

Black River First Nation
Consolidated Financial Statements
March 31, 2014

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Management's Responsibility

To the Members of Black River First Nation:

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

Management is responsible for the preparation and fair 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 policies 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 financial statements.

The Black River First Nation Chief and Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council is also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Accountants, is appointed by the Chief and Council on behalf of the members 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 Chief and Council and management to discuss their audit findings.

July 28, 2014



Finance Manager

Independent Auditors' Report

To the Members of Black River First Nation:

We have audited the accompanying consolidated financial statements of Black River First Nation, which comprise the consolidated statement of financial position as at March 31, 2014, 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 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

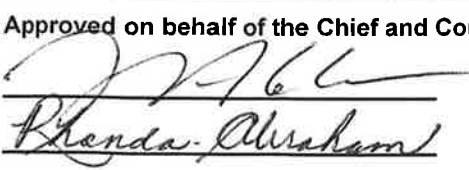

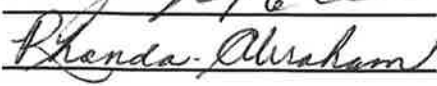

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Black River First Nation as at March 31, 2014 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

July 28, 2014

MNP LLP
Chartered Accountants

Black River First Nation
Consolidated Statement of Financial Position
As at March 31, 2014

| | 2014 | 2013 |
|---|---------------------|--|
| Financial assets | | |
| Cash | 606,737 | 141,166 |
| Accounts receivable (Note 4) | 1,449,344 | 1,735,777 |
| Investments (Note 5) | 165,301 | 193,205 |
| Restricted cash (Note 6) | 152,475 | 594,116 |
| | 2,373,857 | 2,664,264 |
| Liabilities | | |
| Bank indebtedness (Note 7) | 516,130 | 181,564 |
| Accounts payable and accruals (Note 8) | 1,505,027 | 917,785 |
| Deferred revenue (Note 9) | 5,616,374 | 2,076,153 |
| Construction loan payable | - | 455,055 |
| Due to Province of Manitoba (Note 10) | 337,528 | 337,528 |
| Long-term debt (Note 11) | 6,506,379 | 6,118,332 |
| | 14,481,438 | 10,086,417 |
| Net debt | (12,107,581) | (7,422,153) |
| Contingencies (Note 12) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 13) | 20,331,432 | 20,822,003 |
| Construction in progress (Note 14) | 5,690,923 | 1,728,843 |
| Prepaid expenses | 39,923 | 42,013 |
| | 26,062,278 | 22,592,859 |
| Accumulated surplus (Note 15) | 13,954,697 | 15,170,706 |
| Approved on behalf of the Chief and Council | | |
|  | Chief |  |
|  | Councillor |  |

Black River First Nation

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2014

| | Schedules | 2014 Budget | 2014 | 2013 |
|--|-----------|-------------------|--------------------|--------------------|
| Revenue | | | | |
| Aboriginal Affairs and Northern Development Canada (Note 16) | | 5,526,783 | 7,413,688 | 6,605,246 |
| First Nations and Inuit Health (Note 17) | | 1,201,652 | 1,279,208 | 1,306,004 |
| Casino management fees (Note 18) | | - | 650,000 | 650,000 |
| Other | | 519,863 | 436,744 | 364,120 |
| Canada Mortgage and Housing Corporation | | - | 309,634 | 287,981 |
| Rent | | 24,000 | 217,665 | 260,762 |
| Southeast Resource Development Council Corp. (Note 18) | | 131,296 | 164,248 | 156,552 |
| Province of Manitoba | | - | 191,974 | 137,655 |
| Public Safety Canada | | 34,821 | 34,821 | 34,821 |
| Employment and Social Development Canada | | - | 10,520 | - |
| Insurance proceeds | | - | - | 125,000 |
| Prior year recoveries by funding agencies | | - | (22,656) | - |
| Current year recoveries by funding agencies | | - | (80,532) | (4,500) |
| Revenue deferred in prior year (Note 9) | | - | 2,076,153 | 14,216 |
| Revenue deferred to subsequent year (Note 9) | | - | (5,616,374) | (2,076,153) |
| | | 7,438,415 | 7,065,093 | 7,861,704 |
| Segment expenses | | | | |
| Housing | 4 | - | 347,587 | 589,646 |
| Subsidized Housing | 5 | - | 600,188 | 570,269 |
| Community Wellness | 6 | 1,254,169 | 1,221,571 | 1,334,950 |
| Governance and Administration | 7 | 850,020 | 1,353,490 | 1,161,526 |
| Economic Development | 8 | 58,399 | 184,809 | 170,695 |
| Education | 9 | 2,342,975 | 1,797,325 | 2,896,249 |
| Community Infrastructure | 10 | 543,532 | 637,152 | 851,093 |
| Fundraising | 11 | 28,000 | 484,931 | 466,319 |
| Traditional Area Planning | 12 | - | 62,589 | 34,546 |
| Social | 13 | 1,251,117 | 1,591,460 | 1,571,751 |
| | | 6,328,212 | 8,281,102 | 9,647,044 |
| Surplus (deficit) | | 1,110,203 | (1,216,009) | (1,785,340) |
| Accumulated surplus, beginning of year | | 15,170,706 | 15,170,706 | 16,956,046 |
| Accumulated surplus, end of year | | 16,280,909 | 13,954,697 | 15,170,706 |

The accompanying notes are an integral part of these financial statements

Black River First Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2014

| | <i>2014 Budget</i> | <i>2014</i> | <i>2013</i> |
|--|------------------------|---------------------|--------------------|
| Surplus (deficit) | 1,110,203 | (1,216,009) | (1,785,340) |
| Purchases of tangible capital assets | - | (1,075,450) | (174,690) |
| Increase in cost of construction in progress | - | (3,962,080) | (1,227,206) |
| Amortization of tangible capital assets | - | 1,566,021 | 1,558,860 |
| | - | (3,471,509) | 156,964 |
| Acquisition of prepaid expenses | - | (39,923) | (42,013) |
| Use of prepaid expenses | - | 42,013 | 51,394 |
| | - | 2,090 | 9,381 |
| Decrease in net debt | 1,110,203 | (4,685,428) | (1,618,995) |
| Net debt, beginning of year | (7,422,153) | (7,422,153) | (5,803,158) |
| Net debt, end of year | (6,311,950) | (12,107,581) | (7,422,153) |

