

BROKENHEAD OJIBWAY NATION
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

BROKENHEAD OJIBWAY NATION

MANAGEMENT'S REPORT

FOR THE YEAR ENDED MARCH 31, 2020

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, 2020, 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, 2020, 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.

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.

Independent Auditor's Report (*continued*)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba
July 15, 2020


CHARTERED PROFESSIONAL ACCOUNTANTS

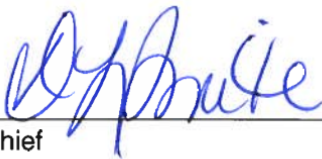
BROKENHEAD OJIBWAY NATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION


AS AT MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
FINANCIAL ASSETS		
Restricted cash (Note 2)	\$ 132,594	180,424
Accounts receivable (Note 3)	1,273,040	880,373
Portfolio investments (Note 4)	130,485	32,409
Investment in government business partnership (Note 5)	3,045,321	3,298,911
Trust funds held by federal government (Note 6)	2,424	2,385
Inventories for resale (Note 7)	348,907	483,744
	<u>4,932,771</u>	<u>4,878,246</u>
LIABILITIES		
Bank indebtedness (Note 2)	608,844	1,344,980
Temporary borrowings (Note 8)	20,526	15,692
Accounts payable and accrued liabilities (Note 9)	1,040,160	1,470,024
Unexpended funding (Note 10)	2,487,285	726,354
Long-term debt (Note 11)	12,434,618	13,232,788
	<u>16,591,433</u>	<u>16,789,838</u>
NET DEBT	\$ <u>11,658,662</u>	<u>11,911,592</u>
NON-FINANCIAL ASSETS		
Prepaid expenses (Note 12)	\$ 1,782	1,886
Tangible capital assets (Note 13)	21,124,813	22,165,123
	<u>21,126,595</u>	<u>22,167,009</u>
ACCUMULATED SURPLUS	\$ <u>9,467,933</u>	<u>10,255,417</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, 2020

	<u>2020</u>	<u>2019</u>
REVENUES		
Indigenous Services Canada	\$ 4,941,350	3,423,344
Health Canada	3,750,924	2,015,292
CMHC	276,620	313,117
Other revenue	4,075,435	3,365,104
Earnings from investment in government business partnerships	516,410	647,824
Net transfer to unexpended funding	<u>(1,760,931)</u>	<u>(510,830)</u>
	<u>11,799,808</u>	<u>9,253,851</u>
EXPENSES		
Community development	4,739,114	1,720,343
Economic development	457,836	307,786
Education	68,871	66,244
Governance	858,293	2,616,000
Social development	1,651,576	1,490,090
Health	3,648,315	2,147,038
Amortization	<u>1,163,287</u>	<u>1,184,730</u>
	<u>12,587,292</u>	<u>9,532,231</u>
ANNUAL DEFICIT	(787,484)	(278,380)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	<u>10,255,417</u>	<u>10,533,797</u>
ACCUMULATED SURPLUS AT END OF YEAR	\$ <u><u>9,467,933</u></u>	<u><u>10,255,417</u></u>

BROKENHEAD OJIBWAY NATION
CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
ANNUAL DEFICIT	\$ (787,484)	(278,380)
Acquisition of tangible capital assets	(122,977)	(163,220)
Amortization of tangible capital assets	1,163,287	1,184,730
Change in prepaid expenses	<u>104</u>	<u>105,122</u>
CHANGE IN NET DEBT	252,930	848,252
NET DEBT AT BEGINNING OF YEAR	<u>(11,911,592)</u>	<u>(12,759,844)</u>
NET DEBT AT END OF YEAR	\$ <u>(11,658,662)</u>	<u>(11,911,592)</u>

