

**Black River First Nation
Consolidated Financial Statements**
March 31, 2015

Black River First Nation Contents

For the year ended March 31, 2015

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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.

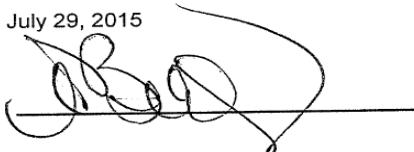
Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting 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 29, 2015



Chief Financial
Officer

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, 2015, and the consolidated statements of operations, changes in accumulated surplus, changes 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, 2015 and the results of its operations, changes in accumulated surplus, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

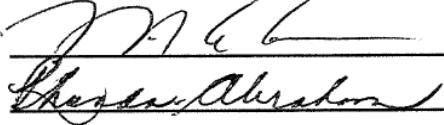
July 29, 2015

MNP LLP
Chartered Accountants

Black River First Nation
Consolidated Statement of Financial Position
As at March 31, 2015

	2015	2014
	<i>(Restated)</i>	
Financial assets		
Cash	80,621	309,536
Accounts receivable (Note 4)	743,381	1,461,431
Investment in Government Business Partnership (Note 5)	3,398,076	3,493,356
Restricted cash (Note 6)	426,879	449,676
	4,648,957	5,713,999
Liabilities		
Bank indebtedness (Note 7)	412,068	516,130
Accounts payable and accruals (Note 8)	603,595	1,505,027
Deferred revenue (Note 9)	-	5,616,374
Due to Province of Manitoba (Note 10)	337,528	337,528
Demand loan payable (Note 11)	1,685,233	-
Long-term debt (Note 12)	5,928,457	6,506,379
	8,966,881	14,481,438
Net debt	(4,317,924)	(8,767,439)
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Note 14)	25,837,364	20,331,432
Construction in progress (Note 15)	501,637	5,690,923
Prepaid expenses	38,061	39,923
	26,377,062	26,062,278
Accumulated surplus (Note 16)	22,059,138	17,294,839

Approved on behalf of the Chief and Council


Theresa Abraham

Chief

Councillor


Si H

Councillor

Councillor

Black River First Nation
Consolidated Statement of Operations
For the year ended March 31, 2015

	<i>Schedules</i>	<i>2015 Budget</i>	<i>2015</i>	<i>2014 (Restated)</i>
Revenue				
Aboriginal Affairs and Northern Development Canada (Note 17)		3,015,573	4,898,504	7,413,688
First Nations and Inuit Health (Note 18)		1,265,208	1,355,919	1,279,208
Other		471,178	805,394	613,680
Income from Government Business Partnership (Note 19)		-	554,720	624,144
Canada Mortgage and Housing Corporation		-	326,440	309,634
Rent		-	222,644	217,665
Southeast Resource Development Council Corp. (Note 19)		-	165,301	164,248
Public Safety Canada		-	34,821	34,821
Employment and Social Development Canada		-	-	10,520
Recoveries by funding agencies		-	(32,980)	(103,188)
Revenue deferred in prior year (Note 9)		-	5,616,374	2,076,153
Revenue deferred to subsequent year (Note 9)		-	-	(5,616,374)
Insurance proceeds		-	-	15,038
		4,751,959	13,947,137	7,039,237
Segment expenses				
Housing	4	-	580,077	347,587
Subsidized Housing	5	-	712,436	600,188
Community Wellness	6	1,210,164	1,246,265	1,179,791
Governance and Administration	7	815,548	934,629	1,353,490
Economic Development	8	73,432	151,705	184,809
Education	9	970,415	1,148,990	1,797,325
Community Infrastructure	10	470,947	941,341	637,152
Fundraising	11	11,975	1,232,468	234,658
Traditional Area Planning	12	-	56,601	62,589
Social	13	1,592,026	1,773,490	1,633,240
Casino Savings	14	-	382,364	250,273
		5,144,507	9,160,366	8,281,102
Surplus (deficit) before other items		(392,548)	4,786,771	(1,241,865)
Impairment of house burned in fire		-	(22,472)	-
Surplus (deficit)		(392,548)	4,764,299	(1,241,865)

The accompanying notes are an integral part of these financial statements

Black River First Nation
Consolidated Statement of Changes in Accumulated Surplus
For the year ended March 31, 2015

