

BROKENHEAD OJIBWAY NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

BROKENHEAD OJIBWAY NATION

MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2019

Management's Responsibility for the Consolidated Financial Statements

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

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

The Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditor's report.

The external auditors, Heartland Chartered Professional Accountants LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Brokenhead Ojibway Nation and meet when required.

On behalf of Brokenhead Ojibway Nation:



Chief

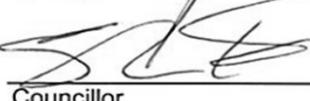


Councillor

Councillor



Councillor



Councillor

Councillor

INDEPENDENT AUDITOR'S REPORT

To the Members of Brokenhead Ojibway Nation:

Opinion

We have audited the consolidated financial statements of Brokenhead Ojibway Nation (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Brokenhead Ojibway Nation as at March 31, 2019, and the results of its consolidated operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The consolidated financial statements of Brokenhead Ojibway Nation for the year ended March 31, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on September 12, 2018.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the First Nation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at Heartland CPAs' website at: heartlandcpa.com/auditorsresponsibilities. This description forms part of our auditor's report.

BROKENHEAD OJIBWAY NATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019	2018
FINANCIAL ASSETS		
Restricted cash (Note 2)	\$ 175,887	268,437
Accounts receivable (Note 3)	880,373	749,484
Portfolio investments (Note 4)	32,409	115,045
Investment in government business partnership (Note 5)	3,298,911	3,401,087
Trust funds held by federal government (Note 6)	2,385	2,305
Inventories for resale (Note 7)	483,744	382,437
	<u>4,873,709</u>	<u>4,918,795</u>
LIABILITIES		
Bank indebtedness (Note 2)	1,340,443	1,684,702
Temporary borrowings (Note 8)	15,692	7,142
Accounts payable and accrued liabilities (Note 9)	1,470,024	1,763,807
Unexpended funding (Note 10)	726,354	215,524
Long-term debt (Note 11)	13,232,788	14,007,464
	<u>16,785,301</u>	<u>17,678,639</u>
NET DEBT	\$ <u>11,911,592</u>	<u>12,759,844</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (Note 12)	\$ 1,886	107,008
Tangible capital assets (Note 13)	<u>22,165,131</u>	<u>23,186,633</u>
	<u>22,167,017</u>	<u>23,293,641</u>
ACCUMULATED SURPLUS	\$ <u>10,255,425</u>	<u>10,533,797</u>

APPROVED ON BEHALF OF THE FIRST NATION:

 **CHIEF**

 **COUNCILLOR**

 **COUNCILLOR**

 **COUNCILLOR**

 **COUNCILLOR**

 **COUNCILLOR**

BROKENHEAD OJIBWAY NATION
CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
REVENUES		
Indigenous Services Canada	\$ 3,423,344	3,414,864
Health Canada	2,015,292	2,113,562
CMHC	313,117	329,639
Other revenue	28,736,500	26,081,765
(Loss) earnings from investment in government business partnerships	(146,695)	62,258
Net transfer to unexpended funding	<u>(510,830)</u>	<u>(214,097)</u>
	<u>33,830,728</u>	<u>31,787,991</u>
EXPENSES		
Community development	1,720,343	2,089,232
Economic development	24,884,655	22,483,257
Education	66,244	1,279,769
Governance	2,616,000	1,968,214
Social development	1,490,090	1,405,677
Health	2,147,038	2,030,426
Amortization	<u>1,184,730</u>	<u>1,185,272</u>
	<u>34,109,100</u>	<u>32,441,847</u>
ANNUAL DEFICIT	<u>(278,372)</u>	<u>(653,856)</u>
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	10,533,797	11,187,653
ACCUMULATED SURPLUS AT END OF YEAR	\$ 10,255,425	10,533,797

BROKENHEAD OJIBWAY NATION

CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
ANNUAL SURPLUS (DEFICIT)	\$ (278,372)	(653,856)
Acquisition of tangible capital assets	(163,228)	(189,763)
Amortization of tangible capital assets	1,184,730	1,185,272
Change in prepaid expenses	<u>105,122</u>	<u>(37,889)</u>
CHANGE IN NET DEBT	848,252	303,764
NET DEBT AT BEGINNING OF YEAR	<u>(12,759,844)</u>	<u>(13,063,608)</u>
NET DEBT AT END OF YEAR	\$ (11,911,592)	<u>(12,759,844)</u>

