% loan, amortized to 2022, payable in monthly instalments of \$842, including principal and interest.	22,860	32,232
2.56% loan, amortized to 2023, payable in monthly instalments of \$341, including principal and interest.	14,255	17,928
3.63% loan, amortized to 2026, payable in monthly instalments of \$357, including principal and interest.	24,229	27,848
2.56% loan, amortized to 2027, payable in monthly instalments of \$345, including principal and interest.	26,250	29,545
2.11% loan, amortized to 2028, payable in monthly instalments of \$309, including principal and interest.	<u>29,650</u>	<u>32,704</u>
Balance carried forward	\$ 138,361	\$ 168,309

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

9. Long-term debt (continued)	<u>2020</u>	<u>2019</u>
Balance carried forward	\$ 138,361	\$ 168,309
1.86% loan, amortized to 2029, payable in monthly instalments of \$315, including principal and interest.	31,721	34,864
1.30% loan, amortized to 2030, payable in monthly instalments of \$297, including principal and interest.	35,505	38,588
1.44% loan, amortized to 2032, payable in monthly instalments of \$303, including principal and interest.	39,523	42,565
1.44% loan, amortized to 2032, payable in monthly instalments of \$315, including principal and interest.	41,171	44,339
1.97% loan, amortized to 2032, payable in monthly instalments of \$330, including principal and interest.	44,402	47,458
1.97% loan, amortized to 2032, payable in monthly instalments of \$327, including principal and interest.	44,275	47,300
2.04% loan, amortized to 2034, payable in monthly instalments of \$329, including principal and interest.	47,622	50,571
2.04% loan, amortized to 2034, payable in monthly instalments of \$330, including principal and interest.	47,745	50,702
1.12% loan, amortized to 2035, payable in monthly instalments of \$305, including principal and interest.	50,151	53,242
1.01% loan, amortized to 2036, payable in monthly instalments of \$304, including principal and interest.	53,285	56,373
1.48% loan, amortized to 2037, payable in monthly instalments of \$310, including principal and interest.	55,435	58,314
1.44% loan, amortized to 2037, payable in monthly instalments of \$311, including principal and interest.	55,988	58,890
2.04% loan, amortized to 2038, payable in monthly instalments of \$328, including principal and interest.	58,939	61,651
2.11% loan, amortized to 2038, payable in monthly instalments of \$350, including principal and interest.	64,722	67,510
1.05% loan, amortized to 2040, payable in monthly instalments of \$315, including principal and interest.	68,462	71,509
1.03% loan, amortized to 2041, payable in monthly instalments of \$307, including principal and interest.	71,625	74,560
0% vehicle loan, amortized to 2022, payable in monthly instalments of \$655, including principal and interest.	18,348	26,212
2.35% loan, amortized to 2043, payable in monthly instalments of \$358, including principal and interest.	77,234	79,690
1.73% loan, amortized to 2045, payable in monthly instalments of \$493, including principal and interest.	119,671	120,000
0.80% loan, amortized to 2045, payable in monthly instalments of \$469, including principal and interest.	127,500	-
Prime + 1% Peace Hills Trust loan, amortized to 2044, payable in monthly instalments to be determined based on balance at July 1, 2021.	1,623,325	-
	\$ 2,915,010	\$ 1,252,649

Bear River First Nation
Notes to the Consolidated Financial Statements

March 31, 2020

9. Long-term debt (continued)

As security for the above loans, the Minister of DISC has provided guarantees.

As security for the Peace Hills Trust loan the First Nation has provided a priority general security agreement over all assets owned now and in the future and a specific assignment of all gas bar and fisheries operation revenues.

Annual principal payments in each of the next five years are due as follows:

2021	\$ 97,212
2022	\$ 99,712
2023	\$ 88,537
2024	\$ 75,838
2025	\$ 74,389

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

10. Tangible capital assets

	Cost					Accumulated Amortization				Net Book Value	
	Opening Balance	Additions	Disposals	Transfers of Assets	Closing Balance	Opening Balance	Amortization	Disposals, Write-offs & Other Adjustments	Closing Balance	2020	2019
Commercial buildings	\$ 108,553	\$ -	\$ -	\$ -	\$ 108,553	\$ 45,107	\$ 4,342	\$ -	\$ 49,449	\$ 59,104	\$ 63,446
Residential buildings	1,201,620	-	-	-	1,201,620	888,751	48,065	-	936,816	264,804	312,869
Roads	543,123	1,091,579	-	-	1,634,702	220,730	54,490	-	275,220	1,359,482	322,393
Underground networks	281,111	-	-	-	281,111	29,800	5,622	-	35,422	245,689	251,311
Furniture and equipment	883,967	5,217	(75,135)	-	814,049	807,423	12,812	(75,135)	745,100	68,949	76,544
Pool	31,683	-	-	-	31,683	29,087	371	-	29,458	2,225	2,596
Computer equipment	56,028	69,185	(25,997)	-	99,216	36,187	22,807	(25,997)	32,997	66,219	19,841
Motor vehicles	55,046	-	-	-	55,046	40,825	11,009	-	51,834	3,212	14,221
Housing Project buildings	3,295,930	-	-	128,314	3,424,244	1,391,665	136,936	-	1,528,601	1,895,643	1,904,265
Lots under development	11,745	-	-	-	11,745	-	-	-	-	11,745	11,745
House(s), in progress	62,548	65,766	-	(128,314)	-	-	-	-	-	-	62,548
Band buildings	1,964,630	-	-	-	1,964,630	1,012,248	77,858	-	1,090,106	874,524	952,382
Fishing vessel, in progress	1,008,036	-	-	-	1,008,036	50,402	50,402	-	100,804	907,232	957,634
Total	\$ 9,504,020	\$ 1,231,747	\$ (101,132)	\$ -	\$ 10,634,635	\$ 4,552,225	\$ 424,714	\$ (101,132)	\$ 4,875,807	\$ 5,758,828	\$ 4,951,795

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

11. Other

Other revenue includes amounts received as follows:

	<u>2020</u>	<u>2019</u>
Administration fees	\$ 36,816	\$ 12,162
Sponsorships and donations	61,467	19,575
Fisheries	809,646	219,195
Program funding		
Mi'kmaq Employment/Training Secretariat	254,008	171,503
Confederacy of Mainland Mi'kmaq	53,965	53,969
Mi'kmaq Kina'matnewey	426,811	489,355
Other	45,169	106,352
	<u>\$ 1,687,882</u>	<u>\$ 1,072,111</u>

12. Supplemental cash flow information

	<u>2020</u>	<u>2019</u>
Change in non-cash operating net financial assets		
Accounts receivable and due from governments and other government organizations	\$ 1,078,310	\$ (550,794)
Payables and accruals	(236,568)	(461,968)
Deferred revenue	(632,497)	994,347
Prepaid expenses	-	(1,087)
Inventory	753	174
	<u>\$ 209,998</u>	<u>\$ (19,328)</u>

13. Replacement and Operating Reserves

Under the terms of the agreement with CMHC, the Replacement Reserve account is to be credited annually. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by the CMHC from time to time. The First Nation bank interest is earned on a global basis and an allocation has been made to the Reserve. The funds in the account may only be used as approved by CMHC. During the year, \$23,180 (2019 - \$22,180) was transferred from the operating account to the Replacement Reserve and \$18,427 (2019 - \$63,623) was transferred from the Replacement Reserve. During the year, \$18,986 (2019 - \$nil) was transferred from the Operating Reserve to the Operating Account.

14. Economic dependence

The Bear River First Nation receives a major portion of its revenues pursuant to a funding arrangement with ISC.

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

15. Federal assistance payments

The Housing Projects have received assistance through CMHC pursuant to Section 56.1 of the *National Housing Act* to reduce mortgage interest expense to enable the project to provide housing to low-income individuals. The amount of assistance received in the year ended March 31, 2020, was \$63,572 (2019 - \$61,207).

16. Non-compliance

The Bear River First Nation does not apply the rent-to-income scale with respect to Section 95 housing units.

17. Matured units

At the year end, adjustments are required where units have matured based on information provided by CHMC to the First Nation. During the year, \$Nil (2019 - \$Nil) was transferred from the Replacement Reserve and \$Nil (2019 - \$Nil) was transferred from the deficit.