The accompanying notes are an integral part of these financial statements

Black River First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

| | 2014 | 2013 |
|---|-------------|-------------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Cash receipts from contributors | 10,790,234 | 8,696,062 |
| Cash paid to suppliers | (3,591,033) | (4,740,881) |
| Cash paid to employees | (2,267,522) | (3,283,505) |
| Interest paid | (165,681) | (137,885) |
| | 4,765,998 | 533,791 |
| Financing activities | | |
| Advances of long-term debt | 946,298 | 840,151 |
| Repayment of long-term debt | (558,251) | (361,781) |
| Advance (repayment) of construction loan payable | (455,055) | 455,055 |
| Change in restricted cash | 441,641 | (86,675) |
| Change in bank indebtedness | 334,566 | (107,393) |
| | 709,199 | 739,357 |
| Capital activities | | |
| Purchases of tangible capital assets | (1,075,450) | (174,690) |
| Cost of construction in progress | (3,962,080) | (1,227,206) |
| | (5,037,530) | (1,401,896) |
| Investing activities | | |
| Proceeds from withdrawal of investment | 27,904 | 2,155 |
| Increase (decrease) in cash resources | 465,571 | (126,593) |
| Cash resources, beginning of year | 141,166 | 267,759 |
| Cash resources, end of year | 606,737 | 141,166 |

1. Operations

The Black River First Nation (the "First Nation") is located in the Province of Manitoba, and provides various services to its members.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Black River 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. Trusts administered on behalf of third parties by Black River First Nation are excluded from the First Nation reporting entity.

The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Black River First Nation Housing Authority
- Black River First Nation Gaming Commission
- O'Hanley Enterprises Ltd.
- Members In Need Inc.
- Black River Development Corporation
- Black River Business Trust
- Black River Limited Partnership

In addition, the First Nation has consolidated its proportionate share (50%) of its investment in a government partnership known as the Cottage Lot Subdivision Development Partnership.

All inter-entity balances and transactions have been eliminated on consolidation.

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

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

Investments

Investments in non-controlled entities are recorded at the lower of cost and net realizable value.

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.

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

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.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

Tangible capital assets are amortized annually using the straight line method at the following rates intended to amortize the cost of the assets over their estimated useful lives:

| | |
|-------------------------------|----------|
| Vehicles | 3 years |
| Roads | 40 years |
| Contractor equipment | 10 years |
| General equipment | 10 years |
| Furniture | 10 years |
| Buildings | 20 years |
| Infrastructure | 25 years |
| Housing and rental properties | 25 years |
| Land improvements | 15 years |
| Bridges | 20 years |
| Buses | 6 years |
| Subsidized Housing | 20 years |

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the First Nation. Any impairment is included in operations for the year.

Revenue recognition

Government transfers

Government transfer revenue, including Aboriginal Affairs and Northern Development Canada, is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under the funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is recognized in the year in which qualifying expenses have been incurred.

Other revenue

Rent and subsidy revenue are recognized on a monthly basis under terms of the agreement.

Contract revenues are recognized when the services are provided and the collectibility of proceeds is reasonably assured.

Other revenue is recognized by the First Nation when services are provided or goods are shipped and collectibility is reasonably assured.

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

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 expenditures during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue.

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

Segments

The First Nation conducts its business through 11 reportable segments as reported below. 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 First Nation's segments are as follows:

Housing - reports on activities related to developing and sustaining on-reserve housing
Subsidized Housing - reports on CMHC subsidized housing
Community Wellness - reports on health and wellness programs funded by First Nations and Inuit Health
Governance and Administration - reports on governance and administration activities
Economic Development - reports on services that facilitate economic development
Education - reports on the operations of education programs
Community Infrastructure - includes activities for the development of the First Nation's infrastructure
Fundraising - reports on activities related to fundraising activities
Traditional Area Planning - reports on activities related to management of the First Nation's traditional territory
Social - reports on social assistance programs
Ottawa Trust - reports on funding contributed to Ottawa Trust

Inter-segment transfers are recorded at their exchange amount. 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.

Financial instruments

Financial instruments include cash, accounts receivable, investments, restricted cash, bank indebtedness, accounts payable and accruals, due to Province of Manitoba and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

Employee future benefits

The First Nation's employee future benefit programs consist of a defined contribution pension plan. The First Nation's contributions to the defined contribution plan are expensed as incurred.

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

Recent accounting pronouncements

Liability for contaminated sites

In June 2010, the Public Sector Accounting Board (PSAB) issued PS 3260 *Liability for Contaminated Sites* to establish recognition, measurement and disclosure standards for liabilities associated with the remediation of contaminated sites. The new section defines activities included in a liability for remediation, establishes when to recognize and how to measure a liability for remediation, and provides the related financial statement presentation and disclosure requirements.

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The First Nation has not yet determined the effect that this new section will have on its consolidated financial statements.

Financial instruments

In June 2011, the Public Sector Accounting Board (PSAB) issued PS 3450 *Financial Instruments* to establish standards for recognition, measurement, presentation and disclosure of financial assets, financial liabilities and non-financial derivatives. As a result of issuance of PS 3450, there have been numerous consequential amendments made to other Sections. PS 3450 is effective for fiscal years beginning on or after April 1, 2016. Earlier adoption is permitted.

The First Nation expects to apply PS 3450 and related consequential amendments to the PSA Handbook for its consolidated financial statements dated March 31, 2017. PS 3450 is applied prospectively in the fiscal year of initial adoption; therefore, financial statements of prior periods, including comparative information, are not restated. The First Nation does not expect the adoption of these new standards to have a material impact on its consolidated financial statements.

3. Investment in Cottage Lot Subdivision Development Partnership

Cottage Lot Subdivision Development Partnership

The First Nation is a 50% partner in a government partnership with the Province of Manitoba known as the Cottage Lot Subdivision Development Partnership. The purpose of the government partnership is to construct cottage lot units and related commercial development on the east side of Lake Winnipeg.

The First Nation accounts for its share in the government partnership in accordance with the proportionate consolidation method.

