

Brokenhead Ojibway Nation
Consolidated Financial Statements
March 31, 2021

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Management's Responsibility

To the Members of Brokenhead Ojibway Nation:

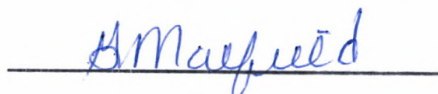
The accompanying consolidated financial statements of Brokenhead Ojibway Nation (the "First Nation") are the responsibility of management and have been approved by the Chief and Council.

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards. This responsibility includes selecting appropriate accounting policies and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of consolidated financial statements.

The Brokenhead Ojibway Nation Chief and Council are responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the consolidated financial statements. The Chief and Council fulfil these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Chief and Council are also responsible for recommending the appointment of the First Nation's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the Chief and Council on behalf of the Members to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Chief and Council and management to discuss their audit findings.



Senior Finance
Officer

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, 2021, and the consolidated statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the First Nation as at March 31, 2021, and the results of its operations, changes in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Consolidated 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 consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the First Nation's ability to continue as a going concern, disclosing, as applicable, matters related 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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 consolidated 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 First Nation'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 First Nation'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 consolidated 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 First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the First Nation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Other matter

The consolidated financial statements for the year-ended March 31, 2020 were audited by another firm of Chartered Professional Accountants, who issued an unmodified opinion in their audit report dated July 15, 2020.

Winnipeg, Manitoba

July 29, 2021

MNP LLP

Chartered Professional Accountants

Brokenhead Ojibway Nation

Consolidated Statement of Financial Position

As at March 31, 2021

	2021	2020 (Restated)
Financial assets		
Cash and cash equivalents	2,961,338	191,526
Accounts receivable (Note 3)	1,210,927	1,430,550
Inventory for resale (Note 4)	350,406	348,907
Investment in South Beach Group of Partnerships (Note 5)	1,769,530	2,722,054
Restricted cash (Note 6)	615,354	130,581
	6,907,555	4,823,618
Liabilities		
Bank indebtedness	-	792,207
Accounts payable and accruals (Note 7)	1,109,550	1,089,659
Deferred revenue (Note 8)	2,653,217	2,487,286
Long-term debt (Note 9)	16,654,701	12,434,613
	20,417,468	16,803,765
Net debt	(13,509,913)	(11,980,147)
Contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 1)	22,172,516	21,124,813
Accumulated surplus	8,662,603	9,144,666

Approved on behalf of the Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

Brokenhead Ojibway Nation
Consolidated Statement of Operations
For the year ended March 31, 2021

	<i>Schedules</i>	<i>2021 Budget</i>	<i>2021</i>	<i>2020 (Restated)</i>
Revenue				
Product sales		12,674,705	13,534,748	13,500,495
Indigenous Services Canada (Note 11)		12,604,665	12,604,665	5,438,636
Other		-	4,471,974	6,209,837
Video Lottery Terminal revenue (net of payouts)		-	1,255,716	2,363,492
Revenue deferred in prior year		2,487,286	2,487,286	726,354
Revenue deferred to subsequent year		-	(2,653,217)	(2,487,286)
		27,766,656	31,701,172	25,751,528
Segment expenses				
Governance	4	1,754,707	2,116,882	1,566,421
Health	5	661,575	4,088,445	3,381,649
Economic Development	6	676,673	2,682,525	1,073,659
Public Works	7	2,046,832	2,086,319	2,823,617
Education	8	121,431	121,431	100,417
Social Services	9	1,715,482	1,764,218	1,492,168
COVID-19	10	3,045,674	3,038,218	196,090
Economic Enterprises	11	16,412,574	14,897,955	15,644,335
Subsidized Housing	12	777,066	646,550	777,066
Total segment expenses (Schedule 2)		27,212,014	31,442,543	27,055,422
Annual surplus (deficit) before other items		554,642	258,629	(1,303,894)
Other items				
Gain (loss) on investment in South Beach Group of Partnerships (Note 5)		-	(740,692)	341,074
Annual deficit		554,642	(482,063)	(962,820)

Brokenhead Ojibway Nation
Consolidated Statement of Accumulated Surplus
For the year ended March 31, 2021

