

BROKENHEAD OJIBWAY NATION
CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018

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Management Responsibility Statement

The management of Brokenhead Ojibway Nation is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian Public Sector Accounting Standards. The financial statements are considered by management to present fairly the management's financial position and results of operations.

Brokenhead Ojibway Nation, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that management assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Pinnacle CPAs LLP, Chartered Professional Accountants, the Nation's auditor. The report outlines the scope of the examination and the opinion on the financial statements.

Finance Manager

Independent Auditor's Report

To the Members of
Brokenhead Ojibway Nation

We have audited the accompanying financial statements of Brokenhead Ojibway Nation, which comprise the consolidated statement of financial position as at March 31, 2018, and the consolidated statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 auditor's 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 Nation'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.



Independent Auditor's Report, continued

We believe that the audit evidence we have obtained in our audit 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, 2018, and its financial performance, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Brampton, Ontario
September 12, 2018

Pinnacle CPAs LLP

Chartered Professional Accountants
Licensed Public Accountants

BROKENHEAD OJIBWAY NATION

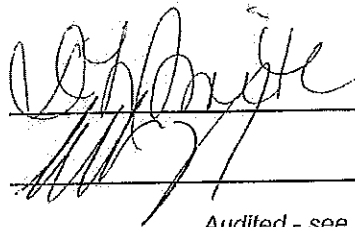
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended March 31

	2018	2017
	\$	\$
FINANCIAL ASSETS		
Accounts receivable (Note 4)	749,484	1,097,776
Inventory (Note 5)	382,437	407,517
Restricted cash (Note 6)	716,416	585,865
Investments (Note 7)	115,045	110,176
Investment in government business enterprises (Note 8)	4,864,834	4,035,772
Investment in South Beach Casino (Note 9)	3,401,087	3,306,568
Revenue property available for sale	3,121,599	3,121,599
	<u>13,350,902</u>	<u>12,665,273</u>
LIABILITIES		
Bank indebtedness	1,723,908	1,653,259
Accounts payable and accrued liabilities (Note 14)	1,772,008	1,679,682
GST payable	16,649	1,472
Long term debt (Note 11)	13,349,241	14,167,289
Secured debt (Note 12)	658,221	593,505
Obligation under capital lease	4,785	10,191
Deferred revenue (Note 15)	214,097	531,611
Federal income taxes payable (Note 23)	125,601	125,601
	<u>17,864,510</u>	<u>18,762,610</u>
Net debt	<u>(4,513,608)</u>	<u>(6,097,337)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 10)	16,328,080	19,786,505
Prepaid expenses (and deposits)	127,008	69,119
Deferred financing costs	415,403	447,357
	<u>16,870,491</u>	<u>20,302,981</u>
Accumulated surplus (Note 17)	<u>12,356,883</u>	<u>14,205,644</u>

Approved on behalf of council

Chief

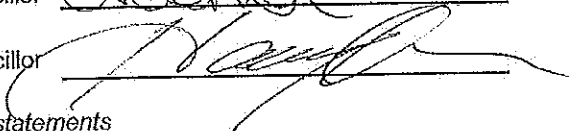


Councillor



Councillor

Councillor



Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

Year ended March 31

	Schedule	2018 Actual	2017 Restated
		\$	\$
Revenue			
Indigenous and Northern Affairs Canada		3,414,864	5,372,551
Sales		12,283,422	11,682,664
Land lease revenue		12,960	162,917
Other revenue		1,649,283	1,390,337
First Peoples Development Inc.		295,876	340,836
Canada Mortgage and Housing Corporation		329,639	353,159
Public Safety Canada		49,387	31,515
Rental		794,503	769,987
First Nations and Inuit Health		2,113,562	1,503,098
Insurance proceeds		-	52,529
Province of Manitoba - Tobacco and Fuel tax rebate		1,827,692	1,799,197
Management and service fees		912,195	870,510
Video lottery terminals		2,341,772	2,248,592
Income from partnership	-	103,619	(127,724)
Income from joint venture	-	16,924	-
Revenue deferred in prior year		511,217	320,190
Revenue deferred to subsequent year		(214,097)	(511,217)
		26,442,818	26,259,141
Expenses			
Band Governance	5	1,968,205	2,215,210
Social Assistance	6	1,405,677	1,262,301
Land Management	7	354,098	606,780
Housing	8	35,950	110,829
Subsidized Housing	9	940,831	883,137
Community Infrastructure	10	2,089,232	2,138,373
Education	11	1,279,769	2,692,165
Community Wellness	12	2,030,426	1,691,938
Economic Development	13	643,435	1,240,608
Economic Enterprises	14	16,349,042	15,227,434
Total segment expenses		27,096,665	28,068,775
Annual surplus (deficit)		(653,847)	(1,809,634)

