

Black River First Nation
Consolidated Financial Statements
March 31, 2017

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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 consolidated 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 Professional 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.

December 22, 2017



Finance Portfolio
Councillor

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, 2017, and the consolidated statements of operations and 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 qualified audit opinion.

Basis for Qualified Opinion

Due to limitations in the accounting systems and financial reporting processes, and concerns expressed by management regarding the proper authorization of expenses, we were not able to obtain sufficient appropriate audit evidence surrounding the classification of expenses. Accordingly, we were not able to determine whether any adjustments might be necessary to the classification of expenses.

The First Nation's consolidated statement of operations and accumulated surplus and consolidated statement of changes in net debt do not present a comparison of the results for the accounting period with those originally planned, which constitutes a departure from Canadian public sector accounting standards.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Black River First Nation as at March 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

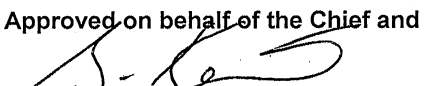
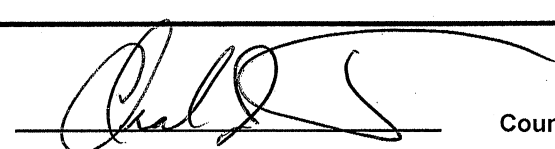

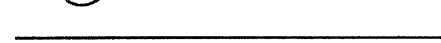
Winnipeg, Manitoba

December 22, 2017

MNP LLP

Chartered Professional Accountants

Black River First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

	2017	2016
Financial assets		
Cash	431,092	1,209,678
Accounts receivable (Note 4)	2,441,021	2,438,182
Investment in Government Business Partnership (Note 5)	3,306,568	3,434,292
Restricted cash (Note 6)	389,819	769,789
	6,568,500	7,851,941
Liabilities		
Accounts payable and accruals (Note 8)	1,256,843	2,836,348
Deferred revenue (Note 9)	-	181,000
Housing construction loan payable	-	315,545
Due to Province of Manitoba (Note 10)	337,528	337,528
Demand loan payable (Note 11)	2,135,417	2,038,738
Long-term debt (Note 12)	8,027,991	7,454,815
	11,757,779	13,163,974
Net debt	(5,189,279)	(5,312,033)
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Note 14) (Schedule 1)	24,852,897	24,795,392
Construction in progress (Note 15)	-	1,095,898
Prepaid expenses	27,707	53,844
	24,880,604	25,945,134
Accumulated surplus (Note 16)	19,691,325	20,633,101
Approved on behalf of the Chief and Council		
 _____ Councillor	Chief	 _____ Councillor
 _____ Councillor	Councillor	 _____ Councillor

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

	<i>Schedules</i>	2017	2016
Revenue			
Transmission line construction revenue		7,447,469	2,405,999
Indigenous and Northern Affairs Canada (INAC) <i>(Note 17)</i>		4,221,360	3,066,714
First Nations and Inuit Health (FNIH) <i>(Note 18)</i>		1,510,708	1,589,618
Income from Government Business Partnership <i>(Note 19)</i>		732,261	686,216
Other revenue		373,584	1,266,628
Canada Mortgage and Housing Corporation		343,517	323,470
Rent		189,808	202,172
Tobacco tax rebates		226,989	237,792
Revenue deferred in prior year		181,000	-
Revenue deferred to subsequent year		-	(181,000)
		15,226,696	9,597,609
Segment expenses			
Housing	4	631,675	553,689
Subsidized Housing	5	641,952	558,681
Community Wellness	6	1,388,460	1,261,238
Governance and Administration	7	1,286,731	1,111,842
Economic Development	8	227,600	152,138
Education	9	1,190,219	1,024,570
Community Infrastructure	10	2,116,317	1,122,839
Fundraising	11	1,798,322	934,768
Traditional Area Planning	12	102,813	70,906
Social	13	1,655,483	1,666,385
Economic Enterprises	14	5,128,900	2,566,590
		16,168,472	11,023,646
Annual deficit		(941,776)	(1,426,037)
Accumulated surplus, beginning of year		20,633,101	22,059,138
Accumulated surplus, end of year		19,691,325	20,633,101