	2021	2020 <i>(Restated)</i>
Accumulated surplus, beginning of year, as previously stated	9,467,933	10,255,417
Correction of an error <i>(Note 12)</i>	(323,267)	(147,931)
Accumulated surplus, beginning of year, as restated	9,144,666	10,107,486
Annual deficit	(482,063)	(962,820)
Accumulated surplus, end of year	8,662,603	9,144,666

Brokenhead Ojibway Nation
Consolidated Statement of Change in Net Debt
For the year ended March 31, 2021

	2021 Budget	2021	2020 (Restated)
Annual deficit	554,642	(482,063)	(962,820)
Purchases of tangible capital assets	-	(2,294,451)	(122,977)
Amortization of tangible capital assets	-	1,246,748	1,163,287
Increase in net debt	554,642	(1,529,766)	77,490
Net debt, beginning of year	(11,980,147)	(11,980,147)	(12,057,637)
Net debt, end of year	(11,425,505)	(13,509,913)	(11,980,147)

Brokenhead Ojibway Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2021

	2021	2020 (Restated)
Cash provided by (used for) the following activities		
Operating activities		
Annual deficit	(482,063)	(962,820)
Non-cash items		
Amortization	1,246,748	1,163,287
Gain (loss) on investment in South Beach Group of Partnerships	740,692	(341,074)
	1,505,377	(140,607)
Changes in working capital accounts		
Accounts receivable	219,623	(299,271)
Inventory for resale	(1,499)	134,837
Accounts payable and accruals	19,891	(429,865)
Deferred revenue	165,931	1,760,933
	1,909,323	1,026,027
Financing activities		
Advances of long-term debt	6,446,667	-
Repayment of long-term debt	(2,226,579)	(798,170)
	4,220,088	(798,170)
Capital activities		
Purchases of tangible capital assets	(2,294,451)	(122,977)
Investing activities		
Withdrawal of Investment in South Beach Group of Partnerships	211,832	770,000
Change in restricted cash	(484,773)	(130,581)
	(272,941)	639,419
Increase in cash resources	3,562,019	744,299
Cash resources, beginning of year	(600,681)	(1,344,980)
Cash resources, end of year	2,961,338	(600,681)
Cash resources are composed of:		
Cash and cash equivalents total	2,961,338	191,526
Bank indebtedness	-	(792,207)
	2,961,338	(600,681)

1. Operations

Brokenhead Ojibway Nation (the "First Nation") is located in the province of Manitoba, and provides various services to its Members. Brokenhead Ojibway Nation includes the First Nation's government and all related entities that are accountable to the First Nation and are either owned or controlled by the First Nation.

2. Significant accounting policies

These consolidated financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Reporting entity

The Brokenhead Ojibway Nation reporting entity includes the First Nation government and all related organizations and departments that are either owned or controlled by the First Nation.

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

- 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.
- Wavers of Brokenhead Ltd.
- Brokenhead Ojibway Nation Gaming Commission
- Brokenhead Ojibway Nation Housing Authority
- Brokenhead Ojibway Nation Mom's Seed Home

All inter-entity balances have been eliminated on consolidation.

The First Nation has consolidated its interest in a government business partnership known as the South Beach Group of Partnerships according to the modified equity method.

Basis of presentation

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

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

Cash and cash equivalents

Cash and cash equivalents includes balances with banks and short-term savings accounts. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Inventory for resale

Inventory for resale is valued at the lower of cost or net realizable value. Cost is determined by the weighted average cost method.

Portfolio investments

Portfolio investments are recorded at the lower of cost and net realizable value. The First Nation is considered a beneficial owner of 12.5% of Shawano Wapunong Investments Inc. (the "Company"). The First Nation's investment in Shawano Wapunong Investments Inc. meets the definition of a portfolio investment. When the Company was established, 100% of the common shares of the Company were purchased by the Southeast Resource Development Council Corp. to be held in trust for the beneficial owners. As a result, the First Nation's cost associated with the investment is \$nil (2020 - \$nil).

