

Brokenhead Ojibway Nation
Consolidated Financial Statements
March 31, 2014

Brokenhead Ojibway Nation

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For the year ended March 31, 2014

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Management's Responsibility

To the Members of Brokenhead Ojibway Nation:

The accompanying consolidated financial statements of Brokenhead Ojibway Nation are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting 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 Brokenhead Ojibway Nation's 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 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.

September 18, 2014



Controller

Independent Auditors' Report

To the Members of Brokenhead Ojibway Nation:

We have audited the accompanying consolidated financial statements of Brokenhead Ojibway Nation, which comprise the consolidated statement of financial position as at March 31, 2014 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, including supporting schedules.

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 consolidated 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 Brokenhead Ojibway Nation as at March 31, 2014, 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


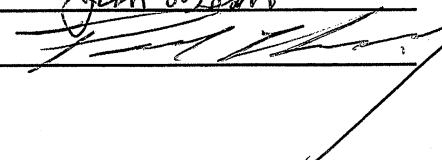
September 18, 2014

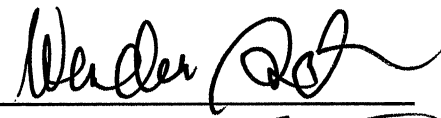

MNP LLP
Chartered Accountants

Brokenhead Ojibway Nation
Consolidated Statement of Financial Position
As at March 31, 2014

	2014	2013
Financial assets		
Cash	311,595	792,182
Accounts receivable (Note 3)	660,520	616,465
Inventory (Note 4)	349,072	190,988
Restricted cash (Note 5)	641,231	761,696
Investments (Note 6)	265,546	262,092
Investment in government business enterprise (Note 7)	5,102,975	5,044,362
Due from Treaty Land Entitlement Trust (Note 8)	-	31,938
	7,330,939	7,699,723
Liabilities		
Bank indebtedness (Note 9)	1,091,309	1,003,710
Accounts payable and accruals (Note 10)	1,562,612	1,443,126
Deferred revenue (Note 11)	51,647	190,391
Long-term debt (Note 12)	7,655,587	8,065,562
	10,361,155	10,702,789
Net debt	(3,030,216)	(3,003,066)
Contingencies (Note 13)		
Non-financial assets		
Tangible capital assets (Schedule 1)	15,703,077	14,842,969
Construction in progress	-	1,741,370
Prepaid expenses	8,613	20,940
	15,711,690	16,605,279
Accumulated surplus (Note 14)	12,681,474	13,602,213

Approved on behalf of the Chief and Council:



 Chief
 Councillor



 Councillor
 Councillor

Brokenhead Ojibway Nation
Consolidated Statement of Operations and Accumulated Surplus
For the year ended March 31, 2014

	<i>Schedules</i>	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Revenue				
Sales		8,572,260	9,627,118	8,660,935
Aboriginal Affairs and Northern Development Canada (Note 15)		4,730,157	4,771,127	4,661,378
Video lottery terminals		1,723,503	1,700,225	1,993,852
Province of Manitoba - Tobacco and Fuel tax rebate		1,245,685	1,557,766	1,046,171
First Nations and Inuit Health (Note 16)		1,370,298	1,340,679	1,212,105
Management and service fees (Note 17)		-	708,767	700,705
Insurance proceeds		-	685,230	188,142
Rent		-	488,500	541,782
Other revenue		598,562	327,724	515,722
Canada Mortgage and Housing Corporation		-	359,382	426,576
First Peoples Development Inc.		-	340,660	374,421
Land lease revenue		-	247,310	180,000
Public Safety Canada		-	34,822	34,822
Interest income		-	25,220	8,960
Fundraising		-	-	125,731
Revenue deferred in prior year (Note 11)		-	190,391	174,083
Revenue deferred to subsequent year (Note 11)		-	(51,647)	(190,391)
		18,240,465	22,353,274	20,654,994
Segment expenses				
Band Governance	5	1,717,874	2,637,934	2,369,484
Social Assistance	6	1,453,732	1,428,280	1,243,214
Land Management	7	230,308	241,899	176,295
Housing	8	459,138	1,012,365	433,662
Subsidized Housing	9	984,386	954,180	984,386
Community Infrastructure	10	984,386	951,856	1,297,001
Education	11	2,080,324	2,026,198	2,069,290
Community Wellness	12	1,473,368	1,511,869	1,149,819
Economic Development	13	633,230	838,218	959,196
Economic Enterprises	14	7,617,233	11,671,214	10,319,289
Total segment expenses (Schedule 2)		17,633,979	23,274,013	21,001,636
Annual surplus (deficit)		606,486	(920,739)	(346,642)
Accumulated surplus, beginning of year		13,602,213	13,602,213	13,948,855
Accumulated surplus, end of year		14,208,699	12,681,474	13,602,213