	2015	2014 (Restated)
Accumulated surplus, beginning of year, as previously stated	13,954,697	15,170,706
Correction of an error (Note 20)	3,340,142	3,365,998
Accumulated surplus, beginning of year, as restated	17,294,839	18,536,704
Surplus (deficit)	4,764,299	(1,241,865)
Accumulated surplus, end of year	22,059,138	17,294,839

The accompanying notes are an integral part of these financial statements

Black River First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2015

	2015 Budget	2015	2014 (Restated)
Surplus (deficit)	(392,548)	4,764,299	(1,241,865)
Purchases of tangible capital assets	-	(2,191,314)	(5,037,530)
Impairment of house burned in fire	-	22,473	-
Amortization of tangible capital assets	-	1,852,195	1,566,021
	-	(316,646)	(3,471,509)
Acquisition of prepaid expenses	-	(38,061)	(39,923)
Use of prepaid expenses	-	39,923	42,013
	-	1,862	2,090
Decrease (increase) in net debt	(392,548)	4,449,515	(4,711,284)
Net debt, beginning of year	(8,767,439)	(8,767,439)	(4,056,155)
Net debt, end of year	(9,159,987)	(4,317,924)	(8,767,439)

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, 2015

2015 **2014**
(Restated)

Cash provided by (used for) the following activities

Operating activities

Cash receipts from contributors	8,494,093	9,870,937
Cash paid to suppliers	(6,397,712)	(3,591,033)
Cash paid to employees	(1,662,937)	(2,267,522)
Interest paid	(152,091)	(165,681)
	281,353	3,846,701

Financing activities

Advances of long-term debt	-	946,298
Repayment of long-term debt	(577,922)	(558,251)
Advances of demand loan payable	1,685,233	-
Advance (repayment) of construction loan payable	-	(455,055)
Change in restricted cash	27,797	441,641
Change in bank indebtedness	(104,062)	334,566
	1,031,046	709,199

Capital activities

Purchases of tangible capital assets	(2,191,314)	(5,037,530)
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Investing activities

Proceeds from withdrawal of investment in Government Business Partnership	650,000	650,000
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Increase (decrease) in cash resources	(228,915)	168,370
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Cash resources, beginning of year	309,536	141,166
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Cash resources, end of year	80,621	309,536
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The accompanying notes are an integral part of these financial statements

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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
- Black River Casino Savings

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 it becomes collectable and is 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.

Investment in Government Business Partnership

The investment in the Government Business Partnership is accounted for in accordance with the modified equity method.

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.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

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.

Income from Government Business Partnership

Revenue recognized from the Government Business Partner is in accordance with the modified equity method of accounting for the investment, and corresponds to the First Nation's proportionate share of the Government Business Partnerships net surplus earned in the year ended March 31, 2015.

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 collectability of proceeds is reasonably assured.

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

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.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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

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
Casino Savings - reports on revenue earned from the Government Business Partnership described in Note 5

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 along with related expenses.

Financial instruments

Financial instruments include cash, accounts receivable, investment in Government Business Partnership, restricted cash, bank indebtedness, accounts payable and accruals, due to Province of Manitoba, demand loan payable and long-term debt. Unless otherwise stated, it is management's opinion that 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.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

2. Significant accounting policies (Continued from previous page)

Recent accounting pronouncements and change in accounting policy

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at March 31, 2015.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Previously, no accounting policy existed to account for a liability for contaminated sites. Effective April 1, 2014, the First Nation adopted the recommendation relating to PS 3260, *Liability for Contaminated Sites*, as set out in the Canadian public sector accounting standards. Pursuant to the recommendations, the change in accounting policy was applied prospectively, and prior periods have not been restated.

There was no effect on the First Nation's consolidated financial statements of adopting the above-noted change in accounting policy.

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, 2019. 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, 2020. 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

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:

	2015	2014
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, 2015

4. Accounts receivable

	2015	2014
Aboriginal Affairs and Northern Development Canada	396,827	1,174,641
First Nations and Inuit Health	-	62,731
Goods and Services Tax	25,213	52,044
Shawano Wapunong Building Inc.	37,691	12,087
Members	232,537	146,965
Other	278,484	214,858
Allowance for doubtful accounts - members	(227,371)	(146,965)
Allowance for doubtful accounts - other	-	(54,930)
	743,381	1,461,431

Aboriginal Affairs and Northern Development Canada:
 \$318,420 - received June 1, 2015
 \$78,407 - per AANDC funding confirmation report

Funds held by Shawano Wapunong Building Inc. are on deposit at an interest rate of 5% per annum. Shawano Wapunong Building Inc. is owned by the eight Southeast First Nations in Manitoba and invests in commercial real estate in Winnipeg, Manitoba.