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of the First Nation by the Government of Canada in the Ottawa Trust Fund are reported on the consolidated statement of financial position with an offsetting amount in accumulated surplus. Trust moneys consist of:

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

Investment in South Beach Group of Partnerships

The investment in the South Beach Group of Partnerships is accounted for in accordance with the modified equity method. The First Nation's investment in South Beach Group of Partnerships is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreases by post acquisition losses and withdrawals.

Net debt

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

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets, prepaid expenses and inventories held for use.

Non-financial assets

The First Nation's tangible capital assets are accounted for as assets because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

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

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

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

Buildings	25 years
Equipment	5 years
Infrastructure	40 years
Vehicles	5 years
Subsidized Housing	25 years
Non-subsidized Housing	25 years

Long-lived assets

Long-lived assets consist of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The First Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in the consolidated statement of operations for the year.

Revenue recognition

Government transfer revenue which includes, but is not limited to, grants from Indigenous Services Canada, is recognized as it becomes receivable under the terms of applicable funding agreements. Funding received under funding arrangements that relate to a subsequent fiscal period is reflected as deferred revenue on the consolidated statement of financial position in the year of receipt, and is matched with the related department expenses in the year of their occurrence. Funding that is restricted for particular purposes is deferred and recognized when the eligible expenses have been incurred.

Video Lottery terminal revenue is recognized net of cash payouts.

Product sales revenue is recognized when goods have been provided to the customer. The First Nation generates product sales revenue through sales of pharmaceuticals, groceries, fuel and other confectionary items.

Gain (loss) on investment in South Beach Group of Partnerships is recognized in accordance with the modified equity method of accounting for the investment, and corresponds to the First Nation's proportionate share of the government business partnership's net surplus (deficit) earned during the year.

All other types of revenue are recognized by the First Nation when services are provided or the goods are shipped and collection is reasonably assured.

Employee future benefits

The First Nation's employee future benefit program consists of a defined contribution pension plan. The First Nation contributions to the defined contribution plan are expensed as incurred. Since employees are not entitled to a defined benefit, the First Nation does not have any liabilities with respect to employee future benefits.

Financial instruments

Financial instruments include cash, accounts receivable, restricted cash, investment in South Beach Group of Partnerships, bank indebtedness, accounts payable and accruals and long-term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency or credit risk arising from the financial instruments.

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

Measurement uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Deferred revenue is recorded based on management's analysis of the extent to which eligibility requirements have been met on government transfer revenue. Provisions for funding recoveries and site rehabilitation costs are recorded in accordance with management's estimates of future costs.

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

Liability for contaminated sites

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the First Nation is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available.

At each financial reporting date, the First Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. The First Nation continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

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

Segments

The First Nation conducts its business through 9 reportable segments. These operating segments are established by senior management to facilitate the achievement of the First Nation's objectives to aid in resource allocation decisions, and to assess operational performance. These segments are differentiated by the major activities or services they provide.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The 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 First Nation's segments are as follows:

Governance - reports on administration and governance activities.

Health - reports on the First Nation's funding related to health and wellness.

Economic Development - reports on economic stimulus programs not funded by Indigenous Services Canada.

Public Works - reports on public works activities.

Education - reports on the operations of education programs.

Social Services - reports on social assistance programs.

COVID-19 - reports on funding and expenditures pertaining to COVID-19.

Economic Enterprises - reports on the First Nation's businesses.

Subsidized Housing - reports on developing and sustaining on-reserve housing.

3. Accounts receivable

	2021	2020
Indigenous Services Canada	45,000	426,564
Tenant rent	1,365,504	867,850
Shawano Wapunong Investments Inc. (related to the First Nation as described Note 2)	126,461	117,582
Other	991,689	826,705
	2,528,654	2,238,701
Less: allowance for doubtful accounts - tenant rent	1,317,727	808,151
	1,210,927	1,430,550

4. Inventory for resale

	2021	2020
Pharmaceutical products	74,360	63,506
Fuel	48,669	75,334
General merchandise	227,377	210,067
	350,406	348,907

Brokenhead Ojibway Nation

Notes to the Consolidated Financial Statements

For the year ended March 31, 2021

5. Investment in South Beach Group of Partnerships

The investment in South Beach Group of Partnerships represents a one-seventh ownership interest in the following limited partnerships or companies:

1. South Beach Casino Limited Partnership

This limited partnership was formed to operate a casino and hotel on the Brokenhead Ojibway Nation land at Scanterbury, Manitoba. Brokenhead Ojibway Nation's investment is equal to that of 6 other First Nation limited partners.