The accompanying notes are an integral part of these financial statements

Brokenhead Ojibway Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2014

	<i>2014 Budget</i>	<i>2014</i>	<i>2013</i>
Annual surplus (deficit)	606,486	(920,739)	(346,642)
Purchases of tangible capital assets	-	(2,118,461)	(150,033)
Amortization of tangible capital assets	-	1,258,353	1,170,341
Construction in progress	-	1,741,370	(1,023,651)
	-	881,262	(3,343)
Acquisition of prepaid expenses	-	(8,613)	(20,940)
Use of prepaid expenses	-	20,940	941
	-	12,327	(19,999)
Decrease (increase) in net debt	606,486	(27,150)	(369,984)
Net debt, beginning of year	(3,030,216)	(3,003,066)	(2,633,082)
Net debt, end of year	(2,423,730)	(3,030,216)	(3,003,066)

Brokenhead Ojibway Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	8,574,593	6,685,205
Cash provided by customers	13,516,550	13,291,187
Cash paid to suppliers	(15,728,496)	(14,092,255)
Cash paid to employees	(5,863,956)	(5,663,738)
Interest income	25,220	8,960
Interest on long-term debt	(395,367)	(402,259)
	128,544	(172,900)
Financing activities		
Advances of long-term debt	866,585	1,008,608
Repayment of long-term debt	(1,276,560)	(1,401,410)
Increase in bank indebtedness	87,599	568,280
	(322,376)	175,478
Capital activities		
Purchases of tangible capital assets	(2,118,461)	(150,033)
Construction in progress in prior year	1,741,370	-
	(377,091)	(150,033)
Investing activities		
Investment in government business enterprise	(58,613)	133,207
Investment in (draw from) restricted cash	120,465	(80,259)
Settlement of Due from Brokenhead Ojibway Nation Treaty Land Entitlement Trust	31,938	-
Portfolio investments	(3,454)	-
	90,336	52,948
Decrease in cash resources	(480,587)	(94,507)
Cash resources, beginning of year	792,182	886,689
Cash resources, end of year	311,595	792,182

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

1. Operations

The Brokenhead Ojibway Nation (the "Nation") is located in the province of Manitoba, and provides various services to its members. The Brokenhead Ojibway Nation financial reporting entity includes all related entities which are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

These 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 financial statements consolidate the financial activities of all entities and departments comprising the Nation reporting entity, except for government business enterprises. Trusts administered on behalf of third parties by Brokenhead Ojibway Nation are excluded from the Nation reporting entity.

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

- Brokenhead Ojibway Nation Housing Authority ("Housing Authority")
- Brokenhead Entertainment Centre ("Entertainment Centre")
- Brokenhead Community Store ("Store")
- Wavers of Brokenhead ("Wavers")
- Brokenhead Ojibway Nation's Mom's Seed Home ("Seed Home")
- Baaskaandibewiziibii Trust
- Brokenhead Communications Ltd.
- Brokenhead Gaming Commission
- BON Limited Partnership

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

Brokenhead Ojibway Nation business entities, owned or controlled by the Nation's Council but not dependent on the Nation for their continuing operations, are included in the consolidated financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the Nation. Thus, the Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include BON Development Corporation.

BON Development Corporation (formerly 4667141 Manitoba Ltd.) owns 100% of the shares of B.O.N. Ltd., the general partner of the BON Limited Partnership which was formed for the purpose of facilitating business development, including but not limited to the operation of a casino, for the benefit of the Nation. Baaskaandibewiziibii Trust was established to be the limited partner of the BON Limited Partnership.

Basis of presentation

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Financial instruments

Financial instruments include cash, accounts receivable, restricted cash, investment in government business enterprise, investments, due from Brokenhead Ojibway Nation Treaty Land Entitlement Trust, bank indebtedness, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments.

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

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position as a component of restricted cash. Trust moneys consist of:

- Capital trust moneys derived from non-renewable resource transactions on the sale of land or other Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Investments

Investments in entities that are not owned, controlled or significantly influenced by the Nation are accounted for using the cost method. Long-term investments are recorded at cost, less a provision for other than temporary impairment.

Net debt

The Nation's consolidated financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt of the Nation is determined by its liabilities less its financial assets. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Non-financial assets

The 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. Contributed tangible capital assets are recorded at their fair value at the date of contribution.

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

	Rate
Buildings	25 years
Equipment	1 - 20 years
Housing	20 - 25 years
Infrastructure	20 years
Vehicles	5 - 20 years

Construction in progress

Construction in progress represents costs incurred for construction of assets that are not yet available for use and no amortization is recorded during the year the assets are under construction.