5. Investment in Government Business Partnership

Investment in Government Business Partnership represents a one-seventh ownership interest in the South Beach Casino Limited Partnership which was formed to operate a casino and hotel on the Brokenhead Ojibway Nation land at Scantebury, Manitoba.

	2015	2014
		(Restated)
Balance, beginning of year	3,493,356	3,519,212
Partnership income	554,720	624,144
Withdrawals	(650,000)	(650,000)
	3,398,076	3,493,356

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

6. Restricted cash

	2015	2014
Ottawa Trust	24,563	22,800
CMHC Replacement Reserve	402,316	426,261
CMHC Operating Surplus Reserve	-	615
	426,879	449,676

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 (2014 - \$77) (2015 interest revenue - \$0; 2014 interest revenue - \$0)
 Revenue Trust \$24,486 (2014 - \$22,723) (2015 interest revenue - \$1,763; 2014 interest revenue - \$1,152)

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.

7. Bank indebtedness

	<i>2015</i>	<i>2014</i>
Operating line of credit, authorized limit of \$25,000, bearing interest at prime plus 2%	-	16,000
Operating line of credit, authorized limit of \$280,000, bearing interest at prime plus 1.5%	-	15,216
Cheque issued in excess of cash on hand	372,670	235,873
Construction bank account	39,398	249,041
	412,068	516,130

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

8. Accounts payable and accruals

	2015	2014
AANDC - Social 2000-2001	60,126	60,126
AANDC - Professional Institute Development Program 2010-2011	1,607	8,207
AANDC - Basic Needs	<u>27,950</u>	-
 Total AANDC	 89,683	 68,333
Trade payables and accruals	513,912	319,038
Accrued legal fees	-	620,000
Water treatment plant and lagoon expansion construction payables and holdbacks	-	497,656
 <hr/>	 <hr/>	 <hr/>
	603,595	1,505,027

9. Deferred Revenue

	2015	2014
AANDC - Climate change	-	25,074
AANDC - Water treatment plant and lagoon expansion	<u>-</u>	<u>5,591,300</u>
 <hr/>	 <hr/>	 <hr/>
	-	5,616,374

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.

11. Demand loan payable

The First Nation's demand loan payable consists of an authorized loan of \$4,000,000 which can only be used for specified purposes pertaining to a legal claim against the Government of Canada. The loan is secured by an assignment and redirection of \$4,000,000 from a successful legal settlement, a commercial litigation insurance policy, a security bond of indemnity, and a general security agreement. The loan requires monthly payments of interest only at bank prime plus 1.50%.

The First Nation expects to settle this demand loan payable 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 with respect to potential future settlement proceeds.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

12. Long-term debt

	2015	2014
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.	1,064,327	1,114,359
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.	302,993	324,830
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.	310,393	326,316
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.	186,264	202,005
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.	358,431	373,755
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.	377,231	391,756
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.	551,970	585,825
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.	415,403	430,128
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.	762,820	792,199
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.	608,366	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.	290,066	300,565
First Nations Bank term loan, with annual payments of \$232,238 plus interest at prime plus 2.45% (at year-end 5.30%), maturing December 2015, secured by a general security agreement.	232,236	464,473
First Nations Bank term loan, with monthly payments of \$3,781 including interest at 6.02% maturing November 2019, secured by a general security agreement, and an assignment of fire insurance proceeds.	331,759	358,232
First Nation Bank term loan, with monthly payments of \$4,450 plus interest at prime plus 2.45% (at year-end 5.30%), maturing December 2015, secured by a general security agreement.	40,050	93,450
Southeast Economic Development Corporation loan payable, with payments of \$2,773 per month including interest at 6.50%, maturing March 2018, secured by particular tangible capital assets.	96,148	118,859
	5,928,457	6,506,379

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

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

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	575,000
2016	311,000
2017	325,000
2018	294,000
2019	485,000
	<hr/>
	1,990,000
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13. 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 ended March 31, 2015 might be recovered by these federal agencies.