18. Pension plan

Bear River First Nation provides a defined contribution plan for eligible members of its staff. Members can contribute up to a maximum of 5.5% of their basic salary. Bear River First Nation contributes 5.5% which contributions are directed to the member's contribution account. The amount of retirement benefit to be received by the employees will be the amount of retirement annuity that could be purchased based on the member's share of the pension plan at the time of the member's withdrawal from the plan. Bear River First Nation contributed during the year \$6,998 (2019 - \$7,219) for retirement benefits. As at March 31, 2020, Bear River First Nation had obligations to the pension plan of \$10,391 (2019- \$10,005).

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

19. Government transfers

	2020			2019		
	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Federal government transfers						
Department of Indigenous Services Canada	\$ 2,094,260	\$ 62,300	\$ 2,156,560	\$ 1,227,027	\$ 71,910	\$ 1,298,937
Health Canada	455,611	-	455,611	426,591	8,108	434,699
Canada Mortgage and Housing Corporation	109,532	-	109,532	75,303	-	75,303
Other	123,913	-	123,913	411,498	-	411,498
	2,783,316	62,300	2,845,616	2,140,419	80,018	2,220,437
Provincial government transfers	114,042	-	114,042	129,576	-	129,576
Total	\$ 2,897,358	\$ 62,300	\$ 2,959,658	\$ 2,269,995	\$ 80,018	\$ 2,350,013

20. Segment disclosure

Bear River First Nation provides a wide range of services to its members, including training, education, social, health care and housing. For management reporting purposes, the Bear River First Nation's operations and activities are organized and reported by segment.

Segments that have been separately disclosed in the consolidated schedules of revenues and expenditures on the following pages are:

Band Support – all other activities not described in another segment consisting mainly of centralized and shared activities.

Education – providing elementary, secondary and post-secondary tuition for qualifying members along with related programs and support.

Social Services – social assistance provided to qualifying members.

Community Maintenance – repairs and maintenance carried out during the year to Bear River First Nation's fixed assets. This includes garbage and snow removal.

Economic Development – activities related to job training and skills.

Health Center – activity of the Health Center which provides a variety of health programs and community support.

Housing Project – Section 95 housing and related expenditures.

Health Center – MCARR – activity of the Health Center's Moveable Capital Asset Reserve.

Fisheries – fishing lobster and tuna licenses

Bear River First Nation
Notes to the Consolidated Financial Statements

Year Ended March 31

20. Segment disclosure (continued)

	Education		Health		Economic Development		Housing		Community Maintenance	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues										
Federal Government	\$ -	\$ -	\$ 455,611	\$ 434,699	\$ -	\$ -	\$ 63,572	\$ 61,747	\$ 1,327,631	\$ 372,695
Provincial Government	-	-	-	10,000	-	-	-	-	52,400	58,751
Other revenue	588,510	568,549	14,507	18,821	136,259	134,978	-	-	-	-
Total Revenue	588,510	568,549	470,118	463,520	136,259	134,978	63,572	61,747	1,380,032	431,446
Expenses										
Salaries and benefits	323,304	323,864	194,254	162,617	116,268	130,004	-	-	95,169	93,741
Amortization	-	-	2,868	2,347	-	-	136,936	131,803	-	-
Debt Servicing	-	-	-	-	-	-	21,007	19,991	-	-
Other expenses	135,125	175,504	213,644	268,357	32,432	107,993	56,713	96,351	225,702	441,879
Total Expenses	458,428	499,368	410,766	433,321	148,700	237,997	214,656	248,145	320,871	535,620
Annual Surplus (Deficit)	\$ 130,082	\$ 69,181	\$ 59,352	\$ 30,199	\$ (12,442)	\$ (103,019)	\$ (151,084)	\$ (186,398)	\$ 1,059,161	\$ (104,174)