BROKENHEAD OJIBWAY NATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING TRANSACTIONS		
Annual deficit	\$ (787,484)	(278,380)
Items not affecting cash:		
Amortization	1,163,287	1,184,730
Earnings from investment in government business partnerships	<u>(516,410)</u>	<u>(647,824)</u>
	(140,607)	258,526
Change in non-cash charges to operations		
Accounts receivable	(392,667)	(130,889)
Inventories for resale	134,837	(101,307)
Prepaid expenses	104	105,122
Trust funds held by the federal government	(39)	(80)
Accounts payable and accrued liabilities	(429,864)	(293,783)
Unexpended funding	<u>1,760,931</u>	<u>510,830</u>
Cash provided by (applied to) operating transactions	<u>932,695</u>	<u>348,419</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(122,977)</u>	<u>(163,220)</u>
FINANCING TRANSACTIONS		
Debt issuance	-	64,716
Repayment of long-term debt	(798,170)	(839,392)
Temporary borrowings, net	<u>4,834</u>	<u>8,550</u>
Cash provided by (applied to) financing transactions	<u>(793,336)</u>	<u>(766,126)</u>
INVESTING TRANSACTIONS		
Acquisition of portfolio investments	(98,076)	-
Dividends from portfolio investments	-	82,636
Distributions from government business partnerships	<u>770,000</u>	<u>750,000</u>
Cash provided by (applied to) investing transactions	<u>671,924</u>	<u>832,636</u>
INCREASE IN CASH AND CASH EQUIVALENTS	688,306	251,709
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>(1,164,556)</u>	<u>(1,416,265)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ (476,250)</u></u>	<u><u>(1,164,556)</u></u>
Cash and cash equivalents consist of:		
Cash and bank indebtedness	\$ (608,844)	(1,344,980)
Restricted cash	<u>132,594</u>	<u>180,424</u>
	<u><u>\$ (476,250)</u></u>	<u><u>(1,164,556)</u></u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

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.
- BON Revenue Sharing - Children 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, 2020

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 - CMHC	25 years
Buildings - commercial	20 years
Buildings - residential	25 years
Roads and infrastructure	40 years
Equipment	5 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, 2020

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 caused 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, 2020 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, 2020

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:

	<u>2020</u>	<u>2019</u>
Externally restricted		
CMHC - Replacement Reserve	\$ 128,157	175,987
BON Revenue Sharing - Children in Care	2,534	2,534
Baaskaandibewiziibii Trust	1,903	1,903
Internally restricted		
Unexpended funding	2,487,285	726,354
Unrestricted	(3,096,129)	(2,071,334)
Total cash and cash equivalents	\$ <u><u>(476,250)</u></u>	<u><u>(1,164,556)</u></u>

3) ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Trade receivables	\$ 622,304	655,109
Due from government and other government organizations		
Federal government		
Indigenous Services Canada	426,564	69,860
GST	54,071	49,776
Canada Mortgage and Housing Corporation	20,445	23,097
Provincial government		
Tobacco Tax refund	74,488	45,774
Fuel Tax refund	97,789	59,378
	1,295,661	902,994
Less: Allowance for doubtful accounts	22,621	22,621
	\$ <u><u>1,273,040</u></u>	<u><u>880,373</u></u>

4) PORTFOLIO INVESTMENTS

	<u>2020</u>	<u>2019</u>
Shawano Wapunong Investment Corp	\$ 117,582	19,554
Investors Group brokerage account	12,903	12,855
	\$ <u><u>130,485</u></u>	<u><u>32,409</u></u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

5) INVESTMENT IN GOVERNMENT BUSINESS PARTNERSHIP

	<u>2020</u>	<u>2019</u>
Investment - South Beach Casino Limited Partnership	\$ 3,298,911	3,401,087
Annual share of earnings	516,410	647,824
Annual dividends paid	(770,000)	(750,000)
	<u><u>\$ 3,045,321</u></u>	<u><u>3,298,911</u></u>

6) TRUST FUNDS HELD BY THE FEDERAL GOVERNMENT

	<u>March 31, 2019</u>	<u>Additions 2020</u>	<u>Withdrawals 2020</u>	<u>March 31, 2020</u>
Revenue	\$ 254	39	-	293
Capital	2,131	-	-	2,131
	<u><u>\$ 2,385</u></u>	<u><u>39</u></u>	<u><u>-</u></u>	<u><u>2,424</u></u>