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

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 Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the assets' carrying value exceeds the residual value of the assets' service potential to the Nation. Any impairment is included in the statement of operations for the year in which the asset becomes impaired.

Revenue recognition

Government transfer revenue which includes Aboriginal Affairs and Northern Development Canada, First Nations and Inuit Health, Canada Mortgage and Housing Corporation, First Peoples Development Inc., and Public Safety Canada is recognized as the funding becomes receivable under the terms of applicable funding agreements. Funding received under 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 as revenue in the year to which it was designated. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

The Nation recognizes video lottery terminal revenue as the net win from gaming activities (the difference between gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Liquor and Gaming Authority of Manitoba. Management believes that it is appropriate to present these commissions net of gaming revenue as these amounts are fixed as per their agreement with Liquor and Gaming Authority of Manitoba.

Sales are recognized when the services are provided or the goods are shipped and subsequent collection is reasonably assured.

Rent revenue and lease revenue are recorded in the year they are earned. At the end of each year, management evaluates the extent of the collectability of its rent and lease revenue and records a bad debt expense and an allowance for doubtful accounts for amounts designated as unlikely to be collected.

Tobacco and fuel tax rebates are recognized when the rebates have been earned from the Province of Manitoba.

Investment and interest revenue is recognized on an accrual basis in the period that it is earned.

All other types of revenue are recognized by the Nation when the services are provided or the goods are shipped.

Employee future benefits

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

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 estimates as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Inventory is stated after provisions are made for slow-moving or obsolete inventory. Amortization is based on the estimated useful lives of tangible capital assets.

These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the statement of operations in the period in which they become known.

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

Segments

The Nation conducts its business through eleven reportable segments. These operating segments are established by senior management to facilitate the achievement of the Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent amounts that are directly attributable to the segment.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the Significant Accounting Policies.

The Nation's segments are differentiated by the major activities or services they provide.

Ottawa Trust - revenue allocated to the fund and transfers to other segments.

Band Governance - administration and governance activities.

Social Assistance - social program activities.

Land Management - activities for the development of the Nation's land.

Housing - activities related to the development and sustainment of on-reserve housing, excluding subsidized housing.

Subsidized Housing - activities related to the development and sustainment of on-reserve housing subsidized by CMHC.

Community Infrastructure - activities for the maintenance of the community and its infrastructure.

Education - operations of education programs.

Community Wellness - activities related to health and wellness.

Economic Development - band programs other than economic enterprises not funded by AANDC or FNIH.

Economic Enterprises - economic enterprises not funded by AANDC or FNIH, including its commercial operations.

Recent accounting pronouncements

Liability for contaminated sites

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

PS 3260 is effective for fiscal years beginning on or after April 1, 2014. The Nation does not expect the adoption of the new section to have a material impact on its consolidated financial statements.

Financial instruments

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

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 Nation has not yet determined the effect of these new standards on its consolidated financial statements.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

3. Accounts receivable

	2014	2013
Rent, trade and other	1,001,318	1,028,451
Aboriginal Affairs and Northern Development Canada ("AANDC")	126,931	337,392
Canada Mortgage Housing Corporation ("CMHC")	46,807	30,496
Allowance for doubtful accounts	(514,536)	(779,874)
	660,520	616,465

The allowance for doubtful accounts includes \$12,344 (2013 - \$12,344) relating to AANDC receivables and \$502,192 (2013 - \$767,530) relating to Rent, trade and other receivables.

AANDC accounts receivable consist of:

Year-end PAYE per confirmation	114,587
Cheques issued by AANDC prior to year-end, received after March 31, 2014	0
Prior year accounts receivable	12,344
	126,931

4. Inventory

	2014	2013
Fuel	150,417	88,574
Confectionary and other	198,655	102,414
	349,072	190,988

The cost of inventory recognized as an expense and included in cost of sales amounted to \$8,821,431 (2013 - \$7,696,314).

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

5. Restricted cash

	2014	2013
CMHC Replacement Reserve	505,520	491,128
Baaskaandibewiziibii Trust funds held in trust	100	100
Ottawa Trust	135,611	270,468
	641,231	761,696

CMHC replacement reserve

As required as part of the Nation's Canada Mortgage and Housing Corporation ("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 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 Nation is currently in contravention of its major funding agreement with CMHC. At year end the specified replacement bank accounts were underfunded by \$292,648 (2013 - \$282,255).

Baaskaandibewiziibii Trust funds held in trust

The \$100 held in trust in the Baaskaandibewiziibii Trust represents the gold coin used to settle the Trust.

