

Buffalo Point First Nation
Consolidated Financial Statements
March 31, 2017

Buffalo Point First Nation

Contents

For the year ended March 31, 2017

Page

Management's Responsibility

Independent Auditors' Report

Consolidated Financial Statements

Consolidated Statement of Financial Position	1
Consolidated Statement of Operations and Accumulated Surplus (Deficit)	2
Consolidated Statement of Changes in Net Debt	4
Consolidated Statement of Cash Flows	5

Notes to the Consolidated Financial Statements	6
--	---

Schedules

Schedule 1 - Consolidated Schedule of Tangible Capital Assets	17
Schedule 2 - Consolidated Schedule of Expenses by Object	19
Schedule 3 - Consolidated Summary Schedule of Segment Revenue and Expenses	20
Schedule 4 - Consolidated Schedule of Revenue and Expenses - Administration	21
Schedule 5 - Consolidated Schedule of Revenue and Expenses - Social Assistance	22
Schedule 6 - Consolidated Schedule of Revenue and Expenses - Operations and Maintenance	23
Schedule 7 - Consolidated Schedule of Revenue and Expenses - Education	24
Schedule 8 - Consolidated Schedule of Revenue and Expenses - Capital	25
Schedule 9 - Consolidated Schedule of Revenue and Expenses - Targeted Programs	26
Schedule 10 - Consolidated Schedule of Revenue and Expenses - Wellness	27
Schedule 11 - Consolidated Schedule of Revenue and Expenses - Treaty Land Entitlement	28
Schedule 12 - Consolidated Schedule of Revenue and Expenses - CMHC	29
Schedule 13 - Consolidated Schedule of Revenue and Expenses - Natural Resources	30
Schedule 14 - Consolidated Schedule of Revenue and Expenses - Development Corporation	31

Management's Responsibility

To the Members of Buffalo Point First Nation:

The accompanying consolidated financial statements of Buffalo Point First Nation (the "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 principles 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 Buffalo Point First 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 Nation's external auditors.

MNP LLP is appointed by the Chief and Council of 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.

July 26, 2017



Councillor

Independent Auditors' Report

To the Members of Buffalo Point First Nation:

We have audited the accompanying consolidated financial statements of Buffalo Point First Nation, which comprise the consolidated statement of financial position as at March 31, 2017, and the consolidated statements of operations and accumulated surplus (deficit), changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Buffalo Point First Nation as at March 31, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Winnipeg, Manitoba

July 26, 2017

MNP LLP

Chartered Professional Accountants

Buffalo Point First Nation
Consolidated Statement of Financial Position
As at March 31, 2017

2017 **2016**

Financial assets

Cash	273,000	197,372
Accounts receivable (Note 3)	335,640	330,814
Inventory (Note 4)	118,738	95,626
Restricted cash (Note 5)	2,619	314,941
Long-term loans receivable (Note 6)	144,539	173,626
Patronage equity	27,537	26,694
	902,073	1,139,073

Liabilities

Bank indebtedness (Note 7)	35,424	73,893
Accounts payable and accruals (Note 8)	182,252	354,022
Deferred revenue (Note 9)	8,117,902	8,226,099
Advances from related parties (Note 10)	486,000	726,000
Long-term debt (Note 11)	2,265,839	2,213,734
Capital lease obligations (Note 12)	135,584	187,692
Promissory note (Note 13)	198,623	198,623
Legal settlement payable (Note 14)	110,000	340,000
	11,531,624	12,320,063

Net debt (10,629,551) (11,180,990)



Contingent liabilities (Note 15)


Non-financial assets

Tangible capital assets (Schedule 1)	10,856,731	11,700,516
Prepaid expenses	5,760	24,723
	10,862,491	11,725,239

Accumulated surplus (Note 16) 232,940 544,249

Approved on behalf of Chief and Council

 **Chief**
 **Councillor**

 **Councillor**

Buffalo Point First Nation

Consolidated Statement of Operations and Accumulated Surplus (Deficit)