BROKENHEAD OJIBWAY NATION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (278,372)	(653,856)
Items not affecting cash:		
Amortization	1,184,730	1,185,272
Earnings from investment in government business partnerships	(146,695)	(94,519)
	<u>759,663</u>	<u>436,897</u>
Change in non-cash charges to operations		
Accounts receivable	(130,889)	348,292
Inventories for resale	(101,307)	25,080
Prepaid expenses	105,122	(37,889)
Trust funds held by the federal government	(80)	30,191
Accounts payable and accrued liabilities	(293,783)	(646,644)
Unexpended funding	510,830	(316,087)
	<u>849,556</u>	<u>(160,160)</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(163,228)</u>	<u>(189,763)</u>
FINANCING TRANSACTIONS		
Debt issuance	72,306	64,716
Repayment of long-term debt	(846,982)	(224,541)
Temporary borrowings, net (Note 8)	8,550	7,142
	<u>(766,126)</u>	<u>(152,683)</u>
INVESTING TRANSACTIONS		
Dividends from portfolio investments	82,636	(4,869)
Distributions from government business partnerships	248,871	-
Cash provided by (applied to) investing transactions	<u>331,507</u>	<u>(4,869)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	251,709	(507,475)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>(1,416,265)</u>	<u>(908,790)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ (1,164,556)</u>	<u>(1,416,265)</u>
Cash and cash equivalents consist of:		
Cash and bank indebtedness	\$ (1,340,443)	(1,684,702)
Restricted cash	175,887	268,437
	<u>\$ (1,164,556)</u>	<u>(1,416,265)</u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the CPA Canada.

b) Reporting entity

The Brokenhead Ojibway Nation reporting entity includes the Brokenhead Ojibway Nation government and all related entities that are controlled by the First Nation. The First Nation has consolidated the assets, liabilities, revenue and expenses of the following entities and departments:

- Brokenhead Ojibway Nation
- B.O.N. Ltd.
- Baaskaandibewiziibii Trust
- BON Development Corporation
- BON Limited Partnership
- BON Pharmacy Ltd.
- Brokenhead Community Store Ltd.
- Brokenhead Entertainment Centre
- Brokenhead Grocery Ltd.
- Brokenhead Ojibway Nation Child In Care
- Brokenhead Ojibway Nation Gaming Commission
- Brokenhead Ojibway Nation Housing Authority
- Brokenhead Ojibway Nation Mom's Seed Home
- Wavers of Brokenhead Ltd.

Investments in First Nation partnerships are accounted for 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's accounting principles are not adjusted to conform to those of the First Nation. Thus, the First 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:

- South Beach Casino Limited Partnership

c) Principles of consolidation

All controlled entities are fully consolidated on a line-by-line basis except for the commercial enterprises which meet the definition of government business enterprise, which are included in the Consolidated Financial Statements on a modified equity basis. Inter-organizational balances and transactions are eliminated upon consolidation.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and term deposits having a maturity of three months or less at acquisition which are held for the purpose of meeting short-term cash commitments.

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

e) Inventories for resale

Inventories of supplies and goods available for resale are recorded at the lower of cost and net realizable value.

f) Loans receivable

Loans receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt as assessed by management. Loans are reviewed on an annual basis by management. Interest income is accrued on loans receivable to the extent it is deemed collectable.

g) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Leases that transfer substantially all the benefits and risks of ownership to the lessee are recorded as capital leases. Accordingly, at the inception of the leases, the tangible capital asset and related lease obligations are recorded at an amount equal to the present value of future lease payments discounted at the lower of the interest rate inherent in the lease contracts and Brokenhead Ojibway Nation's incremental cost of borrowing.

Amortization is provided for on a straight-line basis over their estimated useful lives as follows:

Buildings	25 years
Buildings -CMHC	25 years
Commercial buildings	20 years
Equipment	5 years
Roads and surface lots	40 years
Vehicles	5 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to Brokenhead Ojibway Nation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value.

Assets under construction are not amortized until the asset is available to be put into service.