The financial position of the Government Partnership is as follows:

| | 2014 | 2013 |
|--------------------------------|--------------------|-------------|
| Construction in progress asset | \$1,243,274 | \$1,243,274 |
| Accumulated surplus | \$1,243,274 | \$1,243,274 |

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

4. Accounts receivable

| | 2014 | 2013 |
|---|------------------|-------------|
| Aboriginal Affairs and Northern Development Canada (AANDC) - Year-end PAYE per confirmation | - | 9,000 |
| AANDC revenue not received prior to year-end | 1,174,641 | 1,401,485 |
| First Nations and Inuit Health (FNIH) | 62,731 | 41,100 |
| Goods and Services Tax | 52,044 | 33,606 |
| Insurance proceeds | - | 54,000 |
| Members | 146,965 | 85,091 |
| Trade | 214,858 | 215,158 |
| Allowance for doubtful accounts - members | (146,965) | (85,091) |
| Allowance for doubtful accounts - trade | (54,930) | (18,572) |
| | 1,449,344 | 1,735,777 |

AANDC revenue was received subsequent to year-end as follows:

\$347,820 (Wastewater - Over \$1.5M) - April 2, 2014

\$197,650 (Wastewater - Over \$1.5M) - April 4, 2014

\$617,926 (Wastewater - Over \$1.5M) - May 1, 2014

\$11,245 (Adaptation Measures) - June 20, 2014

FNIH revenue was received subsequent to year-end as follows:

\$520 - April 4, 2014

\$62,211 - April 10, 2014

5. Investments

| | 2014 | 2013 |
|--|----------------|-------------|
| Shawano Wapunong Building Inc. | 12,087 | 39,991 |
| Brokenhead River Casino Resort Limited Partnership | 153,214 | 153,214 |
| | 165,301 | 193,205 |

Funds held by Shawano Wapunong Building Inc. are on deposit at an interest rate of 7% per annum. Shawano Wapunong Building Inc. is owned by the eight Southeast First Nations in Manitoba and invests funds mostly in commercial real estate in Winnipeg, Manitoba.

The investment in Brokenhead River Casino Resort Limited Partnership represents one seventh ownership, of the 100 units issued by this Partnership, which was formed to develop the casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Restricted cash

| | 2014 | 2013 |
|--------------------------------|----------------|---------|
| Ottawa Trust | 22,800 | 21,648 |
| CMHC Replacement Reserve | 93,744 | 358,202 |
| CMHC Operating Surplus Reserve | 35,931 | 189,447 |
| PM Associates Ltd. | - | 24,819 |
| | 152,475 | 594,116 |

Ottawa Trust

The Ottawa Trust Funds arise from monies 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 and are subject to audit by the Office of the Auditor General of Canada. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act. Revenue from the Ottawa Trust is recognized in the year in which it is earned when it is measurable and collection is reasonably assured. Capital and revenue trust money is transferred to the First Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the First Nation's Chief and Council.

| | |
|---------------|---|
| Capital Trust | \$77 (2013 - \$77) (2014 interest revenue - \$0; 2013 interest revenue - \$0) |
| Revenue Trust | \$22,723 (2013 - \$21,571) (2014 interest revenue - \$1,152; 2013 interest revenue - \$1,286) |

CMHC Replacement Reserve

As required as part of the First Nation's CMHC Housing Program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC), the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

CMHC Operating Surplus Reserve

As required as part of the First Nation's CMHC Housing Program, a separate bank account has been established to maintain the accumulated operating surplus in cash. Under the terms of the agreements with Canada Mortgage and Housing Corporation (CMHC), the operating surplus reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

7. Bank indebtedness

Bank indebtedness consists of the following:

1. A line of credit of \$25,000, secured by a cash collateral GIC, bearing interest at bank prime plus 2%, \$16,000 of which was drawn (2013 - \$0).
2. Accounts overdrawn of \$15,216 (2013 - \$0)
3. Cheques issued in excess of cash on hand of \$235,873 (2013 - \$130,539)
4. A construction bank account used for the water treatment plant and lagoon expansion construction project, with an overdrawn balance of \$249,041 (2013 - \$51,025)

8. Accounts payable and accruals

| | 2014 | 2013 |
|--|------------------|-------------|
| AANDC - Social 2000-2001 | 60,126 | 60,126 |
| AANDC - Professional Institute Development Program 2010-2011 | 8,207 | - |
| AANDC - Governance Capacity Development | (6,600) | - |
| Total AANDC | 61,733 | 60,126 |
| Trade payables and accruals | 325,638 | 499,491 |
| Accrued professional fees | 620,000 | 298,000 |
| Water treatment plant and lagoon expansion construction payables and holdbacks | 497,656 | - |
| Housing construction payables | - | 60,168 |
| | 1,505,027 | 917,785 |

Included in accounts payable and accruals is an amount of \$620,000 (2013 - \$298,000) owing for professional services incurred to pursue a financial claim with the Government of Canada. The First Nation expects to settle these liabilities through funds obtained by either a successful legal settlement with the Government of Canada or through an insurance policy in the case of an unsuccessful legal settlement. No assets have been recorded in these financial statements for any expected future proceeds pertaining to this matter.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

9. Deferred Revenue

| | 2014 | 2013 |
|---|------------------|------------------|
| AANDC - Climate change | 25,074 | 17,091 |
| Deferred insurance proceeds | - | 125,000 |
| Schedule 4 | 25,074 | 142,091 |
| AANDC - Improving school effectiveness | - | 22,425 |
| AANDC - Case management | - | 8,000 |
| AANDC - School maintenance | - | 18,187 |
| Schedule 9 | - | 48,612 |
| Schedule 10 - AANDC - Water treatment plant and lagoon expansion | 5,591,300 | 1,862,000 |
| Schedule 13 - AANDC - Service delivery | - | 23,450 |
| | 5,616,374 | 2,076,153 |

\$402,014 (2013 - \$1,336,964) of the deferred revenue for the water treatment plant and lagoon expansion relates to unspent restricted contributions. \$5,189,286 (2013 - \$525,036) of the amount has been deferred as the asset was under construction and not available for use as at March 31, 2014.

Subsequent to year-end the First Nation completed the construction of the water treatment plant and lagoon expansion. The amounts recognized as deferred revenue as at March 31, 2014 will be included in revenue in the year ended March 31, 2015. This will result in an increase to the invested in tangible capital assets portion of accumulated surplus described in Note 15.