For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue				
Indigenous and Northern Affairs Canada (INAC) (Note 17)		976,504	980,392	1,097,445
Buffalo Point First Nation (BPFN) sales tax and GST revenue sharing agreement		417,089	444,031	500,875
First Nations and Inuit Health (FNIH) (Note 17)		112,398	112,398	110,159
Canada Mortgage and Housing Corporation (CMHC)		101,206	99,944	95,081
Province of Manitoba		50,000	59,900	50,000
First Peoples Development Inc.		19,205	19,204	19,204
		1,676,402	1,715,869	1,872,764
Rental income		443,300	922,809	930,704
Restaurant and golf course sales		395,500	554,337	519,790
Marina sales		6,900	537,952	583,433
Property tax		644,473	459,336	448,247
Green fees		-	365,267	341,743
Other revenue		295,465	152,133	166,235
Contract revenue		159,168	117,242	87,353
Video lottery terminal (VLT)		121,671	105,776	122,829
Land lease revenue		-	37,159	433,819
Treaty Land Entitlement Committee		36,410	32,769	28,334
BPFN Income tax		12,365	13,966	15,615
Interest income		-	8,679	8,138
Revenue deferred in prior year (Note 9)		-	8,226,099	7,827,810
Revenue deferred to subsequent year (Note 9)		-	(8,117,902)	(8,226,099)
Prior year revenue recovered from funding agencies		-	-	129,812
		3,791,654	5,131,491	5,290,527
Segment expenses				
Administration	4	1,022,767	627,320	867,277
Social Assistance	5	95,769	83,307	88,043
Operations and Maintenance	6	122,604	129,427	135,727
Education	7	283,507	239,421	248,313
Capital	8	372,628	309,381	320,359
Targeted Programs	9	19,205	20,755	20,407
Wellness	10	100,969	103,003	99,831
Treaty Land Entitlement	11	33,100	33,922	25,524
CMHC	12	145,963	193,300	181,312
Natural Resources	13	50,000	50,000	-
Development Corporation	14	2,112,961	3,656,913	3,602,174
Total segment expenses		4,359,473	5,446,749	5,588,967
Deficit before other income (expense)		(567,819)	(315,258)	(298,440)
Other income (expense)				
Gain on disposal of tangible capital assets		-	3,949	33,792
Loss on legal settlement		-	-	(350,000)
		-	3,949	(316,208)
Annual deficit		(567,819)	(311,309)	(614,648)

Continued on next page

Buffalo Point First Nation
Consolidated Statement of Operations and Accumulated Surplus (Deficit)

For the year ended March 31, 2017

	<i>Schedules</i>	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Annual deficit <i>(Continued from previous page)</i>		(567,819)	(311,309)	(614,648)
Accumulated surplus, beginning of year		544,249	544,249	1,158,897
Accumulated surplus (deficit), end of year		(23,570)	232,940	544,249

The accompanying notes are an integral part of these consolidated financial statements

Buffalo Point First Nation
Consolidated Statement of Changes in Net Debt
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Annual deficit	(567,819)	(311,309)	(614,648)
Purchases of tangible capital assets	-	(47,325)	(176,643)
Amortization of tangible capital assets	785,218	889,310	971,328
Gain on sale of tangible capital assets	-	(3,949)	(33,792)
Proceeds on disposal of tangible capital assets	-	5,749	52,000
Acquisition of tangible capital assets under capital lease	-	-	(136,965)
Use of prepaid expenses	-	18,963	3,852
Decrease in net debt	217,399	551,439	65,132
Net debt, beginning of year	(11,180,990)	(11,180,990)	(11,246,122)
Net debt, end of year	(10,963,591)	(10,629,551)	(11,180,990)