Black River First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2017

	2017	2016
Annual deficit	(941,776)	(1,426,037)
Purchases of tangible capital assets	(927,905)	(794,588)
Costs of construction in progress	-	(594,261)
Amortization of tangible capital assets	1,966,298	1,836,560
	1,038,393	447,711
Acquisition of prepaid expenses	(110,829)	(24,089)
Use of prepaid expenses	136,966	8,306
	26,137	(15,783)
Decrease (increase) in net debt	122,754	(994,109)
Net debt, beginning of year	(5,312,033)	(4,317,924)
Net debt, end of year	(5,189,279)	(5,312,033)

Black River First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	14,282,967	7,397,593
Cash paid to suppliers	(11,287,538)	(4,815,245)
Cash paid to employees	(4,222,613)	(2,014,478)
Interest on long-term debt and demand loans	(217,762)	(140,394)
	(1,444,946)	427,476
Financing activities		
Promissory note advance	-	1,100,000
Advances of long-term debt	930,509	1,100,000
Repayment of long-term debt	(357,333)	(673,642)
Construction loan advance	-	315,545
Payment of construction loan advance	(315,545)	-
Advances of demand loan payable	96,679	353,505
Change in bank indebtedness	-	(412,068)
	354,310	1,783,340
Capital activities		
Purchases of tangible capital assets	(927,905)	(794,588)
Costs of construction in progress	-	(594,261)
	(927,905)	(1,388,849)
Investing activities		
Proceeds from withdrawal of investment in Government Business Partnership	859,985	650,000
Change in restricted cash	379,970	(342,910)
	1,239,955	307,090
Increase (decrease) in cash resources	(778,586)	1,129,057
Cash resources, beginning of year	1,209,678	80,621
Cash resources, end of year	431,092	1,209,678

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 First Nation Casino Savings
- Black River First Nation Government
- Black River Limited Partnership

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

The First Nation has consolidated its interest in a government business partnership known as the South Beach Casino Limited Partnership according to the modified equity method.

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

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

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.

Portfolio investments

Portfolio investments are recorded at the lower of cost and net realizable value. The First Nation is considered a beneficial owner of 12.5% of Shawano Wapunong Building Inc. (the "Company"). The First Nation's investment in Shawano Wapunong Building Inc. meets the definition of a portfolio investment. When the Company was established, 100% of the common shares of the Company were purchased by the Southeast Resource Development Council Corp. to be held in trust for the beneficial owners. As a result, the First Nation's cost associated with the investment is \$0 (2016 - \$0).

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.

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.

Construction in progress

Construction in progress consists of costs incurred on tangible capital asset construction not completed at the date of these financial statements. The First Nation includes interest charges on related construction financing in the capital cost of each project.

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. 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.

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

Revenue recognition

Government transfers

Government transfer revenue, including Indigenous and Northern Affairs Canada and First Nations and Inuit Health, 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 Partnership 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, 2017.

Transmission line construction revenue

Transmission line construction revenue is accounted for using the percentage of completion method.

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.

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

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
Economic Enterprises - reports on revenue and expenses associated with activities through controlled organizations

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.

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, 2017.

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.

Financial instruments

Financial instruments include cash, accounts receivable, investment in Government Business Partnership, restricted cash, 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 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 program 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

The accounting standards outlined below will be 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.

Standards effective April 1, 2017

Effective April 1, 2017, the First Nation will adopt PS 2200 *Related Party Disclosures*, PS 3210 *Assets*, PS 3320 *Contingent Assets*, PS 3380 *Contractual Rights* and PS 3420 *Inter-Entity Transactions*

Standards effective April 1, 2018

PS 3430 *Restructuring Transactions* establishes standards for recognition, measurement, presentation and disclosure of transactions that affect the structure of governmental units of reporting within a government reporting entity.