10. Due to Province of Manitoba

The First Nation has entered into a government partnership, known as the Cottage Lot Subdivision Development Partnership, with the Province of Manitoba for the purpose of constructing cottage lot units and related commercial development on the east side of Lake Winnipeg. The Province of Manitoba has provided the First Nation with financing in order to allow the First Nation to meet its obligations under the terms of the government partnership agreement to cover 50% of the costs incurred during the construction phase. This financing was issued to the First Nation without a loan agreement in place and without specified interest rates or terms of repayment. The Province of Manitoba and the First Nation are in negotiations to arrive at a loan agreement.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

11. Long-term debt

| | 2014 | 2013 |
|--|------------------|-------------|
| CMHC mortgage, with payments of \$5,683 per month including interest at 1.67%, maturing April 2033, with a scheduled renewal date of June 2018. | 1,114,359 | 1,161,467 |
| CMHC mortgage, with payments of \$2,220 per month including interest at 1.53%, maturing September 2027, with a scheduled renewal date of December 2017. | 324,830 | 346,337 |
| CMHC mortgage, with payments of \$2,004 per month including interest at 2.56%, maturing November 2030, with a scheduled renewal date of December 2015. | 326,316 | 341,840 |
| CMHC mortgage, with payments of \$1,746 per month including interest at 2.69%, maturing May 2025, with a scheduled renewal date of August 2015. | 202,005 | 217,324 |
| CMHC mortgage, with payments of \$1,910 per month including interest at 2.08%, maturing February 2034, with a scheduled renewal date of February 2019. | 373,755 | 389,177 |
| CMHC mortgage, with payments of \$2,094 per month including interest at 2.87%, maturing November 2034, with a scheduled renewal date of December 2014. | 391,756 | 405,489 |
| CMHC mortgage, with payments of \$3,728 per month including interest at 1.92%, maturing April 2029, with a scheduled renewal date of April 2019. | 585,825 | 619,321 |
| CMHC mortgage, with payments of \$2,168 per month including interest at 2.68%, maturing January 2036, with a scheduled renewal date of February 2016. | 430,128 | 444,467 |
| CMHC mortgage, with payments of \$3,412 per month including interest at 1.49%, maturing January 2037, with a scheduled renewal date of January 2017. | 792,199 | 821,146 |
| CMHC mortgage, with payments of \$2,632 per month including interest at 1.67%, maturing June 2038, with a scheduled renewal date of June 2018. | 629,627 | - |
| CMHC mortgage, with payments of \$1,300 per month including interest at 2.18%, maturing January 2039, with a scheduled renewal date of January 2019. | 300,565 | - |
| First Nations Bank term loan, with annual payments of \$232,238 plus interest at prime plus 2% (at year-end 5%), maturing December 2015, secured by a general security agreement. | 464,473 | 696,711 |
| First Nations Bank term loan, with monthly payments of \$3,444 including interest at 4.0% maturing November 2014, secured by a general security agreement, and an assignment of fire insurance proceeds. | 358,232 | 384,763 |
| First Nation Bank term loan, with monthly payments of \$4,450 plus interest at prime plus 2% (at year-end 5%), maturing December 2015, secured by a general security agreement. | 93,450 | 146,850 |
| Southeast Economic Development Corporation loan payable, with payments of \$2,773 per month including interest at 6.5%, maturing March 2018, secured by particular tangible capital assets. | 118,859 | 143,440 |
| | 6,506,379 | 6,118,332 |

All CMHC mortgages are secured by a Ministerial guarantee and an assignment of fire insurance.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Long-term debt *(Continued from previous page)*

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:

| | |
|------|-----------|
| 2015 | 912,000 |
| 2016 | 547,000 |
| 2017 | 281,000 |
| 2018 | 291,000 |
| 2019 | 262,000 |
| | 2,293,000 |

12. Contingencies

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year-end, it was not yet determined to what extent any funding amounts related to the year ending March 31, 2014 might be recovered by these federal agencies.

13. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

14. Construction in progress

| | 2014 | 2013 |
|--|-----------|-----------|
| Proportionate share of Cottage lot subdivision construction in progress | 621,637 | 621,637 |
| Deferred gain pertaining to the First Nation's portion of tangible capital assets contributed by the First Nation to the Cottage Lot Subdivision Development Partnership | (120,000) | (120,000) |
| Cottage lot subdivision construction | 501,637 | 501,637 |
| Water treatment plant and lagoon expansion | 5,189,286 | 525,036 |
| CMHC housing construction costs | - | 577,170 |
| Housing re-build construction in progress | - | 125,000 |
| | 5,690,923 | 1,728,843 |

15. Accumulated surplus

| | 2014 | 2013 |
|-------------------------------------|------------|-------------|
| Invested in tangible capital assets | 14,453,635 | 15,686,606 |
| Ottawa Trust | 22,800 | 21,648 |
| CMHC reserves | 129,675 | 547,649 |
| Accumulated deficit from operations | (651,413) | (1,085,197) |
| | 13,954,697 | 15,170,706 |

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

16. AANDC revenue reconciliation

| | 2014 | 2013 |
|--|------------------|------------------|
| AANDC revenue per funding agreement | 7,333,156 | 6,564,246 |
| Current year recovery | 80,532 | - |
| Additional funding held back as a 'first charge' on annual funding in lieu of amounts payable to AANDC | - | 50,000 |
| Less: confirmation error | - | (9,000) |
| | 7,413,688 | 6,605,246 |

17. FNIH revenue reconciliation

| | 2014 | 2013 |
|--|-----------|-----------|
| FNIH revenue per funding agreement | 1,279,208 | 1,306,004 |
| FNIH revenue recognized in consolidated financial statements | 1,279,208 | 1,306,004 |

18. Related party transactions

Casino management fees of \$650,000 (2013 - \$650,000) were earned from the Brokenhead River Casino Resort Limited Partnership (the Partnership). The Partnership is related to the First Nation as described in Note 5.

Southeast Resource Development Council Corp. (SERDC) provided grant revenue of \$164,248 (2013 - \$156,552) to the First Nation during the year. SERDC is a not-for-profit organization jointly controlled by 8 First Nation governments, including the First Nation.

These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

19. Segment information on tangible capital assets

Tangible capital assets are assigned to the First Nation's segments in accordance with management's determination, as to the activities and services that will be facilitated as a result of ongoing ownership of the assets.