Buffalo Point First Nation
Consolidated Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating activities		
Cash receipts from contributors	5,018,469	5,417,965
Cash paid to suppliers	(2,609,434)	(2,335,293)
Cash paid to employees	(1,993,439)	(2,022,612)
Interest on long-term debt	(130,486)	(104,298)
	285,110	955,762
Financing activities		
Advances of long-term debt	250,000	-
Repayment of long-term debt	(197,895)	(200,701)
Repayment of capital lease obligations	(52,108)	(55,635)
Repayment of advances from related parties	(240,000)	(120,000)
Change in bank indebtedness, net	(38,469)	(32,247)
Repayment of long-term loans receivable	29,087	11,245
Advance of long-term loans receivable	-	(66,400)
Repayment of legal settlement payable	(230,000)	-
	(479,385)	(463,738)
Capital activities		
Purchases of tangible capital assets	(47,325)	(176,643)
Proceeds on disposal of tangible capital assets	5,749	52,000
	(41,576)	(124,643)
Investing activities		
Increase in patronage equity	(843)	(791)
Decrease (increase) in restricted cash	312,322	(253,610)
	311,479	(254,401)
Increase in cash resources	75,628	112,980
Cash resources, beginning of year	197,372	84,392
Cash resources, end of year	273,000	197,372

The accompanying notes are an integral part of these consolidated financial statements

1. Operations

The Buffalo Point First Nation (the "Nation") is located in the Province of Manitoba, and provides various services to its Members. Buffalo Point First Nation reporting entity includes all related entities that are accountable to the Nation and are either owned or controlled by the Nation.

2. Significant accounting policies

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

Reporting entity

The Buffalo Point First Nation reporting entity includes the Nation government and all related enterprises that are accountable to the Nation and are either owned or controlled by the Nation. Trusts administered on behalf of third parties by Buffalo Point First Nation are excluded from the Nation reporting entity.

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

- Buffalo Point First Nation Housing Authority
- Buffalo Point Development Corp. Ltd. - The Development Corp. owns a 100% share of Lake of the Sandhills Ltd. and 100% share of 5246831 Manitoba Limited
- Buffalo Point First Nation

All inter-entity balances have been eliminated on consolidation.

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 available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Cash

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

Inventory

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

Deferred revenue

Deferred revenue consists of seasonal camping and docking fees that have been collected in advance, as well as other various prepaid sales and gift certificates.

Payments for lots are treated as lump sum payments in advance of rentals due on the lot over the lifetime of the lease. These rentals are taken into annual income in a systematic fashion over the life of the lease. When lease extensions are undertaken the proceeds are included with the unamortized portion of lease revenue and the accumulated total is amortized into revenue over the remaining life of the lease.

Collections and artifacts

The Nation possesses cultural resources including heritage sites, artwork and artifacts. No value has been assigned to these intangible assets in accordance with Canadian public sector accounting standards.

Tangible capital assets

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

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

Capital lease

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at the present value of the minimum lease payments. Assets under capital leases are amortized on a straight-line basis over the lease term. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

Amortization

Tangible capital assets are amortized annually using the following methods at rates intended to amortize the cost of the assets over their estimated useful lives:

	Years	Rate
Buildings	25	4-10 %
Housing	25	4 %
Roads and land improvement	40	2.5-4 %
Infrastructure	10-25	10 %
Equipment	10	10-30 %
Automobiles	5	15-30 %
Computers	3	20 %
Playground structure	25	4 %

Long-lived assets

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

The Nation performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. Impairment is measured as the amount by which the asset's carrying amount exceeds its fair value. Fair value is measured using prices for similar items. Any impairment is included in operations for the year.

Net debt

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

Non-financial assets

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

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

Revenue recognition

Government Transfers

The Nation recognizes a government transfer as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Nation recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Rent and subsidy revenue are recognized on a monthly basis under terms of the agreements.

Retail sales are recognized when services are provided or goods are delivered to the customer and the collectibility of proceeds is reasonably assured.

Contract revenues are recognized when the services are provided and the collectibility of proceeds is reasonably assured.

Lease revenues are deferred and recognized over the life of the lease.

Property tax revenues are recognized in the period that they are earned and collectibility of proceeds is reasonably assured.

VLT revenue is recognized as the net win from gaming activities (the difference between the gaming wins and gaming losses), consisting of slot machines, on a daily basis. Gaming revenue is net of commissions paid to Manitoba Liquor & Lotteries Corporation. Management believes that it is appropriate to present these gaming revenues net of commissions as these amounts are fixed as per their agreement with Manitoba Liquor & Lotteries Corporation.