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 moneys are transferred to the Nation on the authorization of the Minister of Aboriginal Affairs and Northern Development Canada, with the consent of the Nation's Chief and Council.

	2014	2013
Capital Trust		
Balance, beginning of year	2,131	2,131
Balance, end of year	2,131	2,131
Revenue trust		
Balance, beginning of year	268,337	202,837
Interest	3,643	5,500
Land leases	61,500	60,000
	333,480	268,337
Less: Transfers to the Nation	200,000	-
Balance, end of year	133,480	268,337
Total Ottawa Trust money	135,611	270,468

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

6. Investments

	2014	2013
Shawano Wapunong Building Inc.	71,730	68,315
Investors Group	12,602	12,563
Brokenhead River Casino Resort Limited Partnership	181,214	181,214
	265,546	262,092

Funds held by Shawano Wapunong Building Inc. are on deposit only, gaining interest at a rate of 7.5% per annum. Shawano Wapunong Building Inc. is owned by the eight Southeast First Nations in Manitoba and invests funds mostly in commercial real estate in Winnipeg, Manitoba.

Funds held at Investors Group are held in money market funds.

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

7. Investment in government business enterprise

The Nation owns BON Development Corporation, a government business enterprise. Financial information for this government business enterprise, as at March 31, 2014, is as follows:

	2014	2013
Financial assets	2,071	812
Liabilities	(30,798)	(50,422)
Non-financial assets*	5,131,702	5,093,972
	5,102,975	5,044,362

*Non-financial assets consist of land and related infrastructure.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

8. Due from Brokenhead Ojibway Nation Treaty Land Entitlement Trust

Amounts due from the Brokenhead Ojibway Nation Treaty Land Entitlement Trust represent cumulative promissory notes issued to the Nation. The amounts due are unsecured, non-interest bearing and have no set terms of repayment.

9. Bank indebtedness

At March 31, 2014 the line of credit of \$400,000 (2013 - \$400,000), bearing interest at prime plus 1% (2013 - prime plus 1%), secured by a general security agreement, had a balance of \$288,927 (2013 - \$182,027). The remaining bank indebtedness represents cheques issued in excess of funds on deposit.

10. Accounts payable and accruals

	2014	2013
Trade payables and payroll liabilities	1,506,453	1,354,875
AANDC	56,159	88,251
	1,562,612	1,443,126

AANDC accounts payable consists of overpayments of basic needs funding from the 2007 fiscal year.

11. Deferred revenue

	2014	2013
Band Governance (Schedule 5)	-	4,808
Social Assistance (Schedule 6)	-	90,652
Housing (Schedule 8)	20,286	22,859
Subsidized Housing (Schedule 9)	20,000	60,000
Community Wellness (Schedule 12)	11,361	12,072
	51,647	190,391

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

12. Long-term debt

CMHC Subsidized Housing; Phase 1, Pre 97: First Nations Bank of Canada - Payments of \$1,124 per month including interest at 3.19%, maturing October 2014, amortized over 25 years, secured by a Ministerial guarantee for a two-unit rental housing project and an assignment of fire insurance.	7,749	20,765
CMHC Subsidized Housing; Phase 2, Pre 97: First Nations Bank of Canada - Payments of \$4,427 per month including interest at 4.00%, maturing November 2015, amortized over 25 years, secured by a Ministerial guarantee for a nine-unit rental housing project and an assignment of fire insurance.	74,034	123,156
CMHC Subsidized Housing; Phase 3, Pre 97: First Nations Bank of Canada - Payments of \$4,983 per month including interest at 4.00%, maturing June 2016, amortized over 25 years, secured by a Ministerial guarantee for a ten-unit rental housing project and an assignment of fire insurance.	132,048	186,960
CMHC Subsidized Housing; Phase 4, Pre 97: First Nations Bank of Canada - Payments of \$3,866 per month including interest at 3.19%, maturing July 2019, with a scheduled renewal date of October 2014, amortized over 25 years, secured by a Ministerial guarantee for a twelve-unit rental housing project and an assignment of fire insurance.	227,087	265,685
CMHC Subsidized Housing; Phase 5, Pre 97: First Nations Bank of Canada - Payments of \$1,703 per month including interest at 4.14%, maturing March 2020, with a scheduled renewal date of March 2015, amortized over 25 years, secured by a Ministerial guarantee for a eight-unit rental housing project and an assignment of fire insurance.	108,481	124,113
CMHC Subsidized Housing; Phase 1, Post 96: CMHC - Payments of \$5,636 per month including interest at 2.61%, maturing August 2015, with a scheduled renewal date of September 2014, secured by a Ministerial guarantee for a eleven-unit rental housing project and an assignment of fire insurance.	93,959	158,243
CMHC Subsidized Housing; Phase 2, Post 96: CMHC - Payments of \$5,241 per month including interest at 2.61%, maturing June 2024, with a scheduled renewal date of September 2014, secured by a Ministerial guarantee for a thirteen-unit rental housing project and an assignment of fire insurance.	565,437	612,979
CMHC Subsidized Housing; Phase 3, Post 96: CMHC - Payments of \$2,457 per month, including interest at 2.11%, maturing October 2028, with a scheduled renewal date of January 2019, secured by a Ministerial guarantee for a five-unit rental housing project and an assignment of fire insurance.	370,017	390,518
CMHC Subsidized Housing; Phase 4, Post 96: CMHC - Payments of \$2,509 per month, including interest at 1.92%, maturing March 2029, with a scheduled renewal date of April 2019, secured by a Ministerial guarantee for a six-unit rental housing project and an assignment of fire insurance.	392,320	414,894
CMHC Subsidized Housing; Phase 5, Post 96: CMHC - Payments of \$2,184 per month including interest at 2.76%, maturing June 2030, with a scheduled renewal date of June 2015, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	343,253	359,791
CMHC Subsidized Housing; Phase 6, Post 96: CMHC - Payments of \$2,151 per month, including interest at 1.62%, maturing March 2028, with a scheduled renewal date of March 2018, secured by a Ministerial guarantee for an eight-unit rental housing project and an assignment of fire insurance.	422,131	440,963