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31	2018	2017 Restated
	\$	\$
Operating activities		
Annual surplus (deficit)	(653,847)	(1,809,634)
Adjustments for		
Amortization	1,185,270	1,235,764
Amortization of deferred charges	31,954	31,954
Total adjustments	1,217,224	1,267,718
	563,377	(541,916)
Change in non-cash working capital items		
Accounts receivable	348,292	(415,094)
Prepaid expenses (and deposits)	(57,889)	(46,730)
Inventory	25,080	(144,896)
Accounts payable and accrued liabilities	92,326	(612,125)
Government remittances	15,177	(424)
Unearned revenue	(317,514)	116,986
	668,849	(1,644,199)
Investing activities		
Investment in government business enterprises	438,941	1,999,635
Investment in (draw from) restricted cash	(130,551)	(27,679)
Portfolio investments	(4,868)	(7,137)
Investment in South Beach Casino Resort	(94,519)	127,724
Assets under construction for resale	-	(1,290,017)
	209,003	802,526
	877,852	(841,673)
Financing activities		
Advances of long-term debt	-	5,515,817
Payments under capital lease	(5,406)	(5,048)
Repayment of long term debt	(818,048)	(1,650,859)
Increase in secured bank debt	64,716	593,505
	(758,738)	4,453,415
Capital activities		
Purchases of tangible capital assets	(189,763)	(5,336,627)
Decrease in cash	(70,649)	(1,724,885)
Cash (bank indebtedness), beginning of year	(1,653,259)	71,626
Bank indebtedness, end of year	(1,723,908)	(1,653,259)
Cash consists of:		
Cash deposits in authorized chartered banks	(1,723,908)	(1,653,259)

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

Year ended March 31	2018	2017
	\$	\$
Annual surplus (deficit)	(653,847)	(1,809,634)
Amortization of tangible capital assets	1,185,270	1,235,764
Purchase of tangible capital assets	(189,762)	(5,469,248)
Transfer of capital assets to revenue producing assets	-	3,121,599
	995,508	(1,111,885)
Acquisition of prepaid expenses	(127,008)	(69,119)
Use of prepaid expenses	69,119	22,389
Amortization of deferred financing costs	31,954	31,954
Gain (loss) on equity investments	1,268,004	(1,149,995)
	1,242,069	(1,164,771)
Decrease (increase) in net debt	1,583,730	(4,086,290)
Net debt, beginning of year	(6,097,337)	(2,011,047)
Net debt, end of year	(4,513,607)	(6,097,337)

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. Nature of 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. Basis of consolidation

These 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 Ltd. ("Store")
- Wavers of Brokenhead Ltd. ("Wavers")
- Mom's Seed Home ("Seed Home")
- Baaskaandibewizibii Trust ("Trust")
- BON Communications Ltd.
- Brokenhead Gaming Commission
- BON Limited Partnership
- Brokenhead Grocery Ltd. ("Grocery")
- BON Pharmacy Ltd. ("Pharmacy")

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 this method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to that of the Nation. Thus, the Nation's investment in these entities is initially recorded at acquisition cost and adjusted for the proportionate share of post-acquisition earnings, losses and distributions. Entities accounted for under this method 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 and economic development within the community, which includes the operation of a casino for the benefit of the Nation. Baaskaandibewizibii Trust was established to be the limited partner of the BON Limited Partnership. Brokenhead Grocery Ltd., Brokenhead Community Store Ltd., and Wavers of Brokenhead Ltd. are wholly-owned subsidiaries of BON Development Corporation. BON Pharmacy Ltd. is 100% owned by Brokenhead Ojibway Nation with shares held in trust by Chief and Council.

Sources of revenue and expenses are recorded on the accrual basis of accounting. The accrual method recognizes revenue as they become available and measurable. Expenses are recorded as they are incurred and measurable as a result of the receipt of goods and services and the resulting legal obligation to pay for such goods and services.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

3. Significant accounting policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting standards. The significant accounting policies adopted by the Nation include the following:

(a) Basis of presentation

The Nation carries on its business through its own divisions, subsidiaries, associated businesses, partnerships and joint ventures. The accounts of its' subsidiary entities and companies are consolidated with those of the Nation.

(b) Cash

Cash consists of balances with financial institutions and any marketable securities or short term investments with maturities of 90 days or less. Any cash that is subject to restrictions that prevent its use for current purposes is disclosed separately as restricted cash when applicable.

(c) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of purchase comprise the purchase price, import duties and non-recoverable taxes, and transport, handling and other costs directly attributable to the acquisition of finished goods, materials or services.

Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (the reversal is limited to the amount of the original write-down).

(d) Tangible capital assets

Tangible capital assets are recorded at cost. The Nation provides for amortization using the following methods at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Buildings	Straight-line	25 years
Equipment	Straight-line	1 - 20 years
Vehicles	Straight-line	5 - 20 years
Paving	Straight-line	15 years
Infrastructure	Straight-line	20 years
Office equipment	Straight-line	5 years
Furniture and fixtures	Straight-line	5 years
Housing	Straight-line	20 - 25 years
Computer equipment	Straight-line	5 years
Security system	Straight-line	5 years
Store equipment	Straight-line	5 years
Signage	Straight-line	5 years

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

3. Significant accounting policies, continued

(d) Tangible capital assets, continued

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

(e) 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 accounting policies disclosed herein.

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 exceeds the value of future economic benefits associated with the asset. Impairment is measured as the amount by which the asset's carrying amount exceeds the residual value of the asset's service potential to the Nation. Any impairment is included in the statement of operations.

(f) Capital lease obligations

Assets financed by obligations under capital lease are recorded at their value at the inception of the lease with the principal portion of the rental obligation recorded as a long-term liability. Amortization is recorded as outlined in note 10 and the interest portion of the lease payments is expensed as incurred.