Other revenue is recognized by the Nation when services are provided or goods are shipped and collectibility is reasonably assured.

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 and long-term loans receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. 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.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in operations in the periods in which they become known.

Lease payments

Property lease payments are treated as rent expense for the period based on the Nation not acquiring the benefits or obligations of ownership.

Lot leases and extensions

Lot leases and extensions are prepaid by the lessee. Monies received for lot leases are treated as unearned income and taken into income annually over the term of the individual leases.

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

Segments

The Nation has 11 reportable segments. These segments are differentiated by the major activities or services they provide. The Nation's segments are as follows:

Administration - reports on administration and governance activities
Social Assistance - reports on social assistance programs
Operations and Maintenance - reports on general operations and maintenance programs in the Nation
Education - reports on the operations of education programs
Capital - reports on capital projects
Targeted Programs - reports on proposal-driven projects
Wellness - reports on health and wellness programs funded by FNIH
Treaty Land Entitlement - reports on expenses incurred related to Treaty Land Entitlement
CMHC - reports on housing projects funded by CMHC
Natural Resources - reports on Natural Resources program
Development Corporation - reports on Buffalo Point Development Corp., Lake of the Sandhills Limited and 5246831 Manitoba Limited.

Inter-segment transfers are recorded at their exchange amount. The accounting policies of the segments are the same as those described in Note 2.

Employee future benefits

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

Funds held in Ottawa Trust Fund

Funds held in trust on behalf of Nation members by the Government of Canada in the Ottawa Trust Fund are reported on the 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 Nation tangible capital assets; and
- Revenue trust moneys generated primarily through land leasing transactions or interest earned on deposits held in trust.

Non-monetary transactions

Non-monetary transactions are recorded when there are exchanges of non-monetary assets, liabilities or services for other non-monetary assets, liabilities or services with little or no monetary consideration involved. Non-monetary transactions are measured at the carrying amount of the asset given up adjusted by the fair value of any monetary consideration received or given.

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

Liability for contaminated site

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 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 March 31, 2017.

At each financial reporting date, the Nation reviews the carrying amount of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. The 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.

Financial instruments

Amortized cost

The Nation has classified the following financial assets in the amortized cost category: cash, accounts receivable, restricted cash, long-term loans receivable and patronage equity. These assets are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Cash, accounts receivable, restricted cash, long-term loans receivable and patronage equity are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal payments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability.

The Nation has classified the following liabilities in the amortized cost category: bank indebtedness, accounts payable and accruals, advances from related parties, capital lease obligations, promissory note, legal settlement payable and long-term debt. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date.

Bank indebtedness, accounts payable and accruals, advances from related parties, capital lease obligations, promissory note, legal settlement payable and long-term debt are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to their net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount.

3. Accounts receivable

	2017	2016
Indigenous and Northern Affairs Canada (INAC)	33,742	6,469
Property taxes receivable	181,258	126,330
Accounts receivable	126,840	203,428
	341,840	336,227
Allowance for doubtful accounts	6,200	5,413
	335,640	330,814

Indigenous and Northern Affairs Canada (INAC) includes the amount per the INAC 2016-17 confirmation of \$27,273, while the remainder relates to previous year receivables.

Buffalo Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

4. Inventory

The cost of inventories recognized as an expense and included in cost of sales amounted to \$777,536 (2016 - \$826,980). There were no write-downs or reversals of write-downs of inventories recognized as an expense during the year.

5. Restricted cash

	2017	2016
CMHC replacement reserve - separate bank accounts and term deposits	28	99,083
Ottawa Trust Fund	236	236
Local revenue account	759	4,577
Funds held in trust	1,596	211,045
	2,619	314,941

CMHC replacement reserve

As required as part of the Nation's Canada Mortgage and Housing Corporation ("CMHC") Housing program, a separate bank account has been established for replacement of capital equipment and for major repairs to the houses. Under the terms of the agreements with CMHC, the replacement reserve must either be held in a separate bank account or invested in accounts or instruments secured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. At March 31, 2017, \$28 (2016 - \$99,083) had been deposited into separate accounts leaving an unfunded balance of \$237,662 (2016 - \$117,181).