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

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

	2014	2013
CMHC Subsidized Housing; Phase 7, Post 96: CMHC - Payments of \$1,895 per month, including interest at 1.62%, maturing March 2033, with a scheduled renewal date of March 2018, secured by a Ministerial guarantee for a six-unit rental housing project and an assignment of fire insurance.	371,999	388,595
CMHC Subsidized Housing; Phase 8, Post 96: CMHC - Payments of \$2,393 per month, including interest at 2.04%, maturing March 2034, with a scheduled renewal date of March 2019, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	471,635	490,381
CMHC Subsidized Housing; Phase 9, Post 96: CMHC - Payments of \$2,558 per month, including interest at 2.65%, maturing February 2035, with a scheduled renewal date of February 2015, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	492,390	509,853
CMHC Subsidized Housing; Phase 11, Post 96: CMHC - Payments of \$2,746 per month, including interest at 2.18%, maturing January 2039, with a scheduled renewal date of January 2019, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	629,235	-
CMHC Subsidized Housing; Phase 11, Post 96: CMHC - Construction Loan	-	497,820
Gas Station: First Nations Bank of Canada - Payments of \$15,409 per month including interest at 4.30%, maturing February 2027, secured by a general security agreement.	1,829,982	1,934,966
Band Hall: First Nations Bank of Canada - Payments of \$110,810 per annum, plus interest paid monthly at 4.25%, maturing December 2021, secured by a general security agreement.	886,480	997,290
School Bus: First Nations Bank of Canada - Payments of \$1,678 per month plus interest at 4.25%, maturing March 2019, secured by a general security agreement.	100,691	-
Bobcat: First Nations Bank of Canada - Payments of \$905 per month plus interest at 4.25%, maturing March 2019, secured by a general security agreement.	54,294	-
Excavator: First Nations Bank of Canada - Payments of \$1,615 per month plus interest at 4.25%, maturing June 2018, secured by a general security agreement.	82,365	-
Land purchase: First Nations Bank of Canada - Matured during the year	-	148,590
	7,655,587	8,065,562

CMHC Subsidized Housing; Phase 10, Post 96: This phase did not proceed beyond the original proposed agreement.

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	714,527
2016	548,575
2017	422,634
2018	424,608
2019	370,270

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

13. Contingencies

The Nation has an amount potentially due to AANDC in the amount of \$60,291. No amount has been recorded in the consolidated financial statements for this amount, as no decision has been made by AANDC with respect to collection.

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

The Nation has been named as defendant in a lawsuit on behalf of Roy's Electric, seeking to recover damages allegedly sustained by them. The plaintiff is seeking total damages of \$62,247. This lawsuit is subject to many uncertainties and it is not possible to predict the ultimate outcome of this lawsuit or to estimate the loss, if any, which may result. Any amount awarded as a result of this action will be recorded when reasonably estimable.