(g) Financial instruments

The Nation's financial instruments consist of cash, accounts receivable, restricted cash, investment in government business enterprises, investments, bank indebtedness, accounts payable and accruals, and long term debt. Unless otherwise noted it is management's opinion that the Nation is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(h) Management estimates

The preparation of financial statements in accordance 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 financial statements, and the reported amounts of revenues and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, allowance for doubtful accounts as it applies specifically to credit sales; provisions for slow moving or obsolete inventory; provisions for noncollection as it relates to rental amounts receivable, and amortization based on the estimated useful lives of tangible capital assets. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

3. Significant accounting policies, continued

(i) Related parties

Related party transactions are in the normal course of operations and have been measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

(j) Revenue recognition

Government transfer revenue which includes funding from Indigenous and Northern Affairs Canada (INAC), First Nations and Inuit Health (FNIHB), Canada Mortgage and Housing Corporation (CMHC), First Peoples Development Inc. (FPDI), and Public Safety Canada is recognized as the funding becomes receivable under the terms and conditions of the respective funding agreements. Any funding received under funding arrangements that relate to future fiscal periods are reflected as deferred revenue on the consolidated statement of financial position in the year of receipt and recognized as revenue in the year to which it was originally designated. Funding that is restricted for any particular purpose is deferred and recognized when the eligible expenses have been incurred.

The Nation recognizes video lottery terminal revenue on a daily basis as the net winnings from gaming activities (defined as the difference between gaming wins and gaming losses), which consists of slot machines. Gaming revenue is net of commissions paid to the 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 agreement with the Liquor and Gaming Authority of Manitoba.

Sales are recognized when the goods are sold or services provided (normally at point of sale) and 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 collectibility of its rent and lease revenue and records a bad debt expense as a current year charge with a corresponding allowance for doubtful accounts. Any future collections of amounts designated as uncollectible are recognized in the year of collection.

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 generated.

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

(k) Net financial assets (debt)

The Nation's consolidated financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Nation are determined by its financial assets less its liabilities. Net financial assets are comprised of two components namely non-financial assets and accumulated surplus.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

3. Significant accounting policies, continued

(l) Non-financial assets

Tangible capital assets are accounted for as non-financial 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 Nation unless they are sold.

(m) Contributed services

Volunteers contributed time to assist the Nation in carrying out its various programs and community events. Because of the difficulty of determining their fair value, contributed services are not recognized in the consolidated financial statements.

(n) Employee future benefits

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

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

3. Significant accounting policies, continued

(o) Investments

Short-term investments are recorded at the lower of cost and market value for investments where fair market value is readily obtainable. If there is an other than temporary decline in value, the investments are written down to provide for the loss.

The Nation's investment in companies in which they holds significant influence but not more than 50% are accounted for using the modified equity method. Under this method, the Nation's share of the investee's income and retained earnings is recognized up to the end of the investee's fiscal year on a proportionate basis.

Other long-term investments in entities that are not owned, controlled or significantly influenced by the Nation are carried at cost. If there is an other than temporary decline in value, these investments are written down to provide for the loss.

All other investments are recorded at cost.

(p) Funds held in the 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. These trust monies consist of:

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

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

3. Significant accounting policies, continued

(q) Segment information

The Nation conducts its business and activities through eleven reportable segments. These operating segments are established by senior management and approved by Chief and Council 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:

- i) Ottawa Trust - revenue allocated to the fund and transfers to other segments.
- ii) Band Governance - administration and governance activities.
- iii) Social Assistance - social program activities.
- iv) Land Management - activities for the development of the Nation's land.
- v) Housing - activities related to the development and sustainment of community housing, excluding subsidized housing.
- vi) Subsidized Housing - activities related to the development and sustainment of community housing subsidized by CMHC.
- vii) Community Infrastructure - activities for the maintenance of the community and its infrastructure.
- viii) Education - operations associated with education programs.
- ix) Community Wellness - activities related to health and wellness.
- x) Economic Development - band programs other than economic enterprises not funded by INAC or FNIH.
- xi) Economic Enterprises - economic enterprises not funded by INAC or FNIH, including its commercial operations.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

4. Accounts receivable

	2018	2017
	\$	\$
Rent, trade and other	979,269	1,838,369
Indigenous and Northern Affairs Canada	561,753	143,453
Canada Mortgage and Housing Corporation	16,612	16,612
	1,557,634	1,998,434
Allowance for doubtful accounts	(808,150)	(900,658)
	749,484	1,097,776

5. Inventory

	2018	2017
	\$	\$
Fuel	102,880	106,829
Confectionary and other	216,932	231,331
Prescription inventory	62,625	73,891
	382,437	407,517

6. Restricted cash

	2018	2017
	\$	\$
CMHC Replacement Reserve	676,294	552,928
Baaskaandibewiziibii Trust funds, held in trust	100	100
Ottawa Trust	40,022	32,837
	716,416	585,865

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

6. Restricted cash, continued

CMHC replacement reserve

As required under the Nation's agreement with the Canada Mortgage and Housing Corporation, a separate bank account has been established to hold funds intended for the replacement of capital equipment and major repairs to Nation-owned housing. Under the terms of this agreement, the replacement reserve must either be held in a separate bank account or invested in other accounts or financial instruments that are secured by the Canada Deposit Insurance Corporation or as approved by the CMHC. The Nation is currently in contravention of its major funding agreement with CMHC. At year end, the specified replacement bank accounts were underfunded by \$407,857 (2017 - \$350,063). Chief and Council have passed a Band Council Resolution to increase funding to the replacement reserve by \$299,125 over 60 months commencing February 2016.