At March 31, 2015, the First Nation has determined that some contaminated sites exist. However, no determination has been made as to whether the contamination exceeds an environmental standard that the First Nation is required to comply with. Also, the First Nation does not consider themselves to be responsible and have not accepted responsibility. As a result, no liability regarding the contaminated sites is recorded in these financial statements. If and when it is determined that a liability exists, the liability will be recorded in the period in which such a determination is made, in accordance with the accounting policy described in Note 2.

14. Tangible capital assets

The tangible capital assets reconciliation is included in Schedule 1.

15. Construction in progress

	2015	2014
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)
<hr/>		
Cottage lot subdivision construction	501,637	501,637
Water treatment plant and lagoon expansion	-	5,189,286
<hr/>		
	501,637	5,690,923

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

16. Accumulated surplus

	2015	2014 <i>(Restated)</i>
Invested in tangible capital assets	20,305,252	14,453,635
Ottawa Trust	24,563	22,800
CMHC reserves	402,316	426,876
Accumulated costs of legal claim	(1,685,233)	(620,000)
Investment in Government Business Partnership	3,398,076	3,493,356
Accumulated deficit - other	(385,836)	(481,828)
	22,059,138	17,294,839

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

17. AANDC revenue reconciliation

	<i>2015</i>	<i>2014</i>
AANDC revenue per funding agreement	4,893,474	7,333,156
Current year recovery	5,030	80,532
	4,898,504	7,413,688

18. FNIH revenue reconciliation

	<i>2015</i>	<i>2014</i>
FNIH revenue per funding agreement	1,355,919	1,279,208
FNIH revenue recognized in consolidated financial statements	1,355,919	1,279,208

19. Related party transactions

Income from Government Business Partnerships of \$554,720 (2014 - \$624,144) was earned from the South Beach 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 \$165,301 (2014 - \$164,248) to the First Nation during the year. The First Nation also contributed \$111,827 (2014 - \$0) towards education services managed by SERDC. 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.

20. Correction of an error

During the year, the management determined that it had incorrectly stated its financial position as at March 31, 2014 in its previously issued financial statements. Management determined that it had not properly accounted for its Investment in Government Business Partnership, which is described in Note 5 with 6 other First Nations known as the South Beach Casino Limited Partnership. The First Nation's Investment in Government Business Partnership had been accounted for as a portfolio investment, under the cost method, where cost of the investment was recorded as an investment asset, and all capital withdrawals from the investment had been recorded as revenue year after year.

The following table presents figures as restated and previously stated on the consolidated statement of financial position as at March 31, 2014 and on the consolidated statements of operations and changes in accumulated surplus for the year ended March 31, 2014.

	<i>As Restated</i>	<i>As Previously Stated</i>
Investment in Government Business Partnership	\$3,493,356	\$153,214
Income from Investment in Government Business Partnership	\$624,144	\$650,000
Operating deficit	\$1,241,865	\$1,216,009
Accumulated surplus, beginning of year	\$18,536,704	\$15,170,706
Accumulated surplus, end of year	\$17,294,839	\$13,954,697

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2015

21. 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:

	2015	2014
Subsidized Housing	4,663,800	5,054,946
Housing	2,784,502	2,941,047
Education	8,893,945	9,617,250
Governance and Administration	487,443	537,998
Community Infrastructure	9,007,674	2,180,191
	25,837,364	20,331,432

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. 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 75.2% (2014 - 53.6%) of its revenue from AANDC and 9.7% (2014 - 18.2%) 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.

24. 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.

25. 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, 2015

	<i>Vehicles</i>	<i>Roads</i>	<i>Contractor equipment</i>	<i>General equipment</i>	<i>Furniture</i>	<i>Buildings</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	482,095	1,574,575	617,063	79,774	987,195	13,429,465	17,170,167
Acquisition of tangible capital assets	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-
Balance, end of year	482,095	1,574,575	617,063	79,774	987,195	13,429,465	17,170,167
Accumulated amortization							
Balance, beginning of year	454,445	753,499	385,566	49,616	511,848	3,893,520	6,048,494
Annual amortization	27,650	32,057	37,925	6,977	98,719	651,081	854,409
Accumulated amortization on disposals	-	-	-	-	-	-	-
Balance, end of year	482,095	785,556	423,491	56,593	610,567	4,544,601	6,902,903
Net book value of tangible capital assets	-	789,019	193,572	23,181	376,628	8,884,864	10,267,264
2014	27,650	821,076	231,497	30,158	475,347	9,535,945	11,121,673