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

	<u>2020</u>	<u>2019</u>
Fuel	\$ 75,334	154,728
General merchandise	210,067	268,793
Non-prescription medication	22,722	11,017
Prescription medications	40,784	49,206
	<u><u>\$ 348,907</u></u>	<u><u>483,744</u></u>

8) TEMPORARY BORROWINGS

The First Nation has two credit cards through First Nations Bank and 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, 2020, the amount drawn on the credit cards (General) are \$9,857 (2019 - \$1,590), (Wavers) is \$10,669 (2019 - \$14,102).

9) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2020</u>	<u>2019</u>
Trade payables and accrued liabilities	\$ 712,778	1,153,267
Payroll liabilities	67,268	33,833
Indigenous Services Canada	195,140	147,749
Government remittances payable	64,974	135,175
	<u><u>\$ 1,040,160</u></u>	<u><u>1,470,024</u></u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

10) UNEXPENDED FUNDING

	Balance March 31, 2019	Funding Received 2020	Revenue Recognized 2020	Balance March 31, 2020
<u>Federal Government - ISC</u>				
Economic Development \$	30,845	-	(30,845)	-
Community Well Being	114,875	71,390	(114,875)	71,390
Lands Management	63,206	100,544	(63,206)	100,544
Renovation Budget	400,000	-	(178,850)	221,150
Capacity and Innovation	20,000	-	(20,000)	-
Commercial Op. Readiness:				
Grocery Store	7,934	-	-	7,934
Cannabis	19,843	-	-	19,843
Lagimodière East - Phase 1	-	43,585	-	43,585
Lagimodière Gas Bar	-	41,918	-	41,918
MB Indigenous Capacity Enh	-	12,801	-	12,801
Construction - New Housing	-	1,240,919	-	1,240,919
COVID-19	-	33,879	-	33,879
	<u>656,703</u>	<u>1,545,036</u>	<u>(407,776)</u>	<u>1,793,963</u>
<u>Health Canada - FNIHB</u>				
Aboriginal Head Start	-	47,734	-	47,734
Jordan's Principle	-	363,607	-	363,607
	<u>-</u>	<u>411,341</u>	<u>-</u>	<u>411,341</u>
<u>Other Deferred Revenue</u>				
SECFS - Lighthouse	19,651	-	(19,651)	-
SECFS - Rec Worker	50,000	-	(50,000)	-
Policing	-	8,210	-	8,210
Health Transformation Init	-	43,883	-	43,883
MB-MN Transmission	-	15,752	-	15,752
AMC - COVID-19	-	9,900	-	9,900
Insurance proceeds	-	102,731	-	102,731
AMC - Daycare	-	101,505	-	101,505
	<u>69,651</u>	<u>281,981</u>	<u>(69,651)</u>	<u>281,981</u>
\$	<u>726,354</u>	<u>2,238,358</u>	<u>(477,427)</u>	<u>2,487,285</u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

11) LONG-TERM DEBT

	<u>2020</u>	<u>2019</u>
<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.	\$ 2,144,798	2,304,250
BROKENHEAD OJIBWAY NATION		
20 new homes: Repayable at \$10,168 monthly including interest at prime + 1.50%, matures January 2042.	2,663,909	2,785,925
Consolidation loan: Repayable at \$37,609 monthly including interest at 4.29% per annum, compounded semi-annually, renewal date May 31, 2020, matures March 2030.	3,737,433	3,998,463
<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, repaid during the year.	-	15,165
Phase 5: Repayable at \$1,660 monthly including interest at 4.14% per annum, compounded semi-annually, repaid during the year.	-	19,572
<u>ROYAL BANK OF CANADA</u>		
BROKENHEAD OJIBWAY NATION		
Repayable at any point, no fixed terms, interest accruing at prime + 0.25%, current rate 2.45% per annum, compounded semi-annually.	370,461	354,296
Repayable at any point, no fixed terms, interest accruing at prime + 0.25%, current rate 2.45% per annum, compounded semi-annually.	363,199	347,314
<u>FORD CREDIT CANADA</u>		
BROKENHEAD OJIBWAY NATION		
Ford Escape: Repayable at \$578 monthly, interest free, matures May 2023.	21,977	28,917
Subtotal - Non-CMHC	<u>9,301,777</u>	<u>9,853,902</u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