2. South Beach Capital Partners Limited Partnership

This limited partnership was formed to purchase an intellectual property and license agreement with South Beach Casino Limited Partnership from the previous holder of the agreement. The agreement expires in May 2028. The agreement allows the South Beach Capital Partnership Limited Partnership to charge license fees to the South Beach Casino Limited Partnership. Brokenhead Ojibway Nation's investment is equal to that of 6 other First Nation limited partners.

3. SBCP Inc.

This company is owned equally by 7 First Nations, including Brokenhead Ojibway First Nation. It's sole purpose is to act as the General Partner of the South Beach Capital Partners Limited Partnership.

4. South Beach Management Services Ltd.

This company is a wholly owned subsidiary company of the South Beach Capital Partners Limited Partnership. The company was established to provide management services to the South Beach Casino Limited Partnership.

These transactions with these related entities were conducted 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. Transactions with these related entities are described below:

					2021	2020 (Restated)
	South Beach Management Services Ltd.	South Beach Capital Partners Limited Partnership	SBCP Inc.	South Beach Casino Limited Partnership	2021	2020
Balance, beginning of year	220,947	(544,089)	(125)	3,045,321	2,722,054	3,150,980
Surplus (deficit)	(308,525)	(325,165)	(32)	(106,970)	(740,692)	341,074
Draws	-	-	-	(211,832)	(211,832)	(770,000)
Balance, end of year	(87,578)	(869,254)	(157)	2,726,519	1,769,530	2,722,054

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

6. Restricted cash

	2021	2020
CMHC - Replacement Reserve	339,336	128,157
First Nations Finance Authority debt reserve fund	250,229	-
First Nations Finance Authority - cash account	23,337	-
Ottawa Trust fund	2,452	2,424
	615,354	130,581

CMHC replacement reserve

As required as part of the First Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements of CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time.

As at March 31, 2021 the amount required in the replacement reserve bank account was \$611,806 (2020 - \$585,251) and the replacement reserve bank account was underfunded by \$272,470 (2020 - \$457,094) .

Ottawa Trust Fund

The Ottawa Trust fund accounts 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 Fund 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 First Nation on authorization of the Minister of Indigenous Services Canada, with the consent of the First Nation's Council. Interest revenue earned in the Band Revenue account amounted to \$28 (2020 - \$39).

First Nations Finance Authority debt reserve fund

Pursuant to the financing arrangement that the First Nation has entered into with First Nations Finance Authority, amounts are held in trust by the First Nations Finance Authority to cover any unexpected defaults in the required monthly loan payments. During the year, the First Nation earned interest of \$1,549 (2020 - \$0) on the cash held in this debt reserve fund.

First Nations Finance Authority - cash account

The First Nation's cash account held with the First Nations Finance Authority represents the remaining amount of payments that the First Nation has made that have yet to be applied to principal or interest.

7. Accounts payable and accruals

	2021	2020
Indigenous Services Canada	177,440	195,140
Government remittances payable	247,495	132,242
Trade Payable and accrued liabilities	684,615	762,277
	1,109,550	1,089,659

8. Deferred revenue

Deferred revenue consists of government transfer revenue from Indigenous Services Canada and other funding sources which is restricted for particular purposes. The revenue is deferred and recognized when the eligible expenses have been incurred.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Long-term debt