Black River First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2015

	<i>Subtotal</i>	<i>Subsidized housing</i>	<i>2015</i>	<i>2014</i>
<i>(Restated)</i>				
Cost				
Balance, beginning of year	24,973,110	7,373,488	32,346,598	31,271,148
Acquisition of tangible capital assets	7,380,600	-	7,380,600	1,075,450
Disposal of tangible capital assets	-	(85,774)	(85,774)	-
Balance, end of year	32,353,710	7,287,714	39,641,424	32,346,598
Accumulated amortization				
Balance, beginning of year	9,696,624	2,318,542	12,015,166	10,449,145
Annual amortization	1,483,522	368,674	1,852,196	1,566,021
Accumulated amortization on disposals	-	(63,302)	(63,302)	-
Balance, end of year	11,180,146	2,623,914	13,804,060	12,015,166
Net book value of tangible capital assets	21,173,564	4,663,800	25,837,364	20,331,432
 2014				
	15,276,486	5,054,946	20,331,432	

Black River First Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2015

	2015	2014
Consolidated expenses by object		
Advertising	3,574	13,769
Amortization	1,852,195	1,566,021
Bad debts	22,331	101,513
Bank charges	37,031	16,406
Basic needs	1,622,534	1,450,746
Christmas activities	6,026	33,285
Community events	13,298	14,925
Consulting	5,500	-
Contracted services	97,286	56,233
Disbursements to Members	269,825	250,273
Donations	13,222	6,576
Elders	21,341	13,244
Equipment	30,032	47,254
Health	8,807	15,692
Honourarium	264,695	271,060
Insurance	815,161	79,337
Interest on long-term debt	152,091	165,681
Management fees	10,521	15,329
Materials	13,535	2,289
Office supplies	1,407	-
Pension	3,824	4,250
Professional development	4,537	1,025
Professional fees	451,821	572,760
Promotion	-	10,143
Recreation	4,185	3,666
Rent	-	451
Repairs and maintenance	393,626	158,580
Salaries and benefits	1,662,937	2,267,541
Special needs	55,396	55,396
Southeast Resource Development Council Corp. - education	111,827	-
Supplies	67,707	23,600
Supplies	210,330	200,882
Telephone	54,778	47,251
Training	31,221	75,755
Travel	199,402	221,275
Treaty Days activities	33,926	36,777
Tuition	134,862	134,407
Unconditional grant	34,876	42,975
Utilities	179,117	140,375
Vehicle expenses	80,656	101,428
Workshops	184,926	62,932
	9,160,366	8,281,102

Black River First Nation
Schedule 3 - Consolidated Summary Schedule of Segment Operations
For the year ended March 31, 2015

	<i>Revenue</i>	<i>Expenses</i>	<i>Transfers</i>	<i>2015 Surplus (Deficit)</i>	<i>2014 Surplus (Deficit) (Restated)</i>
Segments (schedules 4 to 15)					
Housing	299,139	580,077	(23,555)	(304,493)	631,530
Subsidized Housing	549,084	712,436	1,004	(162,348)	(560,090)
Community Wellness	1,355,979	1,246,265	(135,592)	(25,878)	(355,364)
Governance and Administration	545,444	934,629	243,567	(145,618)	20,514
Economic Development	203,791	151,705	(16,530)	35,556	11,207
Education	442,621	1,148,990	(27,184)	(733,553)	107,551
Community Infrastructure	7,770,480	941,341	(30,318)	6,798,821	(57,740)
Fundraising	480,157	1,232,468	412,933	(339,378)	(2,716,296)
Traditional Area Planning	103,884	56,601	(10,388)	36,895	19,930
Social	1,641,838	1,773,490	-	(131,652)	1,283,022
Casino Savings	554,720	382,364	(413,937)	(241,581)	373,871
	13,947,137	9,160,366	-	4,786,771	(1,241,865)

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, 2015

	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada	235,550	194,084
Other	38,515	60,678
Revenue deferred to subsequent year	-	(25,074)
Revenue deferred in prior year	25,074	142,091
	299,139	371,779
Expenses		
Amortization	156,545	156,545
Bank charges	-	624
Contracted services	53,852	25,467
Equipment	94	1,497
Health	5,165	8,937
Honourarium	6,700	5,948
Insurance	11,092	1,212
Interest on long-term debt	17,096	14,799
Professional fees	36,742	39,895
Repairs and maintenance	141,461	10,509
Salaries and benefits	98,120	50,673
Supplies	36,031	21,883
Travel	5,729	2,526
Utilities	10,190	5,018
Vehicle expenses	465	1,891
Workshops	795	163
	580,077	347,587
Operating surplus (deficit) before transfers	(280,938)	24,192
Transfers between segments	(23,555)	607,338
Operating surplus (deficit)	(304,493)	631,530