Baaskaandibewiziibii Trust

The \$100 held in trust for 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 monies 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.

	2018	2017
	\$	\$
Capital trust, beginning of year	62,837	32,154
Transfers	(30,000)	-
Capital trust, end of year	32,837	32,154
Interest	7,185	683
Land leases	-	30,000
Total Ottawa Trust	40,022	62,837

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

7. Investments

	2018	2017
	\$	\$
Shawano Wapunong Building Inc.	115,045	110,176

Funds held by Shawano Wapunong Building Inc. are on deposit only and generate interest at 7.50% annually. The Building is owned by the eight Southeast First Nations in Manitoba and invests funds mostly in commercial real estate in Winnipeg, Manitoba.

8. Investments

The Nation owns BON Development Corporation, a government business enterprise. Financial information for this enterprise, as at March 31, 2018, is as follows:

	2018	2017 restated
	\$	\$
Financial assets	149,961	8,440
Liabilities	(379,099)	(1,100,596)
Non-financial assets	5,093,972	5,127,928
	4,864,834	4,035,772

9. Investment in South Beach Casino

The investment at South Beach Casino Resort Limited Partnership represents one seventh ownership as a Limited Partner, comprised of 100 units issued by the Limited Partnership, and was formed to operate the Aboriginal casino located on Nation-owned land in Scanterbury, Manitoba.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

10. Tangible capital assets

	2018 Cost	2018 Accumulated amortization	2018 Net	2017 Net
	\$	\$	\$	\$
Buildings	11,098,793	4,625,317	6,473,476	9,368,335
Equipment	1,282,979	814,342	468,637	519,846
Vehicles	1,049,593	847,106	202,487	181,385
Paving	185,169	93,193	91,976	104,460
Infrastructure	9,747,686	6,049,590	3,698,096	3,928,199
Office equipment	215,758	207,013	8,745	11,439
Furniture and fixtures	81,154	62,065	19,089	27,139
Leasehold improvements	82,504	82,504	-	41
Housing	15,488,928	10,153,560	5,335,368	5,630,276
Computer equipment	6,205	9,494	(3,289)	407
Security system	26,703	22,132	4,571	1
Store equipment	132,932	111,733	21,199	10,267
Signage	46,841	39,116	7,725	4,710
	39,445,245	23,117,165	16,328,080	19,786,505

11. Long-term debt

	2018	2017
	\$	\$
CMHC Subsidized Housing: Phase 2, Post 96 - CMHC - blended monthly payments of \$5,241 bearing interest at 2.61% annually, maturing June 2024, secured by a Ministerial guarantee for a five-unit rental housing project and an assignment of fire insurance.	359,034	412,428
CMHC Subsidized Housing: Phase 3, Post 96 - CMHC - blended monthly payments of \$2,457 bearing interest at 2.11% annually, maturing October 2028, secured by a Ministerial guarantee for a five-unit rental housing project and an assignment of fire insurance.	279,522	302,863
CMHC Subsidized Housing: Phase 4, Post 96 - CMHC - blended monthly payments of \$2,509 bearing interest at 1.92%, maturing March 2029, secured by a Ministerial guarantee for a six-unit rental housing project and an assignment of fire insurance.	298,428	322,574
Carried forward	936,984	1,037,865

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. Long-term debt, continued

	2018	2017
	\$	\$
Carried forward	936,984	1,037,865
CMHC Subsidized Housing: Phase 4, Pre 97 - First Nations Bank of Canada - blended monthly payments of \$3,866 bearing interest at 3.19% annually, maturing July 2019 with a scheduled renewal 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.	60,166	103,837
CMHC Subsidized Housing: Phase 5, Post 96 - CMHC - blended monthly payments of \$2,184 bearing interest at 2.76% annually, maturing June 2030, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	267,815	287,736
CMHC Subsidized Housing: Phase 5, Pre 97 - First Nations Bank of Canada - blended monthly payments of \$1,703 bearing interest at 4.14% annually, maturing March 2020, amortized over 25 years, secured by a Ministerial guarantee for an eight-unit rental housing project and an assignment of fire insurance.	38,574	57,002
CMHC Subsidized Housing: Phase 6, Post 96 - CMHC - blended monthly payments of \$2,151 bearing interest at 1.62% annually, maturing March 2028, secured by a Ministerial guarantee for an eight-unit housing project and an assignment of fire insurance.	343,690	363,777
CMHC Subsidized Housing: Phase 7, Post 96 - CMHC - blended monthly payments of \$1,895 per month bearing interest at 1.62% annually, maturing March 2033, secured by a Ministerial guarantee for a six-unit rental housing project and an assignment of fire insurance.	302,873	320,575
CMHC Subsidized Housing: Phase 8, Post 96 - CMHC - blended monthly payments of \$2,393 bearing interest at 2.04% annually, maturing March 2034, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	391,979	412,503
CMHC Subsidized Housing: Phase 9, Post 96 - CMHC - blended monthly payments of \$2,558 bearing interest at 2.65% annually, maturing February 2035, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	409,381	431,246
Carried forward	2,751,462	3,014,541