	2021	2020
CMHC Mortgage Phase 2 - payments of \$4,956 per month including interest at 0.46%, renewal date of May 2021, maturity date of May 2024, secured by a Ministerial guarantee and assignment of fire insurance. Subsequent to year-end, this mortgage was renewed at terms with a similar interest rate and similar monthly payment requirements.	191,821	249,000
CMHC Mortgage Phase 3 - payments of \$2,409 per month including interest at 1.67%, renewal date of July 2024, maturity date of September 2028, secured by a Ministerial guarantee and assignment of fire insurance.	205,780	231,037
CMHC Mortgage Phase 4 - payments of \$2,501 per month including interest at 1.86%, renewal date of April 2024, maturity date of February 2029, secured by a Ministerial guarantee and assignment of fire insurance.	223,039	248,676
CMHC Mortgage Phase 5 - payments of \$1,920 per month including interest 0.76%, renewal date of December 2025, maturity date of May 2030, secured by a Ministerial guarantee and assignment of fire insurance.	205,824	227,141
CMHC Mortgage Phase 7 - payments of \$2,002 per month including interest at 2.39%, renewal date of March 2023, maturity date of February 2033, secured by a Ministerial guarantee and assignment of fire insurance.	250,618	268,465
CMHC Mortgage Phase 8 - payments of \$2,410 per month including interest at 2.14%, renewal date of March 2024, maturity date of February 2034, secured by a Ministerial guarantee and assignment of fire insurance.	328,138	349,830
CMHC Mortgage Phase 9 - payments of \$2,151 per month including interest at 5.46%, renewal date of November 2025, maturity date of January 2035, secured by a Ministerial guarantee and assignment of fire insurance.	342,087	364,922
CMHC Mortgage Phase 11 - payments of \$2,620 per month including interest at 1.67%, renewal date of July 2024, matured December 2038, secured by a Ministerial guarantee and assignment of fire insurance.	484,994	508,181
CMHC Mortgage Phase 12 - payments of \$1,702 per month including interest at 0.70%, renewal date of September 2025, maturity date of February 2040, secured by a Ministerial guarantee and assignment of fire insurance.	363,369	380,941
CMHC Mortgage Phase 13 - payments of \$1,507 per month including interest at 0.74%, renewal date of February 2026, maturity date of January 2046, secured by a Ministerial guarantee and assignment of fire insurance.	411,702	-
BMO Building Loan - Repayable at \$19,849 monthly including interest at 3.86%, compounded semi-annually, maturity date April 2022.	2,052,868	2,144,798
BMO Housing Loan - Repayable at \$10,168 monthly including interest at prime +1.5%, maturity date January 2042.	1,082,033	2,663,909
BMO Consolidation Loan - Repayable at \$37,609 monthly including interest at 4.29%, compounded semi-annually, maturity date March 2030.	3,545,451	3,737,433
RBC Loan - Repayable at any point, no fixed terms, interest accruing at prime + 0.25%, compounded semi-annually.	961,732	370,460

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

9. Long-term debt *(Continued from previous page)*

	2021	2020
RBC Loan - Repayable at any point, no fixed terms, interest accruing at prime + 0.25%, compounded semi-annually.	832,218	363,198
Vehicle loan, repaid during the year	-	21,977
CMHC Loan - Payments of \$2,272 per month including interest at 2.39%, maturity date of March 2033, secured by a Ministerial guarantee and assignment of fire insurance.	284,392	304,645
First Nations Finance Authority loan, with payments of \$166,753 due every 6 months, including interest at 2.15%, maturing April 2050, with a scheduled renewal date of June 2030, secured by a first charge against particular non-government transfer revenue earned by the First Nation.	4,888,635	-
	16,654,701	12,434,613

Principal repayments on long-term debt in each of the next five years, assuming long-term debt subject to refinancing is renewed, are estimated as follows:

2022	400,000
2023	430,000
2024	470,000
2025	520,000
2026	580,000

10. Contingencies

The First Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end it was not yet determined to what extent any funding amounts relating to the year ending March 31, 2021 might be recovered.

Brokenhead Ojibway Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2021

11. Indigenous Services Canada

Indigenous Services Canada revenue recorded on the consolidated financial statements in the year ended March 31, 2021 and in the year ended March 31, 2020 agrees to the amounts stated on the year-end Indigenous Services Canada confirmation.

12. Correction of an error

During the year, the First Nation determined that it had not accounted for its investment in South Beach Management Services Ltd., South Beach Capital Partners Limited Partnership and SBCP Inc. in accordance with its accounting policies, in its previously issued financial statements.

The prior year figures have been restated in order to retroactively account for a correction of this error.