Standards effective April 1, 2019

PS 3450 *Financial Instruments* establishes 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, including PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments* and PS 1201 *Financial Statement Presentation*.

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:

	2017	2016
Construction in progress asset	\$1,212,192	\$1,243,274
Partnership capital	\$1,212,192	\$1,243,274

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

4. Accounts receivable

	2017	2016
Transmission line construction revenue	2,075,843	1,883,499
Indigenous and Northern Affairs Canada	-	99,811
First Nations and Inuit Health	-	36,000
Goods and Services Tax	-	27,280
Shawano Wapunong Building Inc.	41,427	20,500
Members	-	235,870
Other	249,839	254,471
Canada Mortgage and Housing Corporation	73,912	108,122
Allowance for doubtful accounts - members	-	(227,371)
	2,441,021	2,438,182

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 Scanterbury, Manitoba.

	2017	2016
Balance, beginning of year	3,434,292	3,398,076
Partnership income	732,261	686,216
Withdrawals	(859,985)	(650,000)
	3,306,568	3,434,292

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

6. Restricted cash

	2017	2016
Ottawa Trust	27,301	25,604
Guaranteed Investment Certificates	-	236,779
CMHC Replacement Reserve	250,810	150,810
First Nations Finance Authority debt reserve fund	111,708	110,732
Funds held in trust by construction contractor	-	245,864
	389,819	769,789

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 reasonably assured. Capital and revenue trust is transferred to the First Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the First Nation's Chief and Council.

Capital Trust \$77 (2016 - \$77) (2017 interest revenue - \$0; 2016 interest revenue - \$0)

Revenue Trust \$27,224 (2016 - \$25,527) (2017 interest revenue - \$1,620; 2016 interest revenue - \$1,041)

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 agreement 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.

The First Nation is not in compliance with its agreement with CMHC. The agreement requires the First Nation to maintain a separate bank account or investments to fund the full amount of the CMHC replacement reserve. At year end the required replacement reserve balance was \$494,023 (2016 - \$457,083), but the amount in the designated bank account was \$250,810 (2016 - \$150,810), representing an underfunded portion of \$242,213 (2016 - \$306,273).

First Nations Finance Authority debt reserve fund

Pursuant to the financing arrangement that the First Nation has entered into the with First Nations Finance Authority, amounts are held in trust by the First Nations Finance Authority to cover any unexpected defaults in the required monthly loan payments. During the year, the First Nation earned interest of \$976 (2016 - \$732) on the cash restricted in this debt reserve fund.

7. Bank indebtedness

As at March 31, 2017 the First Nation had an operating line of credit bearing interest at the bank's prime rate of 2.7% plus 1.5%, with a maximum authorized limit of \$280,000. The First Nation closed this account on April 3, 2017.

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

8. Accounts payable and accruals

	2017	2016
Indigenous and Northern Affairs Canada	76,372	60,126
Trade payables and accruals	612,494	811,809
Manitoba Hydro transmission project	567,977	1,964,413
	1,256,843	2,836,348