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. Long-term debt, continued

	2018	2017
	\$	\$
Carried forward	2,751,462	3,014,541
CMHC Subsidized Housing: Phase 11, Post 96 - CMHC - blended monthly payments of \$2,746 bearing interest at 2.18% annually, maturing January 2039, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	551,737	572,464
CMHC Subsidized Housing: Phase 12, Post 96 - CMHC - blended monthly payments of \$1,748 bearing interest at 0.98% annually, maturing March 2040, secured by a Ministerial guarantee for a four-unit rental housing project and an assignment of fire insurance.	415,087	431,915
Bank of Montreal non-revolving demand loan - blended monthly payments of \$37,432 including interest currently at 4.29% annually, maturing March 2030 and secured by a general security agreement, a band council resolution authorizing recourse through First Nation Tobacco Tax and Gasoline Rebate Funding, a corporate guarantee by BON Development Corporation, a Chief's Certificate and assignment of business and fire insurance.	4,271,891	4,533,840
Bank of Montreal non-revolving demand loan - blended monthly variable payments including interest currently at 4.29% annually, maximum borrowing to \$6,537,500, maturing March 2040 and secured by a general security agreement, a band council resolution authorizing recourse through First Nation Tobacco Tax and Gasoline Rebate Funding, a corporate guarantee by BON Development Corporation, a Chief's Certificate and assignment of business and fire insurance.	2,907,941	3,029,957
	13,349,241	14,167,289

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. Long-term debt, continued

Estimated principal re-payments are as follows:

2019	1,082,582
2020	1,066,634
2021	1,051,530
2022	1,068,924
2023	1,073,262
Subsequent	8,006,309
Unspecified	-
	13,349,241

12. Loan payable

	2018	2017
	\$	\$
Royal Bank of Canada litigation loan, capitalized interest calculated monthly and fully secured by insurance with bank listed as beneficiary	340,798	329,072
Royal Bank of Canada litigation loan, capitalized interest calculated monthly and fully secured by insurance with bank listed as beneficiary	317,423	264,433
Due beyond one year	658,221	593,505

13. Bank loan

The Nation has an authorized line of credit with a ceiling of \$1,500,000 bearing interest at prime plus 1.25% and is secured by a general security agreement, of which \$1,500,000 was utilized as at year end.

14. Accounts payable and accrued liabilities

	2018	2017
	\$	\$
Trade payables and accruals	1,553,953	1,308,689
Indigenous and Northern Affairs Canada clawbacks	208,040	337,256
Government remittances payable	10,014	33,736
	1,772,007	1,679,681

Amounts payable to INAC consists of overpayment of basic needs funding from the 2007 fiscal year. While provision for this amount has been set up, no formal terms of repayment have been determined by INAC.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

15. Deferred revenue

	2018	2017
	\$	\$
Social assistance	12,873	151,266
Land Management	-	107,268
Housing	-	6,723
Community infrastructure	833	20,663
Education	11,025	164
Community wellness	177,968	95,031
Economic development	11,398	10,549
Economic enterprises	-	139,947
	214,097	531,611

16. Financial instruments

Financial instruments consist of recorded amounts of accounts receivable which will result in future cash receipts, as well as a demand loan, accounts payable and accruals and long-term payable and long-term debt which will result in future cash outlays.

The Nation manages its exposure to interest rate risk through a combination of fixed and floating rate borrowings. The fixed rate debt is subject to interest rate price risk, as the value will fluctuate as a result of changes in market rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

The Nation is exposed to the following risks in respect of certain of the financial instruments held:

(a) Fair value

The Nation's financial instruments include cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their short-term maturities.

(b) Interest rate risk

The company's exposure to interest rate fluctuations is with respect to the use of its bank revolving credits and demand instalment loan which bear interest at floating rates.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

17. Accumulated surplus

	2018	2017
	\$	\$
Ottawa Trust	40,022	62,837
CMHC Replacement Reserves	716,416	585,865
Invested in tangible capital assets	10,158,671	10,153,056
Unrestricted	1,441,774	3,403,886
	12,356,883	14,205,644

18. Contingencies

The Nation has a potential liability of \$208,040 related to a repayment of funds to INAC. This amount has been accrued in the consolidated financial statements.

The Nation has been named as defendant in a lawsuit on behalf of Roy's Electric in which the plaintiff is seeking to recover damages allegedly sustained in the amount of \$62,247. There are many uncertainties associated with this lawsuit and it is currently not possible to predict the outcome of this suit or determine any amounts that may potentially be incurred as a result. Consequently no amounts have been recorded in the consolidated financial statements. Any amounts awarded as a result of this lawsuit will be recorded as a current year charge when reasonably determinable.

19. Economic dependence

The Nation receives a significant portion of its revenue from Indigenous and Northern Affairs Canada and from First Nations and Inuit Health. During the year, the Nation received 26.7% (2017 - 26.7%) of its revenue from these government agencies.