Black River First Nation**Subsidized Housing****Schedule 5 - Consolidated Schedule of Segment Operations and Accumulated Surplus***For the year ended March 31, 2015*

	2015	2014
Revenue		
Canada Mortgage and Housing Corporation	326,440	309,634
Rent	222,644	208,857
	549,084	518,491
Expenses		
Amortization	368,674	368,334
Bank charges	256	215
Insurance	40,836	40,460
Interest on long-term debt	103,696	102,430
Professional fees	21,521	17,478
Repairs and maintenance	177,453	67,730
Salaries and benefits	-	19
Travel	-	3,522
	712,436	600,188
Operating deficit before other items	(163,352)	(81,697)
Transfers between segments	1,004	(478,393)
Operating deficit	(162,348)	(560,090)

Black River First Nation

Community Wellness

Schedule 6 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
First Nations and Inuit Health	1,355,919	1,279,208
Other	60	-
Recoveries by funding agencies	-	(14,449)
	1,355,979	1,264,759
Expenses		
Advertising	3,574	13,769
Contracted services	-	4,828
Donations	13,222	6,576
Elders	13,984	11,299
Equipment	17,325	7,389
Health	3,642	6,355
Honourarium	12,662	15,398
Insurance	6,967	1,262
Professional development	4,537	1,025
Professional fees	10,975	28,708
Repairs and maintenance	41,082	26,102
Salaries and benefits	774,285	779,524
Supplies	51,757	69,227
Telephone	30,692	21,737
Training	21,513	27,193
Travel	59,775	73,831
Utilities	17,547	8,117
Vehicle expenses	54,010	47,476
Workshops	108,716	29,975
	1,246,265	1,179,791
Operating surplus before transfers	109,714	84,968
Transfers between segments	(135,592)	(440,332)
Operating deficit	(25,878)	(355,364)

Black River First Nation
Governance and Administration
Schedule 7 - Consolidated Schedule of Segment Operations and Accumulated Surplus
For the year ended March 31, 2015

	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada	510,336	547,419
Other	287	12,358
Public Safety Canada	34,821	34,821
Recoveries by funding agencies	-	(8,207)
	545,444	586,391
Expenses		
Amortization	50,555	50,555
Bad debts	22,331	101,513
Bank charges	36,588	15,567
Elders	7,357	750
Equipment	9,990	8,084
Honourarium	215,065	224,207
Professional fees	89,308	471,867
Repairs and maintenance	2,507	57
Salaries and benefits	267,304	298,083
Supplies	31,944	25,299
Supplies	67,707	23,600
Telephone	19,222	16,157
Training	6,826	3,031
Travel	91,037	85,390
Vehicle expenses	3,927	4,624
Workshops	12,961	24,706
	934,629	1,353,490
Operating deficit before transfers	(389,185)	(767,099)
Transfers between segments	243,567	787,613
Operating surplus (deficit)	(145,618)	20,514

Black River First Nation

Economic Development

Schedule 8 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
Southeast Resource Development Council Corp.	165,301	164,248
Aboriginal Affairs and Northern Development Canada	27,360	13,707
Other	11,130	7,995
Employment and Social Development Canada	-	10,520
Insurance proceeds	-	15,038
	203,791	211,508
Expenses		
Health	-	400
Honourarium	600	250
Rent	-	451
Salaries and benefits	146,633	119,032
Supplies	189	11,864
Training	242	40,618
Travel	712	9,915
Vehicle expenses	463	-
Workshops	2,866	2,279
	151,705	184,809
Operating surplus before transfers	52,086	26,699
Transfers between segments	(16,530)	(15,492)
Operating surplus	35,556	11,207