Figures as previously stated and as restated as at and for the year ended March 31, 2020 are as follows:

	<i>As previously stated</i>	<i>Adjustment</i>	<i>As Restated</i>
Accumulated surplus, beginning of year	\$10,255,417	(\$147,931)	\$10,107,487
Gain (loss) on investments	\$516,410	(\$175,336)	\$341,074
Investment in South Beach Group of Partnerships	\$3,045,321	(\$323,267)	\$2,722,054
Accumulated surplus, end of year	\$9,467,933	(\$323,267)	\$9,144,666

13. Economic dependence

Brokenhead Ojibway Nation receives a significant portion of its revenue from ISC as a result of Treaties entered into with the Government of Canada. These Treaties are administered by ISC under the terms and conditions of the Indian Act. The ability of the First Nation to continue operations is dependent upon the Government of Canada's continued financial commitments as guaranteed by these Treaties.

14. Pension liabilities

The First Nation remits its pension liabilities on a monthly basis and remittances were current at year end. Pension liabilities are not maintained in a separate bank account.

15. Compliance with laws and regulations

The Manitoba Environmental Protection Act

The Manitoba Environmental Protection Act sets out the regulatory requirements to properly close and maintain active and inactive lagoon and landfill sites. Under environmental law, there is a requirement for closure and post closure care of solid waste lagoon and landfill sites including covering and landscaping and ongoing environmental monitoring, site inspection and maintenance.

As directed by PS 3270, a liability must be recognized beginning when the landfill first accepts waste to the date the landfill stops accepting waste. The liability for closure and post-closure care is recognized as the site capacity is used to the extent of the proportion of site capacity used compared to the estimated total expenditure required for closure and post-closure care.

The estimated total expenditure represents the sum of discounted future cash flows associated with closure and post-closure care considering current technology, the length of the post-closure care period and current environmental regulations. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to future asset service potential, are expensed in the current year.

At year-end, the extent to which the First Nation is bound by environmental laws of the Manitoba Environmental Protection Act was not determinable, and therefore, no liability has been recorded in these consolidated financial statements.

16. Contingent assets

Brokenhead Ojibway Nation has initiated certain legal claims against other parties. Settlement proceeds were not received prior to March 31, 2021 and such proceeds will be recognized as revenue in the year received.

17. Comparative figures

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

Brokenhead Ojibway Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets

For the year ended March 31, 2021

	<i>Buildings</i>	<i>Equipment</i>	<i>Land</i>	<i>Infrastructure</i>	<i>Vehicles</i>	<i>Subsidized Housing</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	9,685,912	2,037,072	5,414,700	9,657,771	1,220,926	6,247,061	34,263,442
Acquisition of tangible capital assets	-	169,970	-	-	161,434	412,775	744,179
Balance, end of year	9,685,912	2,207,042	5,414,700	9,657,771	1,382,360	6,659,836	35,007,621
Accumulated amortization							
Balance, beginning of year	5,158,150	1,587,061	-	6,472,063	996,654	3,418,867	17,632,795
Annual amortization	175,507	195,541	-	-	195,894	233,599	800,541
Balance, end of year	5,333,657	1,782,602	-	6,472,063	1,192,548	3,652,466	18,433,336
Net book value of tangible capital assets	4,352,255	424,440	5,414,700	3,185,708	189,812	3,007,370	16,574,285
2020 Net book value of tangible capital assets	4,527,762	450,011	5,414,700	3,185,708	224,272	2,828,194	16,630,647

Brokenhead Ojibway Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2021

	<i>Subtotal</i>	<i>Non- subsidized Housing</i>	<i>2021</i>	<i>2020</i>
Cost				
Balance, beginning of year	34,263,442	9,914,249	44,177,691	44,054,714
Acquisition of tangible capital assets	744,179	1,550,272	2,294,451	122,977
Balance, end of year	35,007,621	11,464,521	46,472,142	44,177,691
Accumulated amortization				
Balance, beginning of year	17,632,795	5,420,083	23,052,878	21,889,591
Annual amortization	800,541	446,207	1,246,748	1,163,287
Balance, end of year	18,433,336	5,866,290	24,299,626	23,052,878
Net book value of tangible capital assets	16,574,285	5,598,231	22,172,516	21,124,813
2020 Net book value of tangible capital assets	16,630,647	4,494,166	21,124,813	