11) LONG-TERM DEBT (continued)

	<u>2020</u>	<u>2019</u>
<u>CANADA MORTGAGE AND HOUSING CORPORATION</u>		
HOUSING		
Phase 2 (13 units): Repayable at \$5,097 monthly including interest at 2.01% per annum, compounded semi-annually, matures June 2024, renewal date May 2020.	\$ 249,000	304,561
Phase 3 (5 units): Repayable at \$2,409 monthly including interest at 1.67% per annum, compounded semi-annually, matures October 2028, renewal date July 2024.	231,037	255,685
Phase 4 (6 units): Repayable at \$2,502 monthly including interest at 1.86% per annum, compounded semi-annually, matures March 2029, renewal date April 2024.	248,676	273,816
Phase 5 (4 units): Repayable at \$1,982 monthly including interest at 1.39% per annum, compounded semi-annually, matures June 2030, renewal date June 2020.	227,142	247,615
Phase 7 (6 units): Repayable at \$2,002 monthly including interest at 2.39% per annum, compounded semi-annually, matures March 2033, renewal date March 2023.	268,466	285,866
Phase 8 (4 units): Repayable at \$2,410 monthly including interest at 2.14% per annum, compounded semi-annually, matures March 2034, renewal date March 2024.	349,831	371,033
Phase 9 (4 units): Repayable at \$2,214 monthly including interest at 1.12% per annum, compounded semi-annually, matures February 2035, renewal date May 2020.	364,922	387,271
Phase 11 (4 units): Repayable at \$2,621 monthly including interest at 1.67% per annum, compounded semi-annually, matures January 2039, renewal date July 2024.	508,181	530,555
Phase 12 (3 units): Repayable at \$1,748 monthly including interest at 0.98% per annum, compounded semi-annually, matures March 2040, renewal date May 2020.	380,941	398,093
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.	304,645	324,391
Subtotal - CMHC	<u>3,132,841</u>	<u>3,378,886</u>

BROKENHEAD OJIBWAY NATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

11) LONG-TERM DEBT (continued)

	<u>2020</u>	<u>2019</u>
Non-CMHC	\$ 9,301,777	9,853,902
CMHC	3,132,841	3,378,886
Total long-term debt	<u>12,434,618</u>	<u>13,232,788</u>
Less: current portion	<u>2,823,430</u>	<u>1,719,633</u>
	<u><u>\$ 9,611,188</u></u>	<u><u>11,513,155</u></u>

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

2021	\$ 2,823,430
2022	876,791
2023	1,343,734
2024	1,111,926
2025	1,467,606

12) PREPAID EXPENSES

	<u>2020</u>	<u>2019</u>
BON Pharmacy Ltd.	\$ 1,782	1,782
Wavers of Brokenhead Ltd.	-	104
	<u><u>\$ 1,782</u></u>	<u><u>1,886</u></u>

13) TANGIBLE CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Buildings - CMHC	\$ 6,247,061	3,418,867	6,247,061	3,157,827
Buildings - commercial	10,820,253	5,215,490	10,820,253	4,913,617
Buildings - residential	8,779,908	5,362,743	8,779,908	5,145,404
Land held for development	5,414,700	-	5,414,700	-
Roads and infrastructure	9,657,771	6,472,063	9,657,771	6,259,459
Equipment	2,037,072	1,587,061	2,019,044	1,487,668
Vehicles	1,220,926	996,654	1,115,983	925,622
	<u>44,177,691</u>	<u>23,052,878</u>	<u>44,054,720</u>	<u>21,889,597</u>
Net book value	\$ <u><u>21,124,813</u></u>		\$ <u><u>22,165,123</u></u>	