Black River First Nation

Education

Schedule 9 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada	271,835	932,343
Other	170,786	-
Rent	-	8,808
Recoveries by funding agencies	-	(80,532)
Revenue deferred in prior year	-	48,612
	442,621	909,231
Expenses		
Amortization	723,302	723,308
Community events	13,298	14,925
Contracted services	16,434	-
Equipment	-	3,809
Honourarium	12,246	131
Pension	3,824	4,250
Promotion	-	10,143
Repairs and maintenance	528	34,190
Salaries and benefits	112,650	746,552
Supplies	59,145	23,142
Telephone	1,034	6,285
Training	500	3,305
Travel	11,153	21,123
Tuition	134,862	134,407
Utilities	-	50,466
Vehicle expenses	426	21,289
Workshops	59,588	-
	1,148,990	1,797,325
Operating deficit before transfers	(706,369)	(888,094)
Transfers between segments	(27,184)	995,645
Operating surplus (deficit)	(733,553)	107,551

Black River First Nation

Community Infrastructure

Schedule 10 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada	2,179,180	4,141,735
Revenue deferred to subsequent year	-	(5,591,300)
Revenue deferred in prior year	5,591,300	1,862,000
	7,770,480	412,435
Expenses		
Amortization	553,119	267,279
Contracted services	27,000	25,938
Equipment	2,123	825
Insurance	40,000	36,403
Management fees	10,521	15,329
Materials	13,535	2,289
Repairs and maintenance	25,862	14,680
Salaries and benefits	146,428	159,844
Supplies	13,070	32,818
Telephone	1,069	1,286
Training	998	-
Travel	6,513	8,522
Utilities	85,575	48,621
Vehicle expenses	15,528	23,318
	941,341	637,152
Operating surplus (deficit) before transfers	6,829,139	(224,717)
Transfers between segments	(30,318)	166,977
Operating surplus (deficit)	6,798,821	(57,740)

Black River First Nation

Fundraising

Schedule 11 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
Other	480,157	429,482
Expenses		
Christmas activities	6,026	33,285
Honourarium	-	737
Insurance	716,266	-
Interest on long-term debt	31,299	48,452
Professional fees	289,372	-
Recreation	4,185	3,666
Repairs and maintenance	4,733	5,312
Salaries and benefits	25,009	13,416
Supplies	12,590	11,287
Telephone	826	586
Travel	1,718	1,373
Treaty Days activities	33,926	36,777
Unconditional grants	34,876	42,975
Utilities	65,805	28,153
Vehicle expenses	5,837	2,830
Workshops	-	5,809
	1,232,468	234,658
Operating surplus (deficit) before transfers	(752,311)	194,824
Transfers between segments	412,933	(2,911,120)
Operating deficit	(339,378)	(2,716,296)

Black River First Nation

Traditional Area Planning

Schedule 12 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
Other	103,884	90,577
 Expenses		
Consulting	5,500	-
Equipment	500	-
Honourarium	17,422	24,389
Office supplies	1,407	-
Professional fees	3,378	14,812
Salaries and benefits	272	13,661
Supplies	3,422	4,312
Telephone	1,935	600
Travel	22,765	4,815
	 56,601	 62,589
 Operating surplus before transfers	 47,283	 27,988
Transfers between segments	(10,388)	(8,058)
 Operating surplus	 36,895	 19,930

Black River First Nation

Social

Schedule 13 - Consolidated Schedule of Segment Operations and Accumulated Surplus

For the year ended March 31, 2015

	2015	2014
Revenue		
Aboriginal Affairs and Northern Development Canada	1,674,243	1,584,400
Other	575	12,590
Recoveries by funding agencies	(32,980)	-
Revenue deferred in prior year	-	23,450
	1,641,838	1,620,440
Expenses		
Basic needs	1,622,534	1,450,746
Elders	-	1,195
Equipment	-	25,650
Salaries and benefits	92,236	86,737
Special needs	55,396	55,396
Supplies	2,182	1,050
Telephone	-	600
Training	1,142	1,608
Travel	-	10,258
	1,773,490	1,633,240
Operating deficit before transfers	(131,652)	(12,800)
Transfers between segments	-	1,295,822
Operating surplus (deficit)	(131,652)	1,283,022

Black River First Nation**Casino Savings****Schedule 14 - Consolidated Schedule of Segment Operations and Accumulated Surplus***For the year ended March 31, 2015*

	2015	2014
Revenue		
Income from Government Business Partnership	554,720	624,144
Expenses		
Bank charges	187	-
Disbursements to Members	269,825	250,273
Professional fees	525	-
Southeast Resource Development Council Corp. - education	111,827	-
	382,364	250,273
Operating surplus before transfers	172,356	373,871
Transfers for loan payments and other operating requirements	(413,937)	-
Operating surplus (deficit)	(241,581)	373,871