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Portfolio investments

Portfolio investments are recorded at cost. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

i) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

j) Measurement uncertainty

In preparing the financial statements for Brokenhead Ojibway Nation, management is required 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 revenue and expenses during the period. Items requiring the use of significant estimates include the estimated life of tangible capital assets. Actual results could differ from these estimates.

k) Employee future benefits

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

l) Provision for site rehabilitation

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive storage tank systems. Under environmental law, there is a requirement for closure and post-closure care of aboveground and underground sites. A liability is recognized beginning when the tanks first accept petroleum products to the date the storage systems stops storing petroleum products. The liability for closure and post-closure care is recognized as the site is used and is equal to a proportion of the estimated total expenditure required for closure and post-closure care. The estimated total expenditure represents the sum of discounted 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 cause by past operations, and which do not contribute to future revenue generation, are expensed in the current year.

No liability has been recorded as of March 31, 2019 as funding from government agencies will offset any costs associated with the closure of storage tank systems.

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

2) CASH AND CASH EQUIVALENTS

Under the terms of an agreement with Canada Mortgage and Housing Corporation, Brokenhead Ojibway Nation must set aside funds annually for the repair, maintenance and replacement of worn out assets. These funds are to be held in a separate bank account and invested only in accounts or instruments insured by fund are to be held in a separate bank account and invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as otherwise approved by the Canada Mortgage and Housing Corporation with any interest earned to be credited as revenue to the Replacement Reserve Fund. Cash and cash equivalents is comprised of the following:

	2019	2018
Externally restricted		
CMHC - Replacement Reserve	\$ 175,987	268,437
Internally restricted		
Unexpended funding	726,354	215,524
Unrestricted	<u>(2,066,897)</u>	<u>(1,900,226)</u>
Total cash and cash equivalents	<u>\$ (1,164,556)</u>	<u>(1,416,265)</u>

3) ACCOUNTS RECEIVABLE

	2019	2018
Trade receivables	\$ 655,109	812,714
Due from members		
Cash advance loans	-	2,671
Due from government and other government organizations		
Federal government		
Indigenous Services Canada	69,860	561,753
GST	49,776	49,557
Health Canada	-	-
Canada Mortgage and Housing Corporation	23,097	-
Provincial government		
Tobacco Tax refund	45,774	97,252
Fuel Tax refund	<u>59,378</u>	<u>33,688</u>
Less: Allowance for doubtful accounts	<u>902,994</u>	<u>1,557,635</u>
	<u>22,621</u>	<u>808,151</u>
\$ 880,373	<u>749,484</u>	

4) PORTFOLIO INVESTMENTS

	2019	2018
Shawano Wapunong Investment Corp	\$ 19,554	102,238
Investors Group brokerage account	12,855	12,807
\$ 32,409	<u>115,045</u>	

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

5) INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIP

	2019	2018
Investment - South Beach Casino Limited Partnership	\$ 3,401,087	3,306,568
Cumulative share of earnings	647,824	794,519
Cumulative dividends paid	(750,000)	(700,000)
	\$ 3,298,911	3,401,087

6) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	March 31, 2018	Additions 2019	Withdrawals 2019	March 31, 2019
Revenue	\$ 174	80	-	254
Capital	2,131	-	-	2,131
	\$ 2,305	80	-	2,385

The 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. The management of these funds is primarily governed by Sections 63 to 69 of the Indian Act.

7) INVENTORIES FOR RESALE

	2019	2018
Fuel	\$ 154,728	96,305
Tobacco	96,681	42,947
General merchandise	101,108	100,252
Dairy	2,522	2,793
Non-perishable foods	22,063	41,886
Perishable foods	46,419	32,055
Non-prescription medication	11,017	7,145
Prescription medications	49,206	59,054
	\$ 483,744	382,437

8) TEMPORARY BORROWINGS

The First Nation has two credit cards through the Bank of Montreal available to address operating requirements and to bridge capital expenditures. One credit card is used for Wavers Gas Bar & Brokenhead Grocery Store, with a limit of \$25,000; the other is used for General expenses, with a limit of \$10,000. Interest on these borrowings is at 16.99% if not paid off monthly. As at March 31, 2019, the amount drawn on the credit cards (General) are \$1,590 (2018 - \$1,750), (Wavers) is \$14,102 (2018 - \$5,392).