Ottawa Trust Fund

The Ottawa Trust Fund arises 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 Nation on the authorization of the Minister of Indigenous and Northern Affairs Canada, with the consent of the Nation's Chief and Council.

Local revenue account

The Local Revenue Account arises from monies derived from property tax payments received from residents of Buffalo Point First Nation. This is a restricted account and can only be used for expenditures related to the delivery of services to property tax payers.

Funds held in trust

The amount held in trust is for the sale of a cottage for which the Nation acted as a broker.

Buffalo Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

6. Long-term loans receivable

The Nation provides financing for certain lot lease arrangements. Loans receivable consist of the following:

	<i>Principal</i>	<i>Allowance</i>	2017	2016
Loan receivable bearing interest at 5% (2016 - 5%) payable in bi-weekly installments of \$342, secured by related land, due May 2031.	112,500	-	90,934	94,700
Loan receivable bearing interest at 5.85% (2016 - 5.85%) payable in monthly installments of \$960, secured by related land, due July 2022.	66,400	-	53,605	61,153
Loan receivable repaid during the year.	22,600	-	-	17,773
			144,539	173,626

7. Bank indebtedness

The operating line of credit bears interest at 5.70% (2016 - 5.70%) and has an authorized limit of \$50,000 (2016 - \$50,000), secured by a general security agreement. The bank indebtedness balance as at March 31, 2017 includes outstanding cheques in the amount of \$79,679 (2016 - \$86,631).

8. Accounts payable and accruals

	2017	2016
Trade accounts payable	34,132	52,736
Payroll liabilities	51,676	70,110
Funds held in trust	10,000	210,000
Government remittances payable	73,309	8,348
Accrued interest payable	13,135	12,828
	182,252	354,022

9. Deferred revenue

	2017	2016
Unearned income from lot leases and extensions (Schedule 14)	7,941,348	8,063,406
Deferred marina revenue (Schedule 14)	176,554	162,693
	8,117,902	8,226,099

Income from the marina, lot leases and extensions are recognized over the term of the lease agreements which range from 5 - 75 years.

Buffalo Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

10. Advances from related parties

	2017	2016
Due to individual related to members of Council of Buffalo Point First Nation, note payable in annual instalments of \$150,000, non-interest bearing, secured by assets with a net book value of \$771,486 (2016 - \$799,176), due June 2018.	431,000	551,000
Due to individual related to members of Council of Buffalo Point First Nation, note payable in monthly instalments of \$10,000, free of interest, due August 2017, secured by cottages with a net book value of \$628,503 (2016 - \$661,582).	55,000	175,000
	486,000	726,000

11. Long-term debt

	2017	2016
CMHC loan with payments of \$878 per month including interest at 1.14%, maturing May 2026 with the next scheduled renewal in June 2021, amortized over 15 years, secured by a Ministerial guarantee and assignment of fire insurance for a three-unit rental housing project.	91,622	100,878
Loan payable in monthly instalments of \$4,331 including interest of 8.0%, due June 2025. The loan is secured by cottages with a net book value of \$328,126 (2016 - \$345,396).	312,010	337,875
CMHC loan with payments of \$6,252 per month including interest at 1.71%, maturing July 2032 with the next scheduled renewal in September 2017, amortized over 20 years, secured by a Ministerial guarantee and assignment of fire insurance for a twenty-unit rental housing project.	1,011,598	1,068,889
Loan payable in monthly installments of \$11,828 (2016 - \$11,442) including interest at prime (2.7%) plus 3.0%. The loan is secured by a general security agreement, providing a first charge on all assets of the Company, as well as a guarantee in the amount of \$2,050,000 from Buffalo Point First Nation, due September 2020.	693,881	539,917
CMHC loan with payments of \$979 per month including interest at 1.31%, maturing November 2031 with the next scheduled renewal in December 2021, amortized over 20 years, secured by a Ministerial guarantee and assignment of fire insurance for a two-unit rental housing project.	156,728	166,175
	2,265,839	2,213,734

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:

2018	210,500
2019	219,800
2020	231,000
2021	241,300
2022	252,600

The terms of the \$639,881 loan are subject to certain financial covenants with respect to debt service. As at March 31, 2017, the Nation was in compliance with all such covenants.