The net book value of tangible capital assets assigned to each segment is as follows:

| | 2014 | 2013 |
|-------------------------------|-------------------|-------------------|
| Housing | 5,054,948 | 4,493,753 |
| Subsidized housing | 2,941,052 | 2,972,597 |
| Education | 9,617,243 | 10,340,551 |
| Governance and Administration | 537,998 | 588,552 |
| Community Infrastructure | 2,180,191 | 2,426,550 |
| | 20,331,432 | 20,822,003 |

20. Economic dependence

The First Nation receives a significant portion of its revenue from Aboriginal Affairs and Northern Development Canada ("AANDC") and First Nations and Inuit Health ("FNIH"). During the year, the First Nation received 53.2% (2013 - 59.4%) of its revenue from AANDC and 18.0% (2013 - 16.6%) of its revenue from FNIH.

The revenue is provided as a result of Treaties entered into with the Government of Canada. These treaties are administered by AANDC and FNIH 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.

21. Defined contribution pension plan

The First Nation has a defined contribution pension plan covering all full-time employees in the Education segment. The First Nation remits monthly contributions to the administrator of the plan and remittances were current at year-end.

22. Provision for site rehabilitation

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive landfill sites. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of The Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these financial statements.

23. Subsequent event

Subsequent to year-end the First Nation completed the construction of the water treatment plant and lagoon expansion. The financial impact of this is discussed in Note 9.

24. Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to current year presentation.

Black River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

| | <i>Vehicles</i> | <i>Roads</i> | <i>Contractor equipment</i> | <i>General equipment</i> | <i>Subtotal</i> |
|--|-----------------|----------------|---------------------------------|------------------------------|------------------|
| Cost | | | | | |
| Balance, beginning of year | 482,095 | 1,574,575 | 617,063 | 79,774 | 2,753,507 |
| Acquisition of tangible capital assets | - | - | - | - | - |
| Balance, end of year | 482,095 | 1,574,575 | 617,063 | 79,774 | 2,753,507 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 423,469 | 719,198 | 344,827 | 41,640 | 1,529,134 |
| Annual amortization | 30,976 | 34,301 | 40,739 | 7,976 | 113,992 |
| Balance, end of year | 454,445 | 753,499 | 385,566 | 49,616 | 1,643,126 |
| Net book value of tangible capital assets | 27,650 | 821,076 | 231,497 | 30,158 | 1,110,381 |
| 2013 Net book value of tangible capital assets | 58,626 | 855,377 | 272,236 | 38,134 | 1,224,373 |

Black River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

| | <i>Subtotal</i> | <i>Furniture</i> | <i>Buildings</i> | <i>Infrastructure</i> | <i>Subtotal</i> |
|--|------------------|------------------|------------------|-----------------------|-------------------|
| Cost | | | | | |
| Balance, beginning of year | 2,753,507 | 966,273 | 13,429,465 | 1,779,936 | 18,929,181 |
| Acquisition of tangible capital assets | - | 20,922 | - | - | 20,922 |
| Balance, end of year | 2,753,507 | 987,195 | 13,429,465 | 1,779,936 | 18,950,103 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 1,529,134 | 413,129 | 3,242,439 | 1,423,947 | 6,608,649 |
| Annual amortization | 113,992 | 98,719 | 651,081 | 71,197 | 934,989 |
| Balance, end of year | 1,643,126 | 511,848 | 3,893,520 | 1,495,144 | 7,543,638 |
| Net book value of tangible capital assets | 1,110,381 | 475,347 | 9,535,945 | 284,792 | 11,406,465 |
| 2013 Net book value of tangible capital assets | 1,224,373 | 553,144 | 10,187,026 | 355,989 | 12,320,532 |

Black River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

| | <i>Subtotal</i> | <i>Housing and rental properties</i> | <i>Land improvements</i> | <i>Bridges</i> | <i>Subtotal</i> |
|--|-------------------|--|------------------------------|----------------|-------------------|
| Cost | | | | | |
| Balance, beginning of year | 18,929,181 | 3,788,623 | 730,765 | 1,019,700 | 24,468,269 |
| Acquisition of tangible capital assets | 20,922 | 125,000 | - | - | 145,922 |
| Balance, end of year | 18,950,103 | 3,913,623 | 730,765 | 1,019,700 | 24,614,191 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 6,608,649 | 816,031 | 285,495 | 458,865 | 8,169,040 |
| Annual amortization | 934,989 | 156,545 | 40,654 | 50,985 | 1,183,173 |
| Balance, end of year | 7,543,638 | 972,576 | 326,149 | 509,850 | 9,352,213 |
| Net book value of tangible capital assets | 11,406,465 | 2,941,047 | 404,616 | 509,850 | 15,261,978 |
| 2013 Net book value of tangible capital assets | 12,320,532 | 2,972,592 | 445,270 | 560,835 | 16,299,229 |

Black River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

| | <i>Subtotal</i> | <i>Buses</i> | <i>Subsidized Housing</i> | <i>2014</i> | <i>2013</i> |
|--|-------------------|---------------|-------------------------------|-------------------|-------------------|
| Cost | | | | | |
| Balance, beginning of year | 24,468,269 | 358,919 | 6,443,960 | 31,271,148 | 31,096,458 |
| Acquisition of tangible capital assets | 145,922 | - | 929,528 | 1,075,450 | 174,690 |
| Balance, end of year | 24,614,191 | 358,919 | 7,373,488 | 32,346,598 | 31,271,148 |
| Accumulated amortization | | | | | |
| Balance, beginning of year | 8,169,040 | 329,897 | 1,950,208 | 10,449,145 | 8,890,285 |
| Annual amortization | 1,183,173 | 14,514 | 368,334 | 1,566,021 | 1,558,860 |
| Balance, end of year | 9,352,213 | 344,411 | 2,318,542 | 12,015,166 | 10,449,145 |
| Net book value of tangible capital assets | 15,261,978 | 14,508 | 5,054,946 | 20,331,432 | 20,822,003 |
| 2013 Net book value of tangible capital assets | 16,299,229 | 29,022 | 4,493,752 | 20,822,003 | |