The revenue is provided as a result of Treaties entered into between the Nation and 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 Nation to continue operations is dependent upon the continued financial commitments by the Government of Canada as guaranteed by these Treaties.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

20. Management and service fees

Casino management fees of \$700,000 (2017 - \$700,000) and service fees of \$68,264 (2017 - \$68,264) were earned from the South Beach Casino Resort Limited Partnership (the "Partnership"). The Partnership is related to the First Nation as disclosed in Note 9.

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.

21. Defined contribution pension plan

The Nation has a defined contribution pension plan for its full-time employees. The Nation remits amounts due under its pension liabilities on a monthly basis. No amounts due under the plan requirements were in arrears at year end.

22. Provision for site rehabilitation

The Manitoba Environmental Protection Act stipulates the regulatory framework and requirements under which active and inactive landfill sites are maintained and/or closed. Under this environmental law, there is a requirement for closure and post-closure care of solid waste sites including landscaping and ongoing environmental monitoring, site inspection and site maintenance.

Under the requirements of PS 3270, a liability must be recognized when the landfill first accepts waste to the date the landfill ceases to accept waste. Any liability for closure and post-closure maintenance is recognized as the site capacity is as a proportion of site capacity utilized to date compared to estimated total closure and post-closure maintenance costs.

The estimated total expenditure represents the sum of discounted future cash flows associated with these maintenance costs and include consideration of current levels of technology, estimated length of post-closure care and current environmental regulations. Any expenditures that are incurred and relate to an existing condition that is linked to past operations and do not contribute to the future service potential of the landfill are treated as a current year charge to operations.

As at year end, the total extent to which the Nation is bound under the regulations of The Manitoba Environmental Protection Act was not determinable, and consequently no liability has been recorded in the consolidated financial statements.

BROKENHEAD OJIBWAY NATION

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

23. Income taxes

As at March 31, 2018, the Nation had recorded \$125,601 (2017 - \$125,601) of income taxes that have been assessed on the Baaskaandibewizibii Trust by the Canada Revenue Agency. As at March 31, 2018 this matter had been appealed to the Tax Court of Canada and legal counsel has determined, in conjunction with Canada Revenue Agency, any amounts with the Department of Finance that may be assessed under the Income Tax Act for revenues generated within the Trust. Amounts have been accrued in these financial statements and any future adjustments will be recognized as a current year charge in the year of settlement. The amount remained outstanding as at year end pending additional instructions from legal counsel with respect to the structure of a new Trust for the Nation.

24. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements. Indigenous and Northern Affairs Canada had issued instructions for the restatement of certain program schedules to conform with INAC internal reporting requirements and these schedules have not materially impacted the comparative financial information.

BROKENHEAD OJIBWAY NATION

SCHEDULE 2 - CONSOLIDATED STATEMENT OF EXPENSES BY OBJECT

Year ended March 31	2018	2017
	\$	\$
Consolidated expenses by object		
Advertising and promotion	\$ 40,599	\$ 43,920
Amortization	1,185,270	1,235,764
Automotive	45,342	200,016
Bad debts expense (recovery)	(1,824)	(8,423)
Propharm fees	6,465	7,816
Community donations	109,100	150,000
Community events	259,725	202,633
Consulting fees	465,725	684,471
Cost of sales	11,671,232	11,058,983
Honoraria	45,763	48,829
Insurance	285,092	464,079
Interest and bank charges	250,318	235,456
Interest on long-term debt	527,543	446,478
Members support	894,123	971,161
Professional fees	548,884	979,459
Rent	81,500	89,000
Repairs and maintenance	1,195,568	915,005
Royalties	23,612	23,400
Salaries and related benefits	5,773,013	6,702,609
Social assistance	991,547	974,297
Supplies	1,564,372	1,257,923
Telephone and utilities	166,953	165,579
Training	457,726	437,091
Travel and accommodation	173,500	230,627
Tuition	86,084	306,994
Utilities	231,226	245,608
	\$ 27,078,458	\$ 28,068,775

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 3 - CONSOLIDATED SUMMARY SCHEDULE OF SEGMENT OPERATIONS

Year ended March 31

	Schedule #	2018 Revenue	2018 Expenses	2018 Transfers in/(out)	2018 Surplus (deficit)	2017 Surplus (deficit)
		\$	\$	\$	\$	\$
Ottawa Trust	4	7,185	-	-	7,185	30,682
Band Governance	5	1,576,515	1,968,205	20,659	(371,031)	69,440
Social Assistance	6	1,465,032	1,405,677	1,825	61,180	7,136
Land Management	7	421,516	354,098	-	67,417	33,766
Housing	8	49,979	35,950	143,602	157,631	23,759
Subsidized Housing	9	936,805	940,831	57,300	53,274	279,561
Community Infrastructure	10	854,440	2,089,233	434,391	(800,401)	(765,657)
Education	11	1,077,587	1,279,769	326,296	124,114	(218,953)
Community Wellness	12	1,766,551	2,030,425	375,862	111,988	(361,111)
Economic Development	13	3,074,470	643,437	(69,333)	2,361,700	688,937
Economic Enterprises	14	15,212,739	16,349,043	(1,290,602)	(2,426,907)	(1,597,197)
Total		26,442,819	27,096,668	-	(653,850)	(1,809,637)