Buffalo Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

12. Capital lease obligations

	2017	2016
Equipment lease payable in six installments of \$2,635 per year, including interest at 6.79%, plus applicable taxes, due October 2017.	14,986	28,990
Equipment lease payable in monthly installments of \$217 per month, including interest at 12.33% plus applicable taxes, due February 2018.	2,251	4,851
Equipment lease payable in six installments of \$3,360 per year, including interest at 7.00%, plus applicable taxes, due October 2017.	19,084	36,888
Equipment lease payable in six installments of \$4,644 per year, including interest at 6.64%, plus applicable taxes, due October 2020.	99,263	116,963
	135,584	187,692

Minimum lease payments related to the obligations under capital leases are as follows:

2018	66,221
2019	27,864
2020	27,864
2021	27,864
	149,813
Less: imputed interest	14,229
	135,584

13. Promissory note

Promissory note payable to the Receiver General for Canada at the Office of the Minister of Indigenous and Northern Affairs Canada at Ottawa, Ontario on the earlier of March 31, 2019 or a date on which the related Claim is settled. The note is unsecured and interest-free until the maturity date.

14. Legal settlement payable

Legal settlement payable is due in a payment of \$110,000 due on or before May 31, 2017. Interest on the overdue amounts will accrue interest at 7% per annum.

15. Contingent liabilities

The Nation is subject to funding recoveries according to their agreements with federal government agencies. At year end it was not yet determined to what extent any funding amounts relating to the year ending March 31, 2017 might be recovered by these agencies.

At March 31, 2017, the Nation has determined that some contaminated sites exist, however, no determination has been made as to the cost of remediating these sites or whether the Nation is responsible for these costs. As a result, no liability has been recorded in these consolidated financial statements. When such a determination is made, an appropriate liability will be recorded in accordance with the accounting policy disclosed in Note 2.

Buffalo Point First Nation
Notes to the Consolidated Financial Statements
For the year ended March 31, 2017

16. Accumulated surplus

Accumulated surplus consists of the following:

	2017	2016
Equity in tangible capital assets	7,969,308	8,573,090
Replacement Reserve	237,690	216,264
Ottawa Trust Funds	236	236
Operating deficit	(7,974,294)	(8,245,341)
	232,940	544,249

17. INAC and FNIH revenue reconciliation

	2017	2016
INAC revenue reconciliation		
INAC revenue per funding agreement	980,392	1,097,445
INAC revenue per consolidated financial statement	(980,392)	(1,097,445)
	-	-
FNIH revenue reconciliation		
FNIH revenue per funding agreement	112,398	110,159
FNIH revenue per consolidated financial statement	(112,398)	(110,159)
	-	-

18. CMHC Reserves

Operating Reserve

The Nation's CMHC Housing Program receives funding pursuant to the Post 1997 - Fixed Subsidy Program. Any surpluses are externally restricted and reserved for future operating losses that relate to the operation of houses under this Program. These funds, along with accumulated interest, must be held in a separate bank account. Currently this reserve is at \$nil (\$nil - 2016).

Replacement Reserve

As required as part of the Nation's CMHC Housing Program, a replacement reserve has been established for replacement of capital equipment and for major repairs to the housing units. At March 31, 2017 the replacement reserve was underfunded by \$237,662 (2016 - \$117,181).

19. Commitments

The Nation has entered into an operating lease agreement for 10 new VLT machines with Manitoba Liquor & Lotteries. The annual payments are \$28,978 including interest at 2.35% over the seven year lease term. Estimated minimum annual payments over the next three years are as follows:

2018	\$28,978
2019	\$28,978
2020	\$ 3,901

20. Economic dependence

Buffalo Point First Nation receives 21% of its revenues (2016 - 23%) from INAC and FNIH as a result of Treaties entered into with the Government of Canada. These Treaties are administered by INAC under the terms and conditions of the Indian Act. The ability of the Nation to continue operations is dependent upon INAC and FNIH's continued financial commitments as guaranteed by these Treaties.