BROKENHEAD OJIBWAY NATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED MARCH 31, 2020**

14) EXPENSES BY OBJECT

The following is a summary of expenses by object:

	<u>2020</u>	<u>2019</u>
Salaries, wages and benefits	\$ 4,461,568	3,771,777
Staff development	178,639	143,537
Supplies and services	5,246,256	3,130,387
Interest	351,625	326,707
Professional services	1,014,038	618,771
Rental expenditures	60,497	91,000
Travel	111,382	265,322
Amortization	1,163,287	1,184,730
	<u>\$ 12,587,292</u>	<u>9,532,231</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 litigation cases 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

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, 2020
(Unaudited - See Notice to Reader)

		REVENUE						EXCESS
				UNEXPENDED			UNEXPENDED	(DEFICIENCY)
				FUNDING	TRANSFER		FUNDING	OF REVENUE
				BEGINNING	BETWEEN		END	OVER
PAGE	ISC	OTHER		OF YEAR	PROGRAMS	TOTAL	OF YEAR	EXPENDITURE
Band Support	18	\$ 311,042	-	-	158,677	469,719	1,123,051	(653,332)
CPP & Private Pension Plans - Fixed	19	124,071	-	-	-	124,071	156,357	(32,286)
CPP & Private Pension Plans - Set	20	-	-	-	-	-	-	-
Band Membership	21	15,236	4,678	-	-	19,914	36,099	(16,185)
Consultation & Policy Development	22	-	-	-	-	-	-	-
Family Violence / Child Abuse	23	14,000	5,935	-	-	19,935	19,347	588
Specific Claims - Hydro Line	24	27,400	-	-	-	27,400	27,400	-
Specific Claims - Railway	25	-	124,523	-	-	124,523	124,523	-
COVID-19	26	50,637	9,900	-	-	60,537	16,758	43,779
Human Resource Management	27	45,000	-	-	-	45,000	74,836	(29,836)
Community Well Being	28	138,965	-	114,875	-	253,840	182,450	71,390
Policing	29	-	185,703	-	-	185,703	177,493	8,210
Indigenous Skills and Emp Train	30	-	490,496	-	-	490,496	518,760	(28,264)
AMC - Daycare	31	-	158,522	-	-	158,522	57,017	101,505
Economic Development	32	649,089	20,146	121,828	-	791,063	606,942	213,824
Education	42	76,153	-	-	-	76,153	100,417	(24,264)
Social Services	50	1,381,411	265	-	(12,891)	1,368,785	1,492,168	(123,383)
Capital and O&M	56	2,108,346	489,723	420,000	-	3,018,069	1,587,587	1,474,870
Health Canada	81	-	4,158,167	-	(186,321)	3,971,846	3,436,430	411,341
Other Programs		-	2,971,331	69,651	40,535	3,081,517	2,849,657	162,366
		<u>\$ 4,941,350</u>	<u>8,619,389</u>	<u>726,354</u>	<u>-</u>	<u>14,287,093</u>	<u>12,587,292</u>	<u>(2,487,285)</u>

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING
FOR THE YEAR ENDED MARCH 31, 2020
(Unaudited - See Notice to Reader)

ECONOMIC DEVELOPMENT

		REVENUE						EXCESS
		UNEXPENDED					UNEXPENDED	(DEFICIENCY)
		FUNDING					FUNDING	OF REVENUE
		BEGINNING					END	OVER
	PAGE	ISC	OTHER	OF YEAR	TRANSFER BETWEEN PROGRAMS	TOTAL	EXPENDITURE	EXPENDITURE
Economic Development	33	\$ -	646	30,845	-	31,491	31,491	-
Commercial Opportunity Readiness:								
Cannabis	34	-	-	19,843	-	19,843	-	-
Grocery Store	35	-	-	7,934	-	7,934	-	-
Lagimodière East - Phase 1	36	212,034	-	-	-	212,034	168,449	-
Lagimodière Gas Bar	37	139,876	-	-	-	139,876	97,958	-
Mars Sandhills Golf Course	38	22,198	-	-	-	22,198	25,650	(3,452)
Lands Management	39	274,981	19,500	63,206	-	357,687	257,143	-
Land Use Pilot Project	40	-	-	-	-	-	-	-
Environmental Assessment	41	-	-	-	-	-	26,251	(26,251)
		\$ 649,089	20,146	121,828	-	791,063	606,942	(29,703)