Black River First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2014

| | 2014 | 2013 |
|--|------------------|------------------|
| Consolidated expenses by object | | |
| Advertising | 13,769 | 16,148 |
| Amortization | 1,566,021 | 1,558,860 |
| Bad debts | 101,513 | 108,132 |
| Bank charges | 16,406 | 33,036 |
| Basic needs | 1,450,746 | 1,510,294 |
| Casino funds disbursed | 307,158 | 277,757 |
| Community events | 14,925 | 15,269 |
| Consulting | - | 12,055 |
| Contracted services | 56,233 | 155,051 |
| Donations | 6,576 | - |
| Elders | 13,244 | 22,349 |
| Equipment | 47,254 | 32,070 |
| Honourarium | 271,060 | 271,241 |
| Insurance | 79,337 | 64,531 |
| Interest on long-term debt | 165,681 | 137,885 |
| Management fees | 15,329 | 2,929 |
| Materials | 2,289 | 6,215 |
| Meals | 15,692 | 15,173 |
| Pension | 4,250 | 1,755 |
| Professional development | 1,025 | 11,558 |
| Professional fees | 572,760 | 271,262 |
| Promotion | 10,143 | 19,721 |
| Recreation | 3,811 | 877 |
| Rent | 451 | 2,006 |
| Repairs and maintenance | 158,580 | 438,185 |
| Salaries and benefits | 2,267,522 | 3,283,505 |
| Special needs | 55,396 | 18,680 |
| Supplies | 200,594 | 362,099 |
| Telephone | 47,514 | 47,797 |
| Training | 75,755 | 45,673 |
| Travel | 221,294 | 235,195 |
| Treaty Days activities | 36,777 | 78,919 |
| Tuition | 134,407 | 142,624 |
| Unconditional grant | 42,975 | 36,333 |
| Utilities | 140,518 | 169,553 |
| Vehicle expenses | 101,428 | 144,993 |
| Workshops | 62,669 | 97,314 |
| | 8,281,102 | 9,647,044 |

Black River First Nation
Schedule 3 - Consolidated Summary Schedule of Segment Operations
For the year ended March 31, 2014

| | <i>Revenue</i> | <i>Expenses</i> | <i>Transfers</i> | <i>2014 Surplus (Deficit)</i> | <i>2013 Surplus (Deficit)</i> |
|-------------------------------------|------------------|------------------|------------------|-----------------------------------|-----------------------------------|
| Segments (schedules 4 to 14) | | | | | |
| Housing | 371,779 | 347,587 | 607,338 | 631,530 | (213,775) |
| Subsidized Housing | 518,491 | 600,188 | (478,393) | (560,090) | (78,336) |
| Community Wellness | 1,306,539 | 1,221,571 | (444,510) | (359,542) | (94,872) |
| Governance and Administration | 586,391 | 1,353,490 | 787,613 | 20,514 | (157,387) |
| Economic Development | 211,508 | 184,809 | (15,492) | 11,207 | (4,264) |
| Education | 909,231 | 1,797,325 | 995,645 | 107,551 | (814,680) |
| Community Infrastructure | 412,435 | 637,152 | 166,977 | (57,740) | (480,919) |
| Fundraising | 1,078,330 | 484,931 | (2,911,120) | (2,317,721) | 425,690 |
| Traditional Area Planning | 90,577 | 62,589 | (8,058) | 19,930 | (7,164) |
| Social | 1,578,660 | 1,591,460 | 1,300,000 | 1,287,200 | (360,919) |
| Ottawa Trust | 1,152 | - | - | 1,152 | 1,286 |
| | 7,065,093 | 8,281,102 | - | (1,216,009) | (1,785,340) |

The accompanying notes are an integral part of these financial statements

Black River First Nation

Housing

Schedule 4 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2014

| | 2014 | 2013 |
|--|------------------|------------------|
| Revenue | | |
| Aboriginal Affairs and Northern Development Canada | 194,084 | 356,736 |
| Other | 60,678 | 57,900 |
| Insurance proceeds | - | 125,000 |
| Revenue deferred in prior year | 142,091 | - |
| Revenue deferred to subsequent year | (25,074) | (142,091) |
| | 371,779 | 397,545 |
| Expenses | | |
| Amortization | 156,545 | 151,545 |
| Bank charges | 624 | 8,777 |
| Contracted services | 25,467 | 106,125 |
| Equipment | 1,497 | - |
| Health | 8,937 | 3,001 |
| Honourarium | 5,948 | 13,401 |
| Insurance | 1,212 | 7,119 |
| Interest on long-term debt | 14,799 | 15,909 |
| Professional fees | 39,895 | 23,313 |
| Repairs and maintenance | 10,509 | 207,290 |
| Salaries and benefits | 50,673 | 34,400 |
| Supplies | 21,883 | 9,335 |
| Travel | 2,526 | 3,969 |
| Utilities | 5,018 | 71 |
| Vehicle expenses | 1,891 | 4,626 |
| Workshops | 163 | 765 |
| | 347,587 | 589,646 |
| Surplus (deficit) before transfers | 24,192 | (192,101) |
| Transfers between segments | 607,338 | (21,674) |
| Surplus (deficit) | 631,530 | (213,775) |
| Accumulated surplus, beginning of year | 2,309,522 | 2,523,297 |
| Accumulated surplus, end of year | 2,941,052 | 2,309,522 |

Black River First Nation
Subsidized Housing

Schedule 5 - Consolidated Schedule of Segment Operations and Accumulated Surplus (Deficit)

For the year ended March 31, 2014

| | 2014 | 2013 |
|---|------------------|-------------|
| Revenue | | |
| Canada Mortgage and Housing Corporation | 309,634 | 287,981 |
| Rent | 208,857 | 240,012 |
| | 518,491 | 527,993 |
| Expenses | | |
| Amortization | 368,334 | 321,908 |
| Bank charges | 215 | 285 |
| Insurance | 40,460 | 31,432 |
| Interest on long-term debt | 102,430 | 121,976 |
| Professional fees | 17,478 | 12,600 |
| Repairs and maintenance | 67,730 | 76,174 |
| Supplies | - | 516 |
| Travel | 3,541 | 5,378 |
| | 600,188 | 570,269 |
| Deficit before transfers | (81,697) | (42,276) |
| Transfers between segments | (478,393) | (36,060) |
| Deficit | (560,090) | (78,336) |
| Accumulated surplus, beginning of year | 277,004 | 355,340 |
| Accumulated surplus (deficit), end of year | (283,086) | 277,004 |