14. Accumulated surplus

	2014	2013
Ottawa Trust	135,611	270,468
CMHC Replacement Reserves	515,060	497,850
Invested in tangible capital assets	8,047,490	8,667,366
Unrestricted	3,983,313	4,166,529
	12,681,474	13,602,213

15. Aboriginal Affairs and Northern Development Canada revenue reconciliation

AANDC revenue included in Statement of Operations	\$4,771,127
Add: confirmation error	\$ 66,000
AANDC revenue per funding confirmation	\$4,837,127

16. First Nations and Inuit Health revenue reconciliation

FNIH revenue per funding agreement	\$1,340,679
FNIH revenue included in Statement of Operations	\$1,340,679

17. Management and service fees

Casino management fees of \$650,000 (2013 - \$650,000) and service fees of \$58,767 (2013 - \$50,705) were earned from the Brokenhead River Casino Resort Limited Partnership (the "Partnership"). The Partnership is related to the First Nation as discussed in Note 6.

These transactions were 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.

18. Defined contribution pension plan

The Nation has a defined contribution pension plan covering its full time employees. The Nation remits its pension liabilities on a monthly basis and remittances were current at year end.

19. First Nations Financial Transparency Act

The Nation was required to post its consolidated financial statements on a website and submit the consolidated financial statements to AANDC by July 29, 2014. The Nation fully intends to post its consolidated financial statements on a website upon release of this report.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2014

20. Economic dependence

The 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 Nation received 28.0% (2013 - 28.2%) of its revenue from AANDC and 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 Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

21. Lease commitments

The Nation has entered into equipment lease agreements with estimated minimum annual payments as follows:

2015	201,334
2016	201,334
2017	201,334
2018	201,334
2019	201,334
	<hr/>
	1,006,670
	<hr/>

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 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. Comparative figures

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

Brokenhead Ojibway Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2014

	<i>Buildings</i>	<i>Equipment</i>	<i>Housing</i>	<i>Infrastructure</i>	<i>Vehicles</i>	<i>2014</i>	<i>2013</i>
Cost							
Balance, beginning of year	7,394,538	1,579,014	14,157,649	9,311,260	843,787	33,286,248	33,136,215
Acquisition of tangible capital assets	1,206,441	176,569	662,921	-	72,530	2,118,461	150,033
Balance, end of year	8,600,979	1,755,583	14,820,570	9,311,260	916,317	35,404,709	33,286,248
Accumulated amortization							
Balance, beginning of year	3,035,793	946,451	8,944,413	4,928,488	588,134	18,443,279	17,272,938
Annual amortization	336,852	29,097	502,025	364,222	26,157	1,258,353	1,170,341
Balance, end of year	3,372,645	975,548	9,446,438	5,292,710	614,291	19,701,632	18,443,279
Net book value of tangible capital assets	5,228,334	780,035	5,374,132	4,018,550	302,026	15,703,077	14,842,969
Net book value - 2013	4,358,745	632,563	5,213,236	4,382,772	255,653	14,842,969	

Brokenhead Ojibway Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2014

	2014	2013
Consolidated expenses by object		
Advertising	8,132	4,957
Amortization	1,258,353	1,170,341
Automotive	85,729	160,914
Bad debts	56,417	160,392
Bank charges and interest	83,419	99,143
Community donations	430,568	367,037
Community events	5,350	-
Consulting	36,607	21,090
Cost of sales	8,821,431	7,696,314
Honouraria	53,967	36,398
Insurance	183,587	162,504
Interest on long-term debt	395,367	402,259
Members support	314,871	415,138
Office equipment lease	2,167	135
Professional fees	584,094	607,599
Rent	261,186	40,516
Repairs and maintenance	1,612,310	912,863
Royalties	20,750	21,125
Salaries and benefits	5,863,956	5,663,737
Social assistance	1,336,063	1,159,358
Supplies	576,624	702,358
Telephone and internet	161,912	134,959
Training	185,293	166,861
Travel	273,209	205,201
Tuition	470,140	533,000
Utilities	192,511	157,437
	23,274,013	21,001,636

Brokenhead Ojibway Nation
Schedule 3 - Consolidated Summary Schedule of Segment Operations
For the year ended March 31, 2014

	<i>Schedule #</i>	<i>Revenue</i>	<i>Expenses</i>	<i>Transfers</i>	<i>2014 Surplus (Deficit)</i>	<i>2013 Surplus (Deficit)</i>
Ottawa Trust	4	65,143	-	-	65,143	65,500
Band Governance	5	1,242,142	2,637,934	460,829	(934,963)	946,911
Social Assistance	6	1,450,090	1,428,280	-	21,810	-
Land Management	7	248,640	241,899	(22,954)	(16,213)	(18,284)
Housing	8	854,803	1,012,365	(35,139)	(192,701)	(5,560)
Subsidized Housing	9	887,882	954,180	226,188	159,890	189,779
Community Infrastructure	10	336,515	951,856	(31,851)	(647,192)	(754,865)
Education	11	1,789,695	2,026,198	(133,512)	(370,015)	(431,520)
Community Wellness	12	1,359,503	1,511,869	(115,769)	(268,135)	(44,519)
Economic Development	13	2,547,375	838,218	(627,203)	1,081,954	944,902
Economic Enterprises	14	11,571,486	11,671,214	279,411	179,683	(1,238,986)
Total		22,353,274	23,274,013	-	(920,739)	(346,642)