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING
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EDUCATION

		REVENUE						EXCESS
				UNEXPENDED	TRANSFER		UNEXPENDED	(DEFICIENCY)
				FUNDING	BETWEEN		FUNDING	OF REVENUE
				BEGINNING	PROGRAMS		END	OVER
	PAGE	ISC	OTHER	OF YEAR		TOTAL	EXPENDITURE	EXPENDITURE
Education	43	\$ 8,218	-	-	-	8,218	16,436	(8,218)
Education Facilities	44	-	-	-	-	-	-	-
Student Transportation Services	45	-	-	-	-	-	-	-
Summer Work Experience	46	25,985	-	-	-	25,985	25,985	-
Skills Link	47	26,450	-	-	-	26,450	26,450	-
High Cost Special Education	48	-	-	-	-	-	-	-
Capacity Building - IT Program	49	15,500	-	-	-	15,500	31,546	(16,046)
		<u>\$ 76,153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,153</u>	<u>100,417</u>	<u>(24,264)</u>

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING
FOR THE YEAR ENDED MARCH 31, 2020
(Unaudited - See Notice to Reader)

SOCIAL SERVICES

		REVENUE							EXCESS
				UNEXPENDED	TRANSFER			UNEXPENDED	(DEFICIENCY)
		ISC	OTHER	FUNDING	BETWEEN	TOTAL	EXPENDITURE	FUNDING	OF REVENUE
PAGE				BEGINNING	PROGRAMS			END OF YEAR	OVER
				OF YEAR					EXPENDITURE
Basic Needs	51	\$ 1,026,810	-	-	-	1,026,810	1,027,102	-	(292)
Special Needs	52	32,977	-	-	-	32,977	32,977	-	-
In-home Care	53	35,596	-	-	-	35,596	103,248	-	(67,652)
Service Delivery	54	80,422	265	-	-	80,687	110,119	-	(29,432)
Job Creation Strategies	55	205,606	-	-	(12,891)	192,715	218,722	-	(26,007)
		\$ 1,381,411	265	-	(12,891)	1,381,676	1,492,168	-	(123,383)

BROKENHEAD OJIBWAY NATION
SUMMARY OF ISC AND OTHER FUNDING

FOR THE YEAR ENDED MARCH 31, 2020

(Unaudited - See Notice to Reader)