**Black River First Nation
Community Wellness**

Schedule 6 - Consolidated Schedule of Segment Operations and Accumulated Deficit

For the year ended March 31, 2014

| | 2014 | 2013 |
|--|------------------|------------------|
| Revenue | | |
| First Nations and Inuit Health | 1,279,208 | 1,306,004 |
| Aboriginal Affairs and Northern Development Canada | 41,780 | 43,464 |
| Current year recoveries by funding agencies | - | (4,500) |
| Prior year recoveries by funding agencies | (14,449) | - |
| | 1,306,539 | 1,344,968 |
| Expenses | | |
| Advertising | 13,769 | 16,148 |
| Contracted services | 4,828 | 2,249 |
| Donations | 6,576 | - |
| Elders | 11,299 | 16,471 |
| Equipment | 7,389 | 4,277 |
| Health | 6,355 | 7,702 |
| Honourarium | 15,398 | 33,986 |
| Insurance | 1,262 | 2,382 |
| Professional development | 1,025 | 1,390 |
| Professional fees | 28,708 | 27,484 |
| Repairs and maintenance | 26,102 | 42,866 |
| Salaries and benefits | 821,304 | 880,212 |
| Supplies | 69,227 | 86,956 |
| Telephone | 22,000 | 19,088 |
| Training | 27,193 | 17,442 |
| Travel | 73,831 | 67,598 |
| Utilities | 8,117 | 10,064 |
| Vehicle expenses | 47,476 | 74,781 |
| Workshops | 29,712 | 23,854 |
| | 1,221,571 | 1,334,950 |
| Surplus before transfers | 84,968 | 10,018 |
| Transfers between segments | (444,510) | (104,890) |
| Deficit | (359,542) | (94,872) |
| Accumulated deficit, beginning of year | (276,278) | (181,406) |
| Accumulated deficit, end of year | (635,820) | (276,278) |

Black River First Nation
Governance and Administration

Schedule 7 - Consolidated Schedule of Segment Operations and Accumulated Deficit
For the year ended March 31, 2014

| | 2014 | 2013 |
|---|------------------|------------------|
| Revenue | | |
| Aboriginal Affairs and Northern Development Canada | 547,419 | 514,748 |
| Other | 12,358 | 53,550 |
| Public Safety Canada | 34,821 | 34,821 |
| Prior year recoveries by funding agencies | (8,207) | - |
| | 586,391 | 603,119 |
| Expenses | | |
| Amortization | 50,555 | 50,556 |
| Bad debts | 101,513 | 108,132 |
| Bank charges | 15,567 | 23,974 |
| Casino funds disbursed | 23,600 | 20,000 |
| Elders | 750 | 5,708 |
| Equipment | 8,084 | 14,431 |
| Honourarium | 224,207 | 216,696 |
| Professional fees | 471,867 | 179,465 |
| Repairs and maintenance | 57 | 3,507 |
| Salaries and benefits | 298,083 | 375,906 |
| Supplies | 25,299 | 22,947 |
| Telephone | 16,157 | 20,587 |
| Training | 3,031 | 6,536 |
| Travel | 85,390 | 89,399 |
| Vehicle expenses | 4,624 | 5,176 |
| Workshops | 24,706 | 18,506 |
| | 1,353,490 | 1,161,526 |
| Deficit before transfers | (767,099) | (558,407) |
| Transfers between segments | 787,613 | 401,020 |
| Surplus (deficit) | 20,514 | (157,387) |
| Accumulated surplus (deficit), beginning of year | (118,912) | 38,475 |
| Accumulated deficit, end of year | (98,398) | (118,912) |

Black River First Nation
Economic Development

Schedule 8 - Consolidated Schedule of Segment Operations and Accumulated Surplus
For the year ended March 31, 2014

| | 2014 | 2013 |
|--|-----------------|-----------------|
| Revenue | | |
| Southeast Resource Development Council Corp. | 164,248 | 156,552 |
| Aboriginal Affairs and Northern Development Canada | 13,707 | 13,525 |
| Other | 23,033 | 12,619 |
| Employment and Social Development Canada | 10,520 | - |
| | 211,508 | 182,696 |
| Expenses | | |
| Health | 400 | 4,470 |
| Honourarium | 250 | 1,183 |
| Insurance | - | 145 |
| Recreation | 145 | 135 |
| Rent | 451 | 2,006 |
| Salaries and benefits | 119,032 | 106,089 |
| Special needs | - | 18,680 |
| Supplies | 11,576 | 9,191 |
| Training | 40,618 | 13,071 |
| Travel | 9,915 | 3,098 |
| Utilities | 143 | 1,859 |
| Vehicle expenses | - | 670 |
| Workshops | 2,279 | 10,098 |
| | 184,809 | 170,695 |
| Surplus before transfers | 26,699 | 12,001 |
| Transfers between segments | (15,492) | (16,265) |
| Surplus (deficit) | 11,207 | (4,264) |
| Accumulated surplus, beginning of year | 395,644 | 399,908 |
| Accumulated surplus, end of year | 406,851 | 395,644 |

Black River First Nation

Education

Schedule 9 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2014

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Revenue | | |
| Aboriginal Affairs and Northern Development Canada | 932,343 | 2,324,278 |
| Rent | 8,808 | 20,750 |
| Other | - | 165 |
| Revenue deferred in prior year | 48,612 | 14,216 |
| Revenue deferred to subsequent year | - | (48,612) |
| Current year recoveries by funding agencies | (80,532) | - |
| | 909,231 | 2,310,797 |
| Expenses | | |
| Amortization | 723,308 | 723,286 |
| Community events | 14,925 | 15,269 |
| Consulting | - | 12,055 |
| Equipment | 3,809 | 9,535 |
| Honourarium | 131 | - |
| Insurance | - | 4,618 |
| Pension | 4,250 | 1,755 |
| Professional development | - | 10,168 |
| Promotion | 10,143 | 19,721 |
| Repairs and maintenance | 34,190 | 57,968 |
| Salaries and benefits | 746,552 | 1,588,032 |
| Supplies | 23,142 | 178,287 |
| Telephone | 6,285 | 7,233 |
| Training | 3,305 | 5,285 |
| Travel | 21,123 | 44,254 |
| Tuition | 134,407 | 142,624 |
| Unconditional grants | - | 1,379 |
| Utilities | 50,466 | 48,320 |
| Vehicle expenses | 21,289 | 26,460 |
| | 1,797,325 | 2,896,249 |
| Deficit before transfers | (888,094) | (585,452) |
| Transfers between segments | 995,645 | (229,228) |
| Surplus (deficit) | 107,551 | (814,680) |
| Accumulated surplus, beginning of year | 12,946,919 | 13,761,599 |
| Accumulated surplus, end of year | 13,054,470 | 12,946,919 |