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 4 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - OTTAWA TRUST		
Year ended March 31	2018	2017
	\$	\$
Revenue		
Land lease revenue	-	30,000
Interest income	7,185	682
Annual surplus	7,185	30,682

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 5 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - BAND GOVERNANCE		
Year ended March 31	2018	2017
	\$	\$
Revenue		
Indigenous and Northern Affairs Canada	563,675	686,630
Other revenue	963,453	499,028
Public Safety Canada	49,387	31,515
	1,576,515	1,217,173
Expenses		
Salaries and benefits	1,256,539	1,294,239
Interest on long term debt	189,420	251,859
Professional fees	207,659	233,089
Supplies	70,871	134,522
Travel	77,206	94,655
Bank charges	73,099	78,618
Telephone and internet	57,691	49,363
Honoraria	31,713	33,700
Training	4,007	23,992
Consulting	-	18,960
Insurance	-	2,214
	1,968,205	2,215,211
Annual deficit before transfers	(391,690)	(998,038)
Transfers between segments	20,659	1,067,478
Annual surplus (deficit)	(371,031)	69,440

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 6 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - SOCIAL ASSISTANCE		
Year ended March 31	2018	2017
	\$	\$
Revenue		
Indigenous and Northern Affairs Canada	1,173,987	1,194,135
Other revenue	172,881	85,947
Deferred revenue from prior year	131,036	120,391
Revenue deferred to subsequent year	(12,872)	(131,036)
	1,465,032	1,269,437
Expenses		
Social assistance	988,547	974,390
Salaries and benefits	137,528	166,734
Supplies	101,156	51,252
Consulting	46,575	33,442
Members support	30,255	22,124
Travel	16,109	6,084
Training	78,365	1,357
Utilities	2,915	1,172
Telephone and internet	3,794	5,746
Supplies	250	-
Insurance	183	-
	1,405,677	1,262,301
Annual surplus (deficit) before transfers	59,355	7,136
Transfers between segments	1,825	-
Annual surplus (deficit)	61,180	7,136

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 7 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - LAND MANAGEMENT		
Year ended March 31	2018	2017
	\$	\$
Revenue		
Indigenous and Northern Affairs Canada	264,536	594,459
Other revenue	49,712	58,376
Revenue deferred to subsequent year	-	(107,268)
Deferred revenue from prior year	107,268	-
	421,516	545,567
Expenses		
Salaries and benefits	133,388	164,961
Training	99,280	167,546
Consulting	64,168	155,227
Supplies	23,586	26,335
Professional fees	22,665	40,846
Travel	7,556	31,442
Telephone and internet	3,456	5,046
Members support	-	15,136
Insurance	-	242
	354,099	606,781
Annual deficit before transfers	67,417	(61,214)
Transfers between segments	-	94,980
Annual surplus (deficit)	67,417	33,766

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 8 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - HOUSING

Year ended March 31	2018	2017
	\$	\$
Revenue		
Deferred revenue from prior year	6,723	34,328
Revenue deferred to subsequent year	-	(6,723)
Other revenue	43,256	106,983
	49,979	134,588
Expenses		
Salaries and benefits	31,027	31,185
Bank charges	3,871	-
Repairs and maintenance	1,052	70,147
Consulting	-	1,395
Training	-	150
Insurance	-	7,952
	35,950	110,829
Annual surplus (deficit) before transfers	14,029	23,759
Transfers between segments	143,602	-
Annual surplus	157,631	23,759

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 9 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - SUBSIDIZED HOUSING		
Year ended March 31	2018	2017
	\$	\$
Revenue		
Rent	488,835	596,346
Canada Mortgage and Housing Corporation	381,473	385,567
Other revenue	66,497	164,241
	936,805	1,146,154
Expenses		
Interest on long term debt	314,454	74,524
Amortization	300,636	413,669
Salaries and benefits	104,354	88,839
Professional fees	72,080	119,727
Bank charges	62,902	44,819
Insurance	58,702	69,636
Supplies	12,768	4,941
Travel	6,684	17,257
Repairs and maintenance	4,905	39,589
Telephone and internet	2,380	3,567
Training	966	8,985
Utilities	-	4,184
Bad debts (recovered)	-	(6,599)
	940,831	883,138
Annual deficit before transfers	(4,026)	263,016
Transfers between segments	57,300	16,545
Annual surplus (deficit)	53,274	279,561

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 10 - CONSOLIDATED STATEMENT OF SEGMENT OPERATIONS - COMMUNITY INFRASTRUCTURE

Year ended March 31	2018	2017
	\$	\$
Revenue		
Indigenous and Northern Affairs Canada	611,524	724,586
Other revenue	178,087	320,735
Province of Manitoba	45,000	77,333
Revenue deferred to subsequent year	(833)	(20,663)
Deferred revenue from prior year	20,663	8,884
	854,441	1,110,875
Expenses		
Repairs and maintenance	708,118	530,980
Amortization	656,345	634,553
Salaries and benefits	350,408	433,660
Utilities	122,609	107,078
Insurance	112,909	126,615
Supplies	83,289	74,018
Telephone and internet	20,589	22,202
Training	16,270	2,367
Travel	9,294	11,934
Automotive	4,759	156,808
Consulting	4,584	37,719
Professional fees	59	440
	2,089,233	2,138,374
Annual deficit before transfers	(1,234,792)	(1,027,499)
Transfers between segments	434,391	261,842
Annual deficit	(800,401)	(765,657)