Brokenhead Ojibway Nation
Schedule 2 - Consolidated Schedule of Expenses by Object
For the year ended March 31, 2021

	2021	2020
Consolidated expenses by object		
Amortization	1,246,748	1,163,287
Bank charges and interest	795,457	260,648
COVID-19 relief transfer payments	1,452,568	-
Community donations	322,469	1,245,853
Cost of sales	11,398,656	12,182,826
Income assistance	1,322,564	1,027,102
Professional fees	2,082,179	844,404
Purchased goods and services	2,702,424	3,093,912
Repairs and maintenance	540,064	1,524,293
Salaries and benefits	7,187,070	4,472,173
South Beach Casino - IT project	1,067,807	-
Telephone and Internet	207,090	144,944
Training and travel	618,258	744,740
Utilities	499,189	351,240
	31,442,543	27,055,422

Brokenhead Ojibway Nation
Schedule 3 - Consolidated Summary Schedule of Operations by Segment
For the year ended March 31, 2021

	<i>Schedule #</i>	<i>Revenue and other items</i>	<i>Expenses</i>	<i>2021 Surplus (Deficit)</i>	<i>2020 Surplus (Deficit) (Restated)</i>
Segment					
Governance	4	2,314,567	2,116,882	197,685	(1,124,506)
Health	5	4,029,614	4,088,445	(58,831)	113,498
Economic Development	6	860,927	2,682,525	(1,821,598)	(206,706)
Public Works	7	3,212,321	2,086,319	1,126,002	55,648
Education	8	121,431	121,431	-	(24,264)
Social Services	9	1,761,596	1,764,218	(2,622)	(123,383)
COVID-19	10	3,015,990	3,038,218	(22,228)	35,569
Economic Enterprises	11	15,174,903	14,897,955	276,948	542,212
Subsidized Housing	12	469,131	646,550	(177,419)	(230,888)
		30,960,480	31,442,543	(482,063)	(962,820)

Brokenhead Ojibway Nation
Governance
Schedule 4 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Other revenue	2,276,565	120,057
Indigenous Services Canada	651,000	423,363
Revenue deferred in prior year	101,505	-
Revenue deferred to subsequent year	(714,503)	(101,505)
	2,314,567	441,915
Expenses		
Bank charges and interest	468,476	60,279
Professional fees	129,594	262,487
Purchased goods and services	366,378	328,256
Repairs and maintenance	154,573	9,123
Salaries and benefits	692,656	646,470
Telephone and Internet	34,547	18,559
Training and travel	259,835	219,388
Utilities	10,823	21,859
	2,116,882	1,566,421
Surplus (deficit)	197,685	(1,124,506)

Brokenhead Ojibway Nation
Health
Schedule 5 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	3,955,665	1,534,627
Other revenue	75,107	2,487,134
Revenue deferred in prior year	526,614	-
Revenue deferred to subsequent year	(527,772)	(526,614)
	4,029,614	3,495,147
Expenses		
Professional fees	188,723	66,124
Purchased goods and services	946,796	946,789
Repairs and maintenance	151,204	341,565
Salaries and benefits	2,512,209	1,658,236
Telephone and Internet	70,339	64,323
Training and travel	99,264	277,410
Utilities	119,910	27,202
	4,088,445	3,381,649
Surplus (deficit)	(58,831)	113,498

Brokenhead Ojibway Nation
Economic Development
Schedule 6 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020 (Restated)
Revenue		
Indigenous Services Canada	1,920,957	587,932
Other revenue	38,749	151,771
Revenue deferred in prior year	213,824	-
Revenue deferred to subsequent year	(571,911)	(213,824)
	1,601,619	525,879
Expenses		
Bank charges and interest	15,798	-
Professional fees	1,377,456	336,578
Purchased goods and services	71,972	698,960
Repairs and maintenance	4,042	145
Salaries and benefits	125,862	30,050
South Beach Casino - IT project	1,067,807	-
Training and travel	14,755	7,926
Utilities	4,833	-
	2,682,525	1,073,659
Deficit before other items	(1,080,906)	(547,780)
Other items		
Gain (loss) on investment in South Beach Group of Partnerships	(740,692)	341,074
Deficit	(1,821,598)	(206,706)