CAPITAL AND O&M

	PAGE	REVENUE				TOTAL	EXPENDITURE	UNEXPENDED FUNDING END OF YEAR	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE
		ISC	OTHER	UNEXPENDED FUNDING BEGINNING OF YEAR	TRANSFER BETWEEN PROGRAMS				
BBC:									
Septic Truck Purchase	57	\$ 138,900	-	-	-	138,900	138,900	-	-
Community Buildings	58	10,950	-	-	-	10,950	10,950	-	-
Fire Equipment	59	20,000	-	-	-	20,000	20,000	-	-
Housing Repairs & Maintenance	60	75,000	-	-	-	75,000	75,000	-	-
Insurance	61	86,550	-	-	-	86,550	86,550	-	-
Road Repairs	62	80,000	-	-	-	80,000	80,000	-	-
Water Systems Feasibility Study	63	25,000	-	-	-	25,000	25,000	-	-
Capacity Building	64	-	-	-	-	-	-	-	-
Fire Protection	65	70,350	15,061	-	-	85,411	90,456	-	(5,045)
Community Building Repairs	66	24,860	250,040	-	-	274,900	304,701	-	(29,801)
Roads & Bridges	67	73,038	-	-	-	73,038	73,038	-	-
Water and Wastewater Systems	68	70,977	198,776	-	-	269,753	272,690	-	(2,937)
Wastewater Systems	69	-	-	-	-	-	-	-	-
Water Systems	70	-	-	-	-	-	-	-	-
Emergency Management	71	-	-	-	-	-	-	-	-
Flood Preparedness	72	94,242	-	-	-	94,242	94,242	-	-
Maintenance Management	73	9,560	-	-	-	9,560	9,560	-	-
Municipal Services	74	18,000	12,236	-	-	30,236	36,522	-	(6,286)
Capacity & Innovation - Housing	75	-	-	20,000	-	20,000	20,000	-	-
MB Indigenous Capacity Enhance	76	70,000	-	-	-	70,000	57,199	12,801	-
Renovation Budget 2018 Housing	77	-	-	400,000	-	400,000	178,850	221,150	-
Construction - New Housing	78	1,240,919	-	-	-	1,240,919	-	1,240,919	-
Capital Projects	79	-	-	-	-	-	-	-	-
New Band Hall	80	-	13,610	-	-	13,610	13,929	-	(319)
		<u>\$ 2,108,346</u>	<u>489,723</u>	<u>420,000</u>	<u>-</u>	<u>3,018,069</u>	<u>1,587,587</u>	<u>1,474,870</u>	<u>(44,388)</u>

BROKENHEAD OJIBWAY NATION

SUMMARY OF HEALTH CANADA AND OTHER FUNDING

FOR THE YEAR ENDED MARCH 31, 2020

(Unaudited - See Notice to Reader)

HEALTH CANADA SUMMARY

	PAGE	REVENUE				EXPENDITURE	UNEXPENDED FUNDING END OF YEAR	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE
		HEALTH CANADA	OTHER	UNEXPENDED FUNDING BEGINNING OF YEAR	TRANSFER BETWEEN PROGRAMS			
Health Administration	82	\$ 128,403	-	-	-	128,403	128,403	-
Jordan's Principle	83	2,246,778	-	-	(186,321)	2,060,457	1,696,850	363,607
Maternal Child Health	84	136,070	-	-	-	136,070	136,070	-
Aboriginal Head Start on Reserve	85	223,409	292,522	-	-	515,931	468,197	47,734
NNADAP	86	68,511	-	-	-	68,511	68,511	-
Diabetes	87	25,935	-	-	-	25,935	25,935	-
Brighter Futures	88	76,651	4,896	-	-	81,547	81,547	-
Building Healthy Communities	89	69,032	-	-	-	69,032	69,032	-
Mental Health	90	27,961	20,095	-	-	48,056	48,056	-
Youth Solvent Abuse	91	14,109	-	-	-	14,109	14,109	-
Community Health Representative	92	49,684	-	-	-	49,684	49,684	-
Medical Transportation Program	93	192,688	-	-	-	192,688	214,908	(22,220)
Canadian Prenatal Nutrition Program	94	21,147	-	-	-	21,147	21,147	-
Public Health Nurse	95	86,857	-	-	-	86,857	90,180	(3,323)
Health Facilities O&M	96	22,789	67,245	-	-	90,034	90,034	-
Drinking Water	97	17,500	-	-	-	17,500	17,500	-
Home & Community Care	98	212,600	-	-	-	212,600	212,600	-
Accreditation Services	99	39,800	-	-	-	39,800	39,800	-
Climate Change Health Adaptation	100	91,000	-	-	-	91,000	94,151	(3,151)
BON Medical Clinic	101	-	10,577	-	-	10,577	44,129	(33,552)
NIB Trust & BON Youth Gala	102	-	-	-	-	-	-	-
BON Health	103	-	11,908	-	-	11,908	11,908	-
		<u>\$ 3,750,924</u>	<u>407,243</u>	<u>-</u>	<u>(186,321)</u>	<u>3,971,846</u>	<u>3,622,751</u>	<u>(62,246)</u>