21. Provision for site rehabilitation

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

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

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

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

22. Budget information

Canadian public sector accounting (PSA) standards require the disclosure of budget information for comparison to the Nation's actual revenue and expenses. The consolidated budgeted revenue and expenses, and surplus have been approved by Chief and Council and reported in these consolidated financial statements.

23. Comparative figures

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

Buffalo Point First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Buildings</i>	<i>Housing</i>	<i>Road & Land improvements</i>	<i>Infrastructure</i>	<i>Equipment</i>	<i>Automobiles</i>	<i>Subtotal</i>
Cost							
Balance, beginning of year	8,769,805	2,640,409	13,378,715	581,686	1,637,084	691,901	27,699,600
Acquisition of tangible capital assets	9,523	-	-	-	12,407	25,395	47,325
Disposal of tangible capital assets	-	-	-	-	-	(14,364)	(14,364)
Balance, end of year	8,779,328	2,640,409	13,378,715	581,686	1,649,491	702,932	27,732,561
Accumulated amortization							
Balance, beginning of year	3,856,569	1,083,456	8,758,255	314,943	1,422,373	572,613	16,008,209
Annual amortization	303,097	106,197	331,102	22,030	114,244	12,133	888,803
Accumulated amortization on disposals	-	-	-	-	-	(12,564)	(12,564)
Balance, end of year	4,159,666	1,189,653	9,089,357	336,973	1,536,617	572,182	16,884,448
Net book value of tangible capital assets	4,619,662	1,450,756	4,289,358	244,713	112,874	130,750	10,848,113
2016 Net book value of tangible capital assets	4,913,236	1,556,953	4,620,460	266,743	214,711	119,288	11,691,391

Buffalo Point First Nation
Schedule 1 - Consolidated Schedule of Tangible Capital Assets
For the year ended March 31, 2017

	<i>Subtotal</i>	<i>Computers</i>	<i>Playground structure</i>	<i>2017</i>	<i>2016</i>
Cost					
Balance, beginning of year	27,699,600	14,963	12,674	27,727,237	27,522,654
Acquisition of tangible capital assets	47,325	-	-	47,325	313,608
Disposal of tangible capital assets	(14,364)	-	-	(14,364)	(109,025)
Balance, end of year	27,732,561	14,963	12,674	27,760,198	27,727,237
Accumulated amortization					
Balance, beginning of year	16,008,209	14,963	3,549	16,026,721	15,146,210
Annual amortization	888,803	-	507	889,310	971,328
Accumulated amortization on disposals	(12,564)	-	-	(12,564)	(90,817)
Balance, end of year	16,884,448	14,963	4,056	16,903,467	16,026,721
Net book value of tangible capital assets	10,848,113	-	8,618	10,856,731	11,700,516
2016 Net book value of tangible capital assets	11,691,391	-	9,125	11,700,516	

Buffalo Point First Nation
Schedule 2 - Schedule of Expenses by Object
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Expenses by object			
Advertising and promotion	1,000	68,826	76,228
Amortization	785,218	889,310	971,328
Automotive	47,500	50,641	56,303
Bad debts	-	787	100
Bank charges and interest	11,800	30,079	18,938
Community assistance	51,988	39,794	44,359
Contracted services	19,011	20,546	26,792
Fire protection	18,000	14,080	16,358
Honouraria	6,000	6,000	6,000
Insurance	109,389	141,209	130,410
Interest on long-term debt	86,035	130,486	104,298
Legal fees	50,000	68,874	245,137
Materials	232,706	777,536	826,980
Miscellaneous	28,999	63,859	59,605
Office supplies and maintenance	83,597	134,483	117,355
Professional fees	47,000	116,992	94,275
Program expenses	19,205	20,755	20,407
Property assessment	21,000	19,141	14,338
Rent	-	-	300
Repairs and maintenance	619,130	341,134	210,626
Salaries and benefits	1,566,106	1,993,439	2,022,612
Security	-	268	268
Supplies	106,000	68,169	63,122
Training	6,000	2,720	1,426
Travel	102,577	49,928	57,976
Tuition	173,802	171,264	178,803
Utilities	167,410	199,828	198,146
VLT lease	-	26,601	26,477
	4,359,473	5,446,749	5,588,967