Brokenhead Ojibway Nation
Ottawa Trust
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Land lease revenue	61,500	60,000
Interest income	3,643	5,500
	65,143	65,500
Annual surplus	65,143	65,500

Brokenhead Ojibway Nation
Band Governance
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	773,621	696,365
First Peoples Development Inc.	340,660	374,421
Other revenue	88,231	67,834
Public Safety Canada	34,822	34,822
Revenue deferred in prior year	4,808	-
Revenue deferred to subsequent year	-	(4,808)
	1,242,142	1,168,634
Expenses		
Automotive	16,628	16,099
Bank charges and interest	13,464	18,155
Consulting	36,607	4,039
Honouraria	29,174	26,700
Insurance	9,716	9,346
Members support	39,649	42,532
Professional fees	298,011	228,295
Repairs and maintenance	82,146	77,680
Salaries and benefits	1,684,062	1,498,449
Supplies	146,831	179,133
Telephone and internet	66,408	47,298
Training	105,741	124,490
Travel	106,324	97,268
Utilities	3,173	-
	2,637,934	2,369,484
Annual deficit before transfers	(1,395,792)	(1,200,850)
Transfers between segments	460,829	2,147,761
Annual surplus (deficit)	(934,963)	946,911

Brokenhead Ojibway Nation
Social Assistance
Schedule 6 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	1,359,438	1,333,866
Revenue deferred in prior year	90,652	-
Revenue deferred to subsequent year	-	(90,652)
	1,450,090	1,243,214
Expenses		
Repairs and maintenance	2,108	86
Salaries and benefits	79,392	77,611
Social assistance	1,336,063	1,159,358
Supplies	1,977	2,694
Telephone and internet	3,509	1,706
Training	874	300
Travel	2,993	1,459
Utilities	1,364	-
	1,428,280	1,243,214
Annual surplus	21,810	-

Brokenhead Ojibway Nation
Land Management
Schedule 7 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	178,940	136,500
Other revenue	69,700	43,058
	248,640	179,558
Expenses		
Honouraria	1,488	1,207
Professional fees	26,822	23,324
Repairs and maintenance	3,545	18,250
Salaries and benefits	148,899	105,069
Supplies	3,820	6,328
Telephone and internet	3,693	2,018
Training	5,107	1,410
Travel	48,525	18,689
	241,899	176,295
Annual surplus before transfers	6,741	3,263
Transfers between segments	(22,954)	(21,547)
Annual deficit	(16,213)	(18,284)

Brokenhead Ojibway Nation
Housing
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Insurance proceeds	685,230	188,142
Aboriginal Affairs and Northern Development Canada	167,000	141,751
Canada Mortgage and Housing Corporation	-	60,625
Revenue deferred in prior year	22,859	54,473
Revenue deferred to subsequent year	(20,286)	(22,859)
	854,803	422,132
Expenses		
Amortization	109,564	111,183
Automotive	-	4,200
Consulting	-	17,050
Honouraria	-	1,892
Insurance	41,359	34,337
Repairs and maintenance	791,906	174,932
Salaries and benefits	58,920	71,278
Telephone and internet	3,201	2,598
Training	-	10,582
Travel	7,415	5,610
	1,012,365	433,662
Annual deficit before transfers	(157,562)	(11,530)
Transfers between programs	(35,139)	5,970
Annual deficit	(192,701)	(5,560)

Brokenhead Ojibway Nation
Subsidized Housing
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Rent	488,500	541,782
Canada Mortgage and Housing Corporation	359,382	365,951
Revenue deferred in prior year	60,000	100,000
Revenue deferred to subsequent year	(20,000)	(60,000)
	887,882	947,733
Expenses		
Amortization	399,600	370,524
Bad debts	-	155,616
Bank charges and interest	5,215	1,327
Insurance	43,380	46,112
Interest on long-term debt	125,147	138,067
Professional fees	21,630	24,211
Repairs and maintenance	178,148	113,315
Salaries and benefits	163,163	131,865
Utilities	17,897	3,349
	954,180	984,386
Annual deficit before transfers	(66,298)	(36,653)
Transfers between segments	226,188	226,432
Annual surplus	159,890	189,779