9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade payables and accrued liabilities	\$ 1,153,267	1,388,023
Payroll liabilities	33,833	35,800
Indigenous Services Canada	147,749	208,040
Government remittances payable	135,175	131,944
	\$ 1,470,024	1,763,807

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2019

10) UNEXPENDED FUNDING

	Balance March 31, 2018	Funding Received 2019	Revenue Recognized 2019	Balance March 31, 2019
<u>Federal Government - ISC</u>				
Economic Development	\$ -	30,845	-	30,845
Commercial Readiness	-	7,934	-	7,934
Grocery Store	-	19,843	-	19,843
Community Well Being	-	114,875	-	114,875
Lands Management	-	63,206	-	63,206
Renovation Budget	-	400,000	-	400,000
Capacity and Innovation	-	20,000	-	20,000
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		656,703	-	656,703
<u>Health Canada - FNIHB</u>				
Nursing Project	12,735	-	(12,735)	-
Accreditation Services	30,000	-	(30,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	42,735	-	(42,735)	-
<u>Other Deferred Revenue</u>				
Laying Foundations	17,805	-	(17,805)	-
SECFS - Lighthouse	11,025	19,651	(11,025)	19,651
SECFS - Rec Worker	-	50,000	-	50,000
FPDI - Employment and Training	11,398	-	(11,398)	-
FPDI - Childcare Program	12,872	-	(12,872)	-
BON Medical Clinic	52,820	-	(52,820)	-
BON Health	11,908	-	(11,908)	-
NIB Trust / Youth Gala	50,044	-	(50,044)	-
CMHC Retrofit 2016	833	-	(833)	-
MPI - in home care	2,656	-	(2,656)	-
Grocery Store	1,428	-	(1,428)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	172,789	69,651	(172,789)	69,651
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	\$ 215,524	726,354	(215,524)	726,354

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11) LONG-TERM DEBT

	2019	2018
<u>BANK OF MONTREAL</u>		
GROCERY STORE		
Building loan: Repayable at \$19,849 monthly including interest at 3.86% per annum, compounded semi-annually, matures May 2031, renewal date April 2022.	\$ 2,304,250	2,451,125
BROKENHEAD OJIBWAY NATION		
20 new homes: Repayable at \$10,168 monthly, interest free, matures January 2042.	2,785,925	2,907,941
Consolidation loan: Repayable at \$37,609 monthly including interest at 4.60% per annum, compounded semi-annually, matures March 2030.	3,998,463	4,271,891
<u>FIRST NATIONS BANK OF CANADA</u>		
HOUSING		
Phase 4: Repayable at \$3,850 monthly including interest at 3.19% per annum, compounded semi-annually, matures July 2019.	15,165	60,166
Phase 5: Repayable at \$1,660 monthly including interest at 4.14% per annum, compounded semi-annually, matures March 2020.	19,572	38,574
<u>ROYAL BANK OF CANADA</u>		
BROKENHEAD OJIBWAY NATION		
Repayable at any point, no fixed terms, interest accruing at Prime + 0.25%, current rate 3.90% per annum, compounded semi-annually.	354,296	340,798
Repayable at any point, no fixed terms, interest accruing at Prime + 0.25%, current rate 3.90% per annum, compounded semi-annually.	347,314	317,423
<u>FORD CREDIT CANADA</u>		
BROKENHEAD OJIBWAY NATION		
Ford Escape: Repayable at \$578 monthly, interest free, matures May 2023.	28,917	-
Subtotal - Non-CMHC	<u>9,853,902</u>	<u>10,387,918</u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11) LONG-TERM DEBT (continued)