Bear River First Nation
Notes to the Consolidated Financial Statements

Year Ended March 31

20. Segment disclosure (continued)

	<u>Social Services</u>		<u>Band Government</u>		<u>Fisheries</u>		<u>Consolidated Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues								
Federal Government	\$ 396,204	\$ 391,527	\$ 505,580	\$ 634,216	\$ 97,018	\$ 325,553	\$ 2,845,616	\$ 2,220,437
Provincial Government	-	-	51,642	60,824	10,000	-	114,042	129,575
Economic Activities	-	-	(148,587)	6,359	809,646	219,195	661,059	225,554
Income - Gas Bar	-	-	1,365,362	1,478,643	-	-	1,365,362	1,478,643
Other revenue	-	-	150,025	132,297	-	-	889,300	854,645
Total Revenue	396,204	391,527	1,924,021	2,312,339	916,663	544,748	5,875,379	4,908,854
Expenses								
Salaries and benefits	28,040	13,334	413,862	510,534	282,316	39,884	1,453,213	1,273,978
Amortization			234,508	228,221	50,402		424,714	362,371
Debt Servicing							21,007	19,991
Other expenses	286,333	333,849	1,751,340	1,864,680	219,109	253,445	2,920,398	3,542,058
Total Expenses	314,373	347,183	2,399,710	2,603,435	551,828	293,329	4,819,332	5,198,398
Annual Surplus (Deficit)	\$ 81,831	\$ 44,344	\$ (475,689)	\$ (291,096)	\$ 364,836	\$ 251,419	\$ 1,056,047	\$ (289,544)

Bear River First Nation
Notes to the Consolidated Financial Statements
March 31, 2020

21. Expenses by object **2020** **2019**

The following is a summary of expenses by object:

Salaries and wages	\$ 1,542,264	\$ 1,282,533
Employee benefits	29,294	86,727
Supplies and services	1,189,987	1,257,860
Interest	35,787	32,220
Professional services	114,926	117,625
Fees and contract services	105,829	48,050
Other	1,376,531	2,011,013
Amortization	<u>424,714</u>	<u>362,370</u>
	<u>\$ 4,819,332</u>	<u>\$ 5,198,398</u>

22. Comparative figures

Certain of the comparative figures have been reclassified to conform to the consolidated financial statement presentation adopted for the current year.

22. Impact of COVID 19

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The First Nation has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the First Nation for future periods.

Bear River First Nation
Schedule of Revenue and Expenditures
Education

Year Ended March 31

2020

2019

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Mi'kmaq Employment/Training Secretariat			
Child care initiative	\$ -	\$ 30,210	\$ 30,210
Teacher's aide	-	73,741	27,850
Slipage	-	57,748	21,134
Mi'kmaq Kina'matnewey			
Administration	64,560	119,945	80,644
Guidance officer	6,370	6,774	6,870
Governance	32,357	33,831	33,176
Student allowance	1,006	1,003	1,021
Transportation and vehicle repairs	41,130	42,059	41,666
Instructional services	59,139	60,475	59,910
Miscellaneous	7,700	11,783	10,148
Operation and maintenance	29,294	32,810	29,678
Special education	29,303	61,482	60,498
Red Road project	6,500	7,964	6,419
Grade primary pilot project	-	-	63,325
Embracing traditional knowledge	-	28,393	28,393
Capital project	-	-	67,607
Add deferred revenue, beginning of year:			
Mi'kmaq Kina'matnewey			
Feasibility study	-	39,700	39,700
Less deferred revenue, end of year:			
Mi'kmaq Kina'matnewey			
Feasibility study	-	(19,408)	(39,700)
	<u>\$ 277,359</u>	<u>\$ 588,510</u>	<u>\$ 568,549</u>

Bear River First Nation
Schedule of Revenue and Expenditures
Education

Year Ended March 31

2020

2019

<i>(continued)</i>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Expenditures			
Department of Education			
Teachers' salaries and benefits	- \$	- \$	-
		0	
Mi'kmaq Employment/Training Secretariat	-	145,887	115,757
Mi'kmaq Kina'matnewey	-		
Administration	-	-	51,057
Guidance officer	-	6,423	20,131
School	25,608	72,946	54,888
Utilities	13,520	23,603	10,018
High Cost Special Education	-	-	2,100
Student support	34,450	16,199	5,756
Student tutoring	-	1,360	1,475
Graduation	-	8,928	10,743
Miscellaneous	-	-	13,216
Transportation	10,000	11,203	19,893
Special education coordinator	7,500	33,050	55,757
Red Road Project	-	9,451	1,722
Grade primary pilot project	-	121,921	119,337
Other	-	-	
L'sitkuk Archery Program	-	-	8,693
Lunch program	-	-	14,923
Miscellaneous	-	-	17,903
Language	20,307	7,458	14,234
Mi'kmaw Native Friendship Society - New opportu	-	-	
	<u>111,385</u>	<u>458,429</u>	<u>537,602</u>
Excess of revenue over expenditures	\$ 165,974	130,081	30,947
Net transfers		-	38,235
Change in fund balance		<u>\$ 130,081</u>	<u>\$ 69,182</u>