9. Deferred revenue

	2017	2016
First Nations and Inuit Health - Building renovations	-	181,000

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, 2017

12. Long-term debt

	2017	2016
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.	961,735	1,013,496
CMHC mortgage, with payments of \$1,616 per month including interest at 1.04%, maturing May 2025, with a scheduled renewal date of October 2020.	151,844	169,572
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.	258,308	280,830
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.	482,340	517,510
CMHC mortgage, with payments of \$1,833 per month including interest at 1.30%, maturing November 2030, with a scheduled renewal date of December 2020.	275,359	293,666
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.	326,816	342,803
CMHC mortgage, with payments of \$1,903 per month including interest at 1.83%, maturing November 2034, with a scheduled renewal date of April 2019.	344,743	361,150
CMHC mortgage, with payments of \$3,412 per month including interest at 1.49%, maturing January 2037, with a scheduled renewal date of May 2017. Subsequent to March 31, 2017, this mortgage was renewed with CMHC, with required payments of \$3,366 per month including interest at 1.35%, with a scheduled renewal date of May 2022.	702,738	733,027
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.	564,769	586,771
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.	271,062	280,681
CMHC mortgage, with payments of \$1,881 per month including interest at 1.13%, maturing January 2036, with a scheduled renewal date of July 2021.	383,038	400,305
CMHC mortgage, with payments of \$3,552 per month including interest at 0.96%, maturing September 2041, with a scheduled renewal date of September 2021.	930,509	-
First Nations Finance Authority loan, with payments of \$6,148 per month including interest at 2.99%, maturing June 2035, with a scheduled renewal date of June 2024, secured by a first charge against particular non-government transfer revenue earned by the First Nation.	1,027,440	1,069,297
First Nations Finance Authority loan, with payments of \$6,148 per month including interest at 2.99%, maturing July 2036, with a scheduled renewal date of July 2025, secured by a first charge against particular non-government transfer revenue earned by the First Nation.	1,069,295	1,100,000
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.	277,995	305,707
	8,027,991	7,454,815

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, 2017

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:

2018	500,000
2019	510,000
2020	520,000
2021	530,000
2022	540,000
	2,600,000

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, 2017 might be recovered by these federal agencies.

At March 31, 2017, 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.

As disclosed in Note 10, the Province of Manitoba has provided the First Nation with interim financing in order to facilitate the initial costs pertaining to the development of cottage lot units and related commercial development. The financing was provided without a loan agreement in place and without specified interest rates or repayment terms. Management has determined that it is unlikely that amounts to be repaid to the Province of Manitoba, including any interest charges, will exceed the carrying value recorded on the statement of financial position as at March 31, 2017.

14. 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:

	2017	2016
Subsidized Housing	4,822,217	4,299,414
Housing	2,471,412	2,627,957
Education	7,476,359	8,185,146
Governance and Administration	1,278,095	1,199,985
Community Infrastructure	8,804,814	8,482,890
	24,852,897	24,795,392

Black River First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

15. Construction in progress

	2017	2016
Proportionate share of Cottage lot subdivision construction in progress.	-	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)
Cottage lot subdivision construction	-	501,637
CMHC housing project costs	-	594,261
	-	1,095,898

16. Accumulated surplus

	2017	2016
Invested in tangible capital assets	17,514,818	19,366,045
First Nations Finance Authority Debt Reserve	111,708	110,732
Investment in Government Business Partnership	3,306,568	3,434,292
CMHC replacement reserve	494,023	457,083
Ottawa Trust	27,301	25,604
Accumulated surplus (deficit) from operations	372,324	(721,917)
Accumulated costs of legal claim	(2,135,417)	(2,038,738)
	19,691,325	20,633,101

17. INAC revenue reconciliation

	2017	2016
INAC revenue per funding agreement	4,221,360	3,066,714
INAC revenue recognized in consolidated financial statements	4,221,360	3,066,714

18. FNIH revenue reconciliation

	2017	2016
FNIH revenue per funding agreement	1,510,708	1,589,618
FNIH revenue recognized in consolidated financial statements	1,510,708	1,589,618

19. Related party transactions

Income from Government Business Partnership of \$732,261 (2016 - \$686,216) 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.

The First Nation paid \$129,008 (2016 - \$147,698) to Moppa's Store in tobacco tax rebates, in accordance with an agreement entered into between the owner of the store and the Chief and Council. Moppa's Store is an on-reserve convenience store owned by the Chief of the First Nation.

During the year, the First Nation delegated oversight responsibilities over various transmission line construction contracts to a Project Oversight Committee and key members of senior management. Certain individuals on the Project Oversight Committee were also members of Chief and Council. \$317,796 (2016 - \$0) was paid to members of senior management and \$40,000 (2016 - \$0) was paid to members of Chief and Council for their additional oversight responsibilities.