Brokenhead Ojibway Nation
Community Infrastructure
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	336,515	509,552
Other revenue	-	92,875
	336,515	602,427
Expenses		
Amortization	555,356	482,452
Automotive	1,542	49,559
Insurance	28,700	26,597
Repairs and maintenance	121,421	237,725
Salaries and benefits	132,512	383,322
Supplies	24,023	26,751
Telephone and internet	6,958	17,277
Training	1,811	2,441
Travel	6,425	5,434
Utilities	73,108	65,443
	951,856	1,297,001
Annual deficit before transfers	(615,341)	(694,574)
Transfers between segments	(31,851)	(60,291)
Annual deficit	(647,192)	(754,865)

Brokenhead Ojibway Nation
Education
Schedule 11 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Aboriginal Affairs and Northern Development Canada	1,789,695	1,843,344
Other revenue	-	17,759
	1,789,695	1,861,103
Expenses		
Automotive	-	35,083
Honouraria	3,370	2,949
Insurance	27,008	17,245
Office equipment lease	2,167	135
Professional fees	46,698	49,399
Repairs and maintenance	52,334	80,284
Salaries and benefits	1,379,805	1,297,961
Supplies	144,126	164,826
Telephone and internet	11,747	11,683
Training	13,278	2,924
Travel	6,632	7,082
Tuition	320,140	383,000
Utilities	18,893	16,719
	2,026,198	2,069,290
Annual deficit before transfers	(236,503)	(208,187)
Transfers between segments	(133,512)	(223,333)
Annual deficit	(370,015)	(431,520)

Brokenhead Ojibway Nation
Community Wellness
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
First Nations and Inuit Health	1,340,679	1,212,105
Other revenue	18,113	21,756
Revenue deferred in prior year	12,072	19,610
Revenue deferred to subsequent year	(11,361)	(12,072)
	1,359,503	1,241,399
Expenses		
Automotive	67,559	47,688
Insurance	12,611	13,655
Professional fees	48,812	4,935
Repairs and maintenance	95,516	26,511
Salaries and benefits	1,066,899	892,950
Supplies	77,896	62,335
Telephone and internet	44,863	29,802
Training	21,160	14,605
Travel	60,894	49,146
Utilities	15,659	8,192
	1,511,869	1,149,819
Annual surplus (deficit) before transfers	(152,366)	91,580
Transfers between segments	(115,769)	(136,099)
Annual deficit	(268,135)	(44,519)

Brokenhead Ojibway Nation
Economic Development
Schedule 13 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Province of Manitoba - Tobacco and Fuel tax rebate	1,557,766	1,046,171
Management and service fees	708,767	700,705
Aboriginal Affairs and Northern Development Canada	165,918	-
Other revenue	111,509	184,438
Interest income	3,415	-
Fundraising	-	125,731
	2,547,375	2,057,045
Expenses		
Automotive	-	8,286
Honouraria	3,510	1,300
Insurance	-	1,156
Interest on long-term debt	183,611	177,164
Members support	184,742	222,202
Professional fees	33,570	193,629
Repairs and maintenance	154,460	106,787
Salaries and benefits	26,906	49,610
Supplies	48,877	23,356
Telephone and internet	3,090	2,510
Training	9,393	9,883
Travel	18,471	766
Tuition	150,000	150,000
Utilities	21,588	12,547
	838,218	959,196
Annual surplus before transfers	1,709,157	1,097,849
Transfers between segments	(627,203)	(152,947)
Annual surplus	1,081,954	944,902

Brokenhead Ojibway Nation
Economic Enterprises
Schedule 14 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2014

	2014	2013
Revenue		
Sales	9,627,118	8,660,935
Video lottery terminals	1,700,225	1,993,852
Land lease revenue	185,810	120,000
Other revenue	40,171	88,001
Interest income	18,162	3,460
	11,571,486	10,866,248
Expenses		
Advertising	8,132	4,957
Amortization	193,833	206,183
Bad debts	56,417	4,775
Bank charges and interest	64,739	79,661
Community donations	430,568	367,037
Community events	5,350	-
Cost of sales	8,821,431	7,696,319
Honouraria	16,425	2,350
Insurance	20,813	14,054
Interest on long-term debt	86,610	87,027
Members support	90,480	150,404
Professional fees	108,551	83,805
Rent	261,186	40,516
Repairs and maintenance	130,726	77,292
Royalties	20,750	21,125
Salaries and benefits	1,123,398	1,155,622
Supplies	129,074	236,935
Telephone and internet	18,443	20,067
Training	27,929	226
Travel	15,530	19,746
Utilities	40,829	51,188
	11,671,214	10,319,289
Annual surplus (deficit) before transfers	(99,728)	546,959
Transfers between segments	279,411	(1,785,945)
Annual surplus (deficit)	179,683	(1,238,986)