	2019	2018
<u>CANADA MORTGAGE AND HOUSING CORPORATION</u>		
HOUSING		
Phase 2: Repayable at \$5,097 monthly including interest at 2.01% per annum, compounded semi-annually, matures June 2024, renewal date October 2019.	\$ 304,561	359,034
Phase 3: Repayable at \$2,457 monthly including interest at 2.11% per annum, compounded semi-annually, matures October 2028, renewal date May 2019.	255,685	279,522
Phase 4: Repayable at \$2,502 monthly including interest at 1.86% per annum, compounded semi-annually, matures March 2029, renewal date April 2024.	273,816	298,428
Phase 5: Repayable at \$1,982 monthly including interest at 1.39% per annum, compounded semi-annually, matures June 2030, renewal date June 2020.	247,615	267,815
Phase 7: Repayable at \$2,002 monthly including interest at 2.39% per annum, compounded semi-annually, matures March 2033, renewal date March 2023.	285,866	302,873
Phase 8: Repayable at \$2,410 monthly including interest at 2.14% per annum, compounded semi-annually, matures March 2034, renewal date March 2024.	371,033	391,979
Phase 9: Repayable at \$2,214 monthly including interest at 1.12% per annum, compounded semi-annually, matures February 2035, renewal date February 2020.	387,271	409,381
Phase 11: Repayable at \$2,746 monthly including interest at 2.18% per annum, compounded semi-annually, matures January 2039, renewal date May 2019.	530,555	551,737
Phase 12: Repayable at \$1,748 monthly including interest at 0.98% per annum, compounded semi-annually, matures March 2040, renewal date March 2020.	398,093	415,087
MOM'S SEED HOME		
Phase 6: Repayable at \$2,272 monthly including interest at 2.39% per annum compounded semi-annually, matures March 2033, renewal March 2023	324,391	343,690
Subtotal - CMHC	3,378,886	3,619,546

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

11) LONG-TERM DEBT (continued)

	2019	2018
Non-CMHC	\$ 9,853,902	10,387,918
CMHC	3,378,886	3,619,546
 Total long-term debt	 13,232,788	 14,007,464
Less: current portion	1,738,666	888,421
	\$ 11,494,122	<u>13,119,043</u>

Anticipated annual principal payments over the next five years are as follows:

2020	\$ 1,738,666
2021	1,018,023
2022	994,146
2023	1,247,922
2024	989,422

12) PREPAID EXPENSES

	2019	2018
Brokenhead Ojibway Nation	\$ -	104,958
Brokenhead Grocery Ltd.	-	30
BON Pharmacy Ltd.	1,782	-
Waivers of Brokenhead Ltd.	104	2,020
	\$ 1,886	<u>107,008</u>

13) TANGIBLE CAPITAL ASSETS

	2019	2018		
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings - CMHC	\$ 6,247,061	3,157,827	6,247,061	2,872,465
Buildings - commercial	10,861,628	4,955,458	10,852,728	4,682,985
Buildings - residential	8,779,908	5,145,403	8,779,908	4,935,813
Land held for development	5,414,700	-	5,414,700	-
Roads	9,657,771	6,259,460	9,657,771	6,031,605
Equipment	1,977,395	1,445,546	1,889,456	1,334,611
Vehicles	1,115,983	925,621	1,049,593	847,105
	44,054,446	21,889,315	43,891,217	20,704,584
Net book value	\$ 22,165,131		\$ 23,186,633	

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2019

14) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2019	2018
Salaries, wages and benefits	\$ 5,423,911	5,958,667
Staff development	119,316	192,054
Supplies and services	1,308,614	1,564,372
Interest	702,207	777,861
Other	10,678,403	10,335,703
Professional services	577,472	548,884
Cost of Goods Sold	13,808,244	11,595,089
Rental expenditures	25,000	81,500
Travel	281,203	202,445
Amortization	1,184,730	1,185,272
	\$ 34,109,100	<u>32,441,847</u>

15) CONTINGENCIES

Brokenhead Ojibway Nation and its related entities are involved in various litigation arising in the ordinary course of business. Many of these litigations are for unspecified damages.

Since it presently is not possible to determine the outcome of these matters, no provision has been made in the financial statements for their ultimate resolution

16) BUDGETED FIGURES

Budgeted figures have been provided for comparative purposes and have been derived from estimates approved by management

17) COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of public accountants. Certain comparative figures have been reclassified to conform to the current year presentation.