These transactions were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

20. 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.

21. Economic dependence

The First Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada ("INAC") and First Nations and Inuit Health ("FNIH"). The revenue is provided as a result of Treaties entered into with the Government of Canada. These treaties are administered by INAC 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.

22. 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.

23. First Nations Financial Transparency Act

The First Nation was required to post its consolidated financial statements on a website and submit the consolidated financial statements to INAC by July 29, 2017. Since the audit report date is dated after this date, the First Nation has not complied with this requirement. The possible effect of this non-compliance has not yet been determined. The First Nation fully intends to post its consolidated financial statements on a website upon release of these consolidated financial statements.

24. Black River First Nation Financial Administration Law

On January 15, 2015, the Chief and Council enacted the Black River First Nation Financial Administration Law (the "FAL") in order to govern the financial administration of the First Nation. Included in the FAL is a provision that the law will come into force exactly 36 months after the date in which the First Nation obtains loan financing from the First Nations Finance Authority. The First Nation obtained loan financing from the First Nations Finance Authority on July 23, 2015 and must comply with the requirements of the FAL by July 23, 2018.

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, 2017

	<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	514,533	2,271,725	617,063	79,774	987,195	13,494,465	17,964,755
Acquisition of tangible capital assets	162,068	723,712	-	23,140	-	181,000	1,089,920
Balance, end of year	676,601	2,995,437	617,063	102,914	987,195	13,675,465	19,054,675
Accumulated amortization							
Balance, beginning of year	493,228	835,042	461,416	62,570	709,286	5,198,932	7,760,474
Annual amortization	64,396	67,901	37,925	8,291	98,719	663,381	940,613
Balance, end of year	557,624	902,943	499,341	70,861	808,005	5,862,313	8,701,087
Net book value of tangible capital assets	118,977	2,092,494	117,722	32,053	179,190	7,813,152	10,353,588
2016 net book value	21,305	1,436,683	155,647	17,204	277,909	8,295,533	10,204,281

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

	<i>Subtotal</i>	<i>Infrastructure</i>	<i>Housing and rental properties</i>	<i>Land improvements</i>	<i>Bridges</i>	<i>Buses</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	17,964,755	9,160,536	3,913,623	730,765	1,019,700	358,919	33,148,298
Acquisition of tangible capital assets	1,089,920	-	-	-	-	-	1,089,920
Balance, end of year	19,054,675	9,160,536	3,913,623	730,765	1,019,700	358,919	34,238,218
Accumulated amortization							
Balance, beginning of year	7,760,474	2,227,986	1,285,666	407,456	611,819	358,919	12,652,320
Annual amortization	940,613	366,421	156,545	40,654	50,985	-	1,555,218
Balance, end of year	8,701,087	2,594,407	1,442,211	448,110	662,804	358,919	14,207,538
Net book value of tangible capital assets	10,353,588	6,566,129	2,471,412	282,655	356,896	-	20,030,680
2016 net book value	10,204,281	6,932,550	2,627,957	323,309	407,881	-	20,495,978

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

	<i>Subtotal</i>	<i>Subsidized housing</i>	<i>2017</i>	<i>2016</i>
Cost				
Balance, beginning of year	33,148,298	7,287,714	40,436,012	39,641,424
Acquisition of tangible capital assets	1,089,920	933,883	2,023,803	794,588
Balance, end of year	34,238,218	8,221,597	42,459,815	40,436,012
Accumulated amortization				
Balance, beginning of year	12,652,320	2,988,300	15,640,620	13,804,060
Annual amortization	1,555,218	411,080	1,966,298	1,836,560
Balance, end of year	14,207,538	3,399,380	17,606,918	15,640,620
Net book value of tangible capital assets	20,030,680	4,822,217	24,852,897	24,795,392
2016 net book value	20,495,978	4,299,414	24,795,392	