**Black River First Nation
Community Infrastructure**

Schedule 10 - Consolidated Schedule of Segment Operations and Accumulated Deficit

For the year ended March 31, 2014

| | 2014 | 2013 |
|--|--------------------|--------------------|
| Revenue | | |
| Aboriginal Affairs and Northern Development Canada | 4,141,735 | 2,121,391 |
| Other | - | 136,704 |
| Revenue deferred in prior year | 1,862,000 | - |
| Revenue deferred to subsequent year | (5,591,300) | (1,862,000) |
| | 412,435 | 396,095 |
| Expenses | | |
| Amortization | 267,279 | 311,567 |
| Contracted services | 25,938 | 46,677 |
| Equipment | 825 | 3,632 |
| Insurance | 36,403 | 18,835 |
| Management fees | 15,329 | 2,929 |
| Materials | 2,289 | 6,215 |
| Repairs and maintenance | 14,680 | 49,265 |
| Salaries and benefits | 159,844 | 250,588 |
| Supplies | 32,818 | 33,838 |
| Telephone | 1,286 | 889 |
| Training | - | 60 |
| Travel | 8,522 | 10,378 |
| Utilities | 48,621 | 86,506 |
| Vehicle expenses | 23,318 | 29,714 |
| | 637,152 | 851,093 |
| Deficit before transfers | (224,717) | (454,998) |
| Transfers between segments | 166,977 | (25,921) |
| Deficit | (57,740) | (480,919) |
| Accumulated deficit, beginning of year | (1,556,155) | (1,075,236) |
| Accumulated deficit, end of year | (1,613,895) | (1,556,155) |

Black River First Nation

Fundraising

Schedule 11 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2014

| | 2014 | 2013 |
|---|--------------------|------------------|
| Revenue | | |
| Casino management fees | 650,000 | 650,000 |
| Other | 316,933 | 98,718 |
| Province of Manitoba | 111,397 | 107,231 |
| | 1,078,330 | 855,949 |
| Expenses | | |
| Casino funds disbursed | 283,558 | 257,757 |
| Honourarium | 737 | - |
| Interest on long-term debt | 48,452 | - |
| Recreation | 3,666 | 742 |
| Repairs and maintenance | 5,312 | 1,115 |
| Salaries and benefits | 13,416 | 655 |
| Supplies | 11,287 | 20,964 |
| Telephone | 586 | - |
| Travel | 1,373 | 825 |
| Treaty Days activities | 36,777 | 78,919 |
| Unconditional grants | 42,975 | 34,954 |
| Utilities | 28,153 | 22,731 |
| Vehicle expenses | 2,830 | 3,566 |
| Workshops | 5,809 | 44,091 |
| | 484,931 | 466,319 |
| Surplus before transfers | 593,399 | 389,630 |
| Transfers between segments | (2,911,120) | 36,060 |
| Surplus (deficit) | (2,317,721) | 425,690 |
| Accumulated surplus, beginning of year | 2,527,174 | 2,101,484 |
| Accumulated surplus, end of year | 209,453 | 2,527,174 |

Black River First Nation
Traditional Area Planning
Schedule 12 - Consolidated Schedule of Segment Operations and Accumulated Surplus
(Deficit)

For the year ended March 31, 2014

| | 2014 | 2013 |
|---|-----------------|-------------|
| Revenue | | |
| Other | 10,000 | - |
| Province of Manitoba | 80,577 | 30,424 |
| | 90,577 | 30,424 |
| Expenses | | |
| Honourarium | 24,389 | 5,975 |
| Professional fees | 14,812 | 28,400 |
| Salaries and benefits | 13,661 | 10 |
| Supplies | 4,312 | 65 |
| Telephone | 600 | - |
| Travel | 4,815 | 96 |
| | 62,589 | 34,546 |
| Surplus (deficit) before transfers | 27,988 | (4,122) |
| Transfers between segments | (8,058) | (3,042) |
| Surplus (deficit) | 19,930 | (7,164) |
| Accumulated deficit, beginning of year | (14,343) | (7,179) |
| Accumulated surplus (deficit), end of year | 5,587 | (14,343) |

Black River First Nation

Social

Schedule 13 - Consolidated Schedule of Segment Operations and Accumulated Deficit

For the year ended March 31, 2014

| | 2014 | 2013 |
|--|--------------------|--------------------|
| Revenue | | |
| Aboriginal Affairs and Northern Development Canada | 1,542,620 | 1,231,104 |
| Other | 12,590 | 3,178 |
| Revenue deferred in prior year | 23,450 | - |
| Revenue deferred to subsequent year | - | (23,450) |
| | 1,578,660 | 1,210,832 |
| Expenses | | |
| Basic needs | 1,450,746 | 1,510,294 |
| Elders | 1,195 | 170 |
| Equipment | 25,650 | 195 |
| Salaries and benefits | 44,957 | 47,613 |
| Special needs | 55,396 | - |
| Supplies | 1,050 | - |
| Telephone | 600 | - |
| Training | 1,608 | 3,279 |
| Travel | 10,258 | 10,200 |
| | 1,591,460 | 1,571,751 |
| Deficit before transfers | (12,800) | (360,919) |
| Transfers between segments | 1,300,000 | - |
| Surplus (deficit) | 1,287,200 | (360,919) |
| Accumulated deficit, beginning of year | (1,341,518) | (980,599) |
| Accumulated deficit, end of year | (54,318) | (1,341,518) |

Black River First Nation**Ottawa Trust****Schedule 14 - Consolidated Schedule of Segment Operations and Accumulated Surplus***For the year ended March 31, 2014*

| | 2014 | 2013 |
|---|---------------|-------------|
| Revenue | | |
| Interest | 1,152 | 1,286 |
| Surplus | 1,152 | 1,286 |
| Accumulated surplus, beginning of year | 21,648 | 20,362 |
| Accumulated surplus, end of year | 22,800 | 21,648 |