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING
FOR THE YEAR ENDED MARCH 31, 2019
(Uaudited - See Notice to Reader)

	PAGE	REVENUE					UNEXPENDED FUNDING END OF YEAR	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE
		ISC	OTHER	UNEXPENDED FUNDING BEGINNING OF YEAR	TRANSFER BETWEEN PROGRAMS	TOTAL		
Band Support	18	\$ 321,120	-	-	199,402	520,522	1,311,496	- (790,974)
CPP & Private Pension Plans - Fixed	19	22,157	-	-	-	22,157	60,050	- (37,893)
CPP & Private Pension Plans - Set	20	125,777	-	-	(12,577)	113,200	113,200	- -
Band Membership	21	15,661	5,725	-	-	21,386	23,386	- (2,000)
Consultation & Policy Development	22	10,000	-	-	-	10,000	10,000	- -
Family Violence / Child Abuse	23	14,000	-	-	(120)	13,880	13,880	- -
HYDROLINE	24	45,200	-	-	-	45,200	85,460	- (40,260)
RAILWAY	25	-	-	-	-	-	-	-
Community Well Being	26	114,875	-	-	-	114,875	-	114,875 -
Economic Development	27	89,200	-	-	(10,136)	79,064	48,219	30,845 -
Service Delivery	28	28,695	-	-	-	28,695	28,695	- -
Commercial Opportunity Readiness	29	45,640	-	-	(5,190)	40,450	20,607	19,843 -
Commercial Readiness Grocery Store	30	9,827	-	-	(1,117)	8,710	776	7,934 -
Lands Management	31	272,259	-	-	(33,871)	238,388	185,182	63,206 (10,000)
Land Use Pilot Project	32	-	-	-	-	-	500	- (500)
Environmental Assesment	33	28,439	-	-	(2,188)	26,251	-	- 26,251
Policing	34	-	11,698	-	-	11,698	172,516	- (160,818)
Education	36	66,846	-	-	-	66,846	86,706	- (19,860)
Social Services	51	1,197,393	-	-	(12,250)	1,185,143	1,358,751	- (173,608)
Capital and O&M	57	1,016,255	29,780	-	(12,367)	1,033,668	1,136,065	420,000 (522,397)
Health Canada	77	-	2,021,725	157,507	(109,586)	2,069,646	2,022,435	- 47,211
Other Programs		-	-	58,017	-	58,017	-	69,651 (11,634)
		\$ 3,423,344	2,068,928	215,524	-	5,707,796	6,677,924	726,354 (1,696,482)

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING
FOR THE YEAR ENDED MARCH 31, 2019

(Unaudited - See Notice to Reader)

EDUCATION

	REVENUE							UNEXPENDED FUNDING END OF YEAR	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE		
	PAGE	UNEXPENDED FUNDING BEGINNING OF YEAR		TRANSFER BETWEEN PROGRAMS		TOTAL	EXPENDITURE				
		ISC	OTHER								
Education	37	\$ -	-	-	-	-	6,257	-	(6,257)		
Educator Facilities	38	210	-	-	-	210	227	-	(17)		
Student Transportation Services	39	-	-	-	-	-	2,898	-	(2,898)		
Summer Work Experience	44	18,995	-	-	-	18,995	18,995	-	-		
Skills Link	45	26,281	-	-	-	26,281	23,963	-	2,318		
High Cost Special Education	47	-	-	-	-	-	11,135	-	(11,135)		
Capacity Building - IT Program	50	21,360	-	-	-	21,360	23,231	-	(1,871)		
		\$ 66,846	-	-	-	66,846	86,706	-	(19,860)		

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING

FOR THE YEAR ENDED MARCH 31, 2019

(Unaudited - See Notice to Reader)

SOCIAL

	REVENUE							EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE			
	PAGE			UNEXPENDED FUNDING BEGINNING OF YEAR		TRANSFER BETWEEN PROGRAMS					
		ISC	OTHER	ISC	OTHER	ISC	OTHER				
Basic Needs	52	\$ 952,853	-	-	-	-	952,853	1,006,417	-	(53,564)	
Special Needs	53	31,042	-	-	-	-	31,042	43,839	-	(12,797)	
In-home Care	54	35,596	-	-	-	-	35,596	192,679	-	(157,083)	
Service Delivery	55	55,396	-	-	-	-	55,396	72,101	-	(16,705)	
Job Creation Strategies	56	122,506	-	-	-	(12,250)	110,256	43,715	-	66,541	
		\$ 1,197,393	-	-	-	(12,250)	1,197,393	1,358,751	-	(173,608)	

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING
FOR THE YEAR ENDED MARCH 31, 2019

(Unaudited - See Notice to Reader)