Black River First Nation

Schedule 2 - Consolidated Schedule of Expenses by Object

For the year ended March 31, 2017

	2017	2016
Consolidated expenses by object		
Amortization	1,966,298	1,836,560
Bad debts	27,633	-
Bank charges and interest	18,348	24,769
Tobacco tax transfers to community enterprises	133,914	169,045
Manitoba Hydro transmission project services	1,210,840	2,175,204
Honourarium	217,683	236,727
Insurance	109,021	115,594
Interest on long-term debt	217,762	140,394
Member activities and disbursements	382,340	390,884
Professional fees	480,406	622,887
Repairs and maintenance	2,834,386	556,997
Salaries and benefits	4,222,613	2,014,478
Social assistance	1,552,062	1,567,579
Supplies	1,277,463	379,338
Telephone	53,902	53,082
Training	233,539	169,512
Travel	754,770	266,505
Tuition	291,113	183,022
Utilities	184,379	121,069
	16,168,472	11,023,646

Black River First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Operations

For the year ended March 31, 2017

	<i>Revenue</i>	<i>Expenses</i>	<i>2017 Surplus (Deficit)</i>	<i>2016 Surplus (Deficit)</i>
Segments (schedules 4 to 14)				
Housing	438,880	631,675	(192,795)	(225,077)
Subsidized Housing	533,325	641,952	(108,627)	(33,039)
Community Wellness	1,691,708	1,388,460	303,248	147,380
Governance and Administration	400,710	1,286,731	(886,021)	(651,330)
Economic Development	189,351	227,600	(38,249)	107,833
Education	437,808	1,190,219	(752,411)	(669,798)
Community Infrastructure	1,327,318	2,116,317	(788,999)	(696,136)
Fundraising	1,151,003	1,798,322	(647,319)	783,261
Traditional Area Planning	35,910	102,813	(66,903)	(19,045)
Social	1,573,214	1,655,483	(82,269)	(9,495)
Economic Enterprises	7,447,469	5,128,900	2,318,569	(160,591)
	15,226,696	16,168,472	(941,776)	(1,426,037)

Black River First Nation
Housing
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	423,400	178,200
Other	15,480	150,412
	438,880	328,612
Expenses		
Amortization	156,545	156,545
Honourariums	5,538	2,150
Interest on long-term debt	14,718	19,318
Repairs and maintenance	322,198	249,361
Salaries and benefits	823	748
Supplies	114,886	119,239
Telephone	-	225
Training	-	100
Travel	1,653	3,330
Utilities	15,314	2,673
	631,675	553,689
Deficit	(192,795)	(225,077)

Black River First Nation
Subsidized Housing
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Canada Mortgage and Housing Corporation	343,517	323,470
Rent	189,808	202,172
	533,325	525,642
Expenses		
Amortization	411,079	364,386
Bank charges and interest	333	350
Insurance	32,847	39,137
Interest on long-term debt	88,044	93,922
Professional fees	13,650	13,063
Repairs and maintenance	92,712	47,823
Supplies	3,287	-
	641,952	558,681
Deficit	(108,627)	(33,039)

Black River First Nation
Community Wellness
Schedule 6 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
First Nations and Inuit Health	1,510,708	1,589,618
Revenue deferred in prior year	181,000	-
Revenue deferred to subsequent year	-	(181,000)
	1,691,708	1,408,618
Expenses		
Honourariums	10,582	8,455
Insurance	10,414	9,773
Member activities and disbursements	25,307	27,442
Professional fees	250	15,474
Repairs and maintenance	30,733	31,961
Salaries and benefits	930,945	914,031
Supplies	109,983	68,919
Telephone	28,382	22,401
Training	111,596	70,633
Travel	116,006	78,533
Utilities	14,262	13,616
	1,388,460	1,261,238
Surplus	303,248	147,380