Brokenhead Ojibway Nation
Public Works
Schedule 7 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	1,171,965	1,406,513
Other revenue	902,220	2,347,962
Revenue deferred in prior year	1,601,564	726,354
Revenue deferred to subsequent year	(463,428)	(1,601,564)
	3,212,321	2,879,265
Expenses		
Amortization	795,404	902,247
Professional fees	104,347	21,879
Purchased goods and services	20,262	348,295
Repairs and maintenance	-	769,785
Salaries and benefits	726,305	345,960
Telephone and Internet	21,714	19,403
Training and travel	184,384	194,313
Utilities	233,903	221,735
	2,086,319	2,823,617
Surplus	1,126,002	55,648

Brokenhead Ojibway Nation
Education
Schedule 8 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	104,289	67,935
Other revenue	17,142	8,218
	121,431	76,153
Expenses		
Professional fees	45,715	2,687
Purchased goods and services	19,810	21,479
Repairs and maintenance	5,328	150
Salaries and benefits	47,707	56,616
Telephone and Internet	666	16,009
Training and travel	2,205	2,556
Utilities	-	920
	121,431	100,417
Surplus (deficit)	-	(24,264)

Brokenhead Ojibway Nation
Social Services
Schedule 9 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	1,828,578	1,142,828
Other revenue	308,621	225,957
Revenue deferred to subsequent year	(375,603)	-
	1,761,596	1,368,785
Expenses		
Bank charges and interest	1,904	2,082
Income assistance	1,322,564	1,027,102
Professional fees	24,572	54,778
Purchased goods and services	153,092	164,917
Repairs and maintenance	167	37
Salaries and benefits	218,060	207,408
Telephone and Internet	7,472	3,229
Training and travel	18,253	32,409
Utilities	18,134	206
	1,764,218	1,492,168
Deficit	(2,622)	(123,383)

Brokenhead Ojibway Nation
COVID-19
Schedule 10 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Indigenous Services Canada	2,972,211	275,438
Revenue deferred in prior year	43,779	-
Revenue deferred to subsequent year	-	(43,779)
	3,015,990	231,659
Expenses		
COVID-19 relief transfer payments	1,452,568	-
Professional fees	32,093	1,814
Purchased goods and services	295,991	13,736
Repairs and maintenance	31,984	12,194
Salaries and benefits	1,134,295	160,283
Telephone and Internet	36,459	146
Training and travel	28,901	3,917
Utilities	25,927	4,000
	3,038,218	196,090
Surplus (deficit)	(22,228)	35,569

Brokenhead Ojibway Nation
Economic Enterprises
Schedule 11 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
Product sales	13,534,748	13,500,495
Video Lottery Terminal revenue (net of payouts)	1,255,716	2,363,492
Other revenue	384,439	322,560
	15,174,903	16,186,547
Expenses		
Amortization	217,745	-
Bank charges and interest	266,125	146,708
Community donations	322,469	1,245,853
Cost of sales	11,398,656	12,182,826
Professional fees	149,172	92,639
Purchased goods and services	757,310	477,116
Repairs and maintenance	96,753	97,641
Salaries and benefits	1,566,365	1,296,138
Telephone and Internet	35,367	23,275
Training and travel	5,170	6,821
Utilities	82,823	75,318
	14,897,955	15,644,335
Surplus	276,948	542,212

Brokenhead Ojibway Nation
Subsidized Housing
Schedule 12 - Consolidated Schedule of Segment Operations
For the year ended March 31, 2021

	2021	2020
Revenue		
CMHC subsidies and tenant rent	469,131	546,178
Expenses		
Amortization	233,599	261,040
Bank charges and interest	43,154	51,579
Professional fees	30,507	5,418
Purchased goods and services	70,813	94,364
Repairs and maintenance	96,013	293,653
Salaries and benefits	163,611	71,012
Telephone and Internet	526	-
Training and travel	5,491	-
Utilities	2,836	-
	646,550	777,066
Deficit	(177,419)	(230,888)