CAPITAL AND O&M

	REVENUE							EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE	
	PAGE	UNEXPENDED FUNDING BEGINNING OF YEAR		TRANSFER BETWEEN PROGRAMS		TOTAL	EXPENDITURE	UNEXPENDED FUNDING END OF YEAR	
		ISC	OTHER						
Capacity Building	58	\$ -	-	-	-	-	2,767	-	(2,767)
Case Management Capacity	59	54,405	-	-	-	54,405	30,010	-	24,395
Fire Protection	60	63,670	-	-	(6,367)	57,303	104,483	-	(47,180)
Insurance	61	86,550	-	-	-	86,550	86,550	-	-
Public Works	62	100,000	25,505	-	-	125,505	377,237	-	(251,732)
Community Building Repairs	63	22,792	-	-	-	22,792	23,037	-	(245)
Roads & Bridges	64	68,248	-	-	-	68,248	68,248	-	-
Water and Wastewater Systems	65	-	-	-	-	-	85,077	-	(85,077)
Water and Wastewater Systems	66	62,926	-	-	(6,000)	56,926	56,926	-	-
Water Systems	67	-	-	-	-	-	64,253	-	(64,253)
Community Buildings	68	10,950	-	-	-	10,950	22,650	-	(11,700)
Emergency Management	69	-	-	-	-	-	10,626	-	(10,626)
Housing Repairs & Maintenance	70	100,000	-	-	-	100,000	146,904	-	(46,904)
Maintenance Management	71	8,714	-	-	-	8,714	8,714	-	-
Municipal Services	72	18,000	-	-	-	18,000	18,000	-	-
Capacity & Innovation -Housing	73	20,000	-	-	-	20,000	-	20,000	-
Renovation Budget 2018 Housing	74	400,000	-	-	-	400,000	-	400,000	-
Capital Projects	75	-	25	-	-	25	8,219	-	(8,194)
New Band Hall	76	-	4,250	-	-	4,250	22,364	-	(18,114)
		\$ 1,016,255	29,780	-	(12,367)	1,033,668	1,136,065	420,000	(522,397)

BROKENHEAD OJIBWAY NATION

SUMMARY OF HEALTH CANADA AND OTHER FUNDING

FOR THE YEAR ENDED MARCH 31, 2019

(Unaudited - See Notice to Reader)

HEALTH CANADA SUMMARY

	PAGE	REVENUE					UNEXPENDED FUNDING END OF YEAR	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE
		HEALTH CANADA		OTHER	UNEXPENDED FUNDING BEGINNING OF YEAR	TRANSFER BETWEEN PROGRAMS	TOTAL	
Health Administration	78	\$ 125,885		-	-	11,936	137,821	149,545
Jordan's Principle	79	656,171		-	-	(30,559)	625,612	633,810
Maternal Child Health	80	136,070		-	-	(13,607)	122,463	-
Aboriginal Head Start on Reserve	81	223,409		-	-	(23,490)	199,919	210,709
NNADAP	82	67,168		-	-	(6,331)	60,837	60,837
Diabetes	83	25,935		-	-	(2,593)	23,342	23,341
Brighter Futures	84	75,148		-	-	(7,083)	68,065	68,064
Building Healthy Communities	85	67,678		-	-	(6,380)	61,298	61,301
Youth Solvent Abuse	86	13,832		-	-	(1,304)	12,528	12,523
Community Health Representative	87	48,710		-	-	(4,591)	44,119	44,124
Medical Transportation Program	88	192,688		-	-	-	192,688	262,232
Canadian Prenatal Nutrition Program	89	20,732		-	-	(1,955)	18,777	18,776
Public Health Nurse	90	85,154		-	12,735	(8,027)	89,862	89,861
Health Facilities O&M	91	22,363		-	-	-	22,363	28,363
Drinking Water	92	16,000		-	-	(1,600)	14,400	14,400
Home & Community Care	93	198,549		-	-	(14,002)	184,547	184,549
Accreditation Services	94	39,800		-	30,000	-	69,800	58,077
BON Medical Clinic	95	-	6,433	52,820	-	-	59,253	82,092
NIB Trust & BON Youth Gala	96	-	-	50,044	-	-	50,044	-
BON Health	97	-	-	11,908	-	-	11,908	6,954
		\$ 2,015,292	6,433	157,507	(109,586)	2,069,646	2,132,021	-
								(62,375)