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 11 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - EDUCATION

Year ended March 31	2018	2017
	\$	\$
Revenue		
Indigenous and Northern Affairs Canada	702,015	2,087,484
Other revenue	78,229	14,500
Deferred revenue from prior year	-	15,000
Revenue deferred to subsequent year	(11,025)	-
First Nations and Inuit Health	296,368	294,243
Province of Manitoba	12,000	12,000
	<u>1,077,587</u>	<u>2,423,227</u>
Expenses		
Salaries and benefits	752,296	1,650,067
Training	154,959	165,241
Supplies	159,561	327,746
Tuition	86,084	306,994
Insurance	40,828	48,923
Utilities	28,905	42,585
Repairs and maintenance	23,462	69,803
Telephone and internet	16,077	28,306
Travel	14,848	30,742
Professional fees	1,696	-
Automotive	1,053	21,758
	<u>1,279,769</u>	<u>2,692,165</u>
Annual deficit before transfers	(202,182)	(268,938)
Transfers between segments	326,296	49,985
Annual deficit	<u>124,114</u>	<u>(218,953)</u>

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 12 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - COMMUNITY WELLNESS

Year ended March 31	2018	2017
	\$	\$
Revenue		
First Nation and Inuit Health	\$ 1,707,831	\$ 1,227,235
Indigenous and Northern Affairs Canada	14,000	14,000
Other revenue	127,657	140,842
Deferred revenue from prior year	95,031	42,637
Revenue deferred to subsequent year	(177,968)	(95,031)
	1,766,551	1,329,683
Expenses		
Salaries and benefits	1,248,242	1,055,122
Supplies	523,409	290,530
Training	75,705	79,905
Travel	32,009	45,800
Automotive	31,279	121,062
Telephone and internet	29,673	20,954
Consulting	26,995	9,350
Rent	24,000	5,000
Repairs and maintenance	19,022	27,098
Insurance	17,762	12,504
Utilities	2,329	22,093
Professional fees	-	2,520
	2,030,425	1,691,938
Annual deficit before transfers	(263,874)	(362,255)
Transfers between segments	375,862	1,144
Annual deficit	\$ 111,988	\$ (361,111)

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 13 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - ECONOMIC DEVELOPMENT

Year ended March 31	2018	2017
	\$	\$
Revenue		
Province of Manitoba - Tobacco and Fuel Tax rebate	1,827,692	1,708,790
Management and service fees	777,765	768,264
First Peoples Development	295,876	340,836
Other revenue	173,986	155,430
Deferred revenue from prior year	10,549	31,000
Revenue deferred to subsequent year	(11,398)	(10,549)
	3,074,470	2,993,771
Expenses		
Salaries and benefits	211,108	245,645
Professional fees	204,826	462,503
Consulting	95,485	115,157
Supplies	57,906	32,854
Interest on long term debt	23,670	11,061
Travel	15,033	12,935
Insurance	14,635	153,384
Training	12,648	19,534
Telephone and internet	5,844	5,525
Bank charges	2,413	22,382
Members support	-	158,463
Utilities	(131)	1,167
	643,437	1,240,610
Annual surplus before transfers	2,431,033	1,753,161
Transfers between segments	(69,333)	(1,064,224)
Annual surplus	2,361,700	688,937

Audited - see notes to the financial statements

BROKENHEAD OJIBWAY NATION

SCHEDULE 14 - CONSOLIDATED SCHEDULE OF SEGMENT OPERATIONS - ECONOMIC ENTERPRISES

Year ended March 31	2018	2017
	\$	\$
Revenue		
Sales	\$ 12,485,403	\$ 11,745,857
Video lottery terminals	2,341,772	2,248,592
Other revenue (expense)	131,158	46,583
Land lease revenue	114,459	73,950
Deferred revenue from prior year	139,947	82,951
Revenue deferred to subsequent year	-	(139,947)
	15,212,739	14,057,986
Expenses		
Cost of sales	11,871,091	11,168,514
Salaries and benefits	1,516,310	1,488,391
Members support	889,888	1,010,443
Supplies	883,667	257,832
Community events	259,725	202,633
Amortization	228,290	187,543
Repairs and maintenance	163,989	125,707
Community donations	109,100	150,000
Utilities	108,261	91,632
Bank charges	106,015	95,513
Insurance	47,449	42,883
Professional fees	45,979	54,664
Advertising	38,728	41,673
Telephone and internet	27,450	24,871
Royalties	23,612	23,400
Honoraria	13,800	17,750
Rent	12,000	42,000
Consulting	3,000	-
Travel	2,310	4,078
Training	203	1,368
Legal Settlement	-	89,254
Interest on long term debt	-	109,108
Bad debts	(1,824)	(1,824)
	16,349,043	15,227,433
Annual deficit before transfers	(1,136,304)	(1,169,447)
Transfers between segments	(1,290,603)	(427,750)
Annual deficit	\$ (2,426,907)	\$ (1,597,197)

Audited - see notes to the financial statements