Black River First Nation
Governance and Administration
Schedule 7 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	400,710	460,512
Expenses		
Amortization	106,776	82,366
Bank charges and interest	16,378	15,880
Honourariums	182,965	206,849
Insurance	-	1,017
Interest on long-term debt	115,000	211
Member activities and disbursements	10,330	7,160
Professional fees	216,115	216,010
Repairs and maintenance	-	665
Salaries and benefits	383,285	322,638
Supplies	67,952	63,487
Telephone	20,423	26,445
Training	32,840	73,519
Travel	134,667	95,595
	1,286,731	1,111,842
Deficit	(886,021)	(651,330)

Black River First Nation
Economic Development
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	58,910	52,999
Other	130,441	206,972
	189,351	259,971
Expenses		
Honourariums	197	3,120
Professional fees	4,742	3,770
Salaries and benefits	156,723	125,038
Supplies	39,489	5,453
Training	3,520	3,310
Travel	22,929	11,447
	227,600	152,138
Surplus	(38,249)	107,833

Black River First Nation
Education
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	437,808	291,409
Other	-	63,363
	437,808	354,772
Expenses		
Amortization	708,795	708,795
Honourariums	-	4,482
Insurance	-	5,637
Member activities and disbursements	6,000	2,860
Repairs and maintenance	-	408
Salaries and benefits	45,245	47,991
Supplies	28,999	19,421
Telephone	1,674	865
Training	84,034	17,223
Travel	24,359	16,932
Tuition	291,113	183,022
Utilities	-	16,934
	1,190,219	1,024,570
Deficit	(752,411)	(669,798)

Black River First Nation
Community Infrastructure
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	1,327,318	426,703
Expenses		
Amortization	583,102	524,469
Insurance	44,976	57,530
Professional fees	-	8,000
Repairs and maintenance	1,123,340	150,895
Salaries and benefits	177,629	208,081
Supplies	27,052	67,670
Telephone	931	635
Training	-	1,467
Travel	21,836	19,558
Utilities	137,451	84,534
	2,116,317	1,122,839
Deficit	(788,999)	(696,136)

Black River First Nation
Fundraising
Schedule 11 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Income from Government Business Partnership	732,261	686,216
Other	191,753	794,021
Tobacco tax rebates	226,989	237,792
	1,151,003	1,718,029
Expenses		
Bank charges and interest	40	833
Insurance	4,584	-
Interest on long-term debt	-	26,943
Member activities and disbursements	340,704	353,421
Professional fees	239,249	354,585
Repairs and maintenance	1,024,190	24,595
Salaries and benefits	-	18
Supplies	38,086	696
Tobacco tax transfers to community enterprises	133,914	169,044
Travel	202	1,321
Utilities	17,353	3,312
	1,798,322	934,768
Surplus (deficit)	(647,319)	783,261

Black River First Nation
Traditional Area Planning
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Other	35,910	51,861
Expenses		
Honourarium	18,401	11,672
Professional fees	6,400	250
Salaries and benefits	45,045	38,358
Supplies	2,906	4,994
Telephone	2,492	1,912
Travel	27,569	13,720
	102,813	70,906
Surplus (deficit)	(66,903)	(19,045)

Black River First Nation
Social
Schedule 13 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Indigenous and Northern Affairs Canada	1,573,214	1,656,890
Expenses		
Salaries and benefits	80,313	83,145
Social assistance	1,552,063	1,567,579
Supplies	14,802	2,000
Telephone	-	600
Training	1,549	3,260
Travel	6,756	9,801
	1,655,483	1,666,385
Deficit	(82,269)	(9,495)

Black River First Nation
Economic Enterprises
Schedule 14 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2017

	2017	2016
Revenue		
Transmission line construction revenue	7,447,469	2,405,999
Expenses		
Bad debts	27,633	-
Bank charges and interest	1,596	7,704
Insurance	16,200	2,500
Manitoba Hydro transmission project services	1,185,849	2,175,204
Professional fees	-	11,736
Repairs and maintenance	266,201	51,288
Salaries and benefits	2,402,605	274,431
Supplies	830,023	27,459
Travel	398,793	16,268
	5,128,900	2,566,590
Surplus (deficit)	2,318,569	(160,591)