Buffalo Point First Nation

Schedule 3 - Consolidated Summary Schedule of Segment Revenue and Expenses

For the year ended March 31, 2017

	<i>Total Revenue including other income (expense)</i>	<i>Total Expenses</i>	<i>Adjustments/ Transfers From (To)</i>	<i>Current Surplus (Deficit)</i>	<i>Prior Year Surplus (Deficit)</i>
				<i>2017</i>	<i>2016</i>
Administration	1,305,222	627,320	167,709	845,611	468,170
Social Assistance	87,016	83,307	-	3,709	5,461
Operations and Maintenance	122,604	129,427	-	(6,823)	91,631
Education	292,014	239,421	(29,364)	23,229	10,290
Capital	106,000	309,381	-	(203,381)	(214,359)
Targeted Programs	19,204	20,755	-	(1,551)	(1,203)
Wellness	112,398	103,003	(10,945)	(1,550)	(458)
Treaty Land Entitlement	32,769	33,922	(3,310)	(4,463)	-
CMHC	242,667	193,300	(11,090)	38,277	(5,665)
Natural Resources	59,900	50,000	-	9,900	51,420
Development Corporation	2,755,648	3,656,913	(113,000)	(1,014,265)	(1,019,935)
	5,135,440	5,446,749	-	(311,309)	(614,648)

Buffalo Point First Nation
Administration
Schedule 4 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Buffalo Point First Nation (BPFN) sales tax and GST revenue sharing agreement	417,089	444,031	500,875
Indigenous and Northern Affairs Canada (INAC)	368,624	372,759	383,315
Property tax	644,473	457,343	446,066
Other revenue	23,390	17,924	79,252
BPFN Income tax	12,365	13,966	15,615
Rental income	3,300	-	3,300
Prior year revenue recovered from funding agencies	-	-	129,812
	1,469,241	1,306,023	1,558,235
Expenses			
Bank charges and interest	8,950	3,509	8,935
Community event	-	-	10,000
Fire protection	18,000	14,024	16,169
Honouraria	6,000	6,000	6,000
Insurance	4,537	4,538	4,570
Legal fees	50,000	68,874	245,137
Office supplies and maintenance	34,450	29,393	35,739
Professional fees	38,000	49,875	39,597
Property assessment	21,000	19,141	14,338
Repairs and maintenance	460,599	21,067	14,295
Salaries and benefits	343,831	375,904	440,341
Training	6,000	720	1,426
Travel	16,000	10,032	15,652
Utilities	15,400	24,243	15,078
	1,022,767	627,320	867,277
Annual surplus before other income (expense)	446,474	678,703	690,958
Other income (expense)			
Gain (loss) on disposal of tangible capital assets	-	(801)	13,792
Loss on legal settlement	-	-	(350,000)
	-	(801)	(336,208)
Annual surplus before transfers	446,474	677,902	354,750
Transfers between programs	127,255	167,709	113,420
Annual surplus	573,729	845,611	468,170

Buffalo Point First Nation
Social Assistance
Schedule 5 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	2017 Budget	2017	2016
Revenue			
Indigenous and Northern Affairs Canada (INAC)	95,769	87,016	93,504
Expenses			
Community assistance	51,988	39,794	44,359
Salaries and benefits	43,781	43,513	43,535
Travel	-	-	149
	95,769	83,307	88,043
Annual surplus	-	3,709	5,461

Buffalo Point First Nation
Operations and Maintenance
Schedule 6 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada (INAC)	122,604	122,604	227,288
Other revenue	-	-	70
	122,604	122,604	227,358
Expenses			
Automotive	12,500	35,766	14,413
Insurance	21,920	22,090	48,762
Repairs and maintenance	-	687	1,776
Salaries and benefits	80,684	62,093	62,365
Supplies	-	2,391	541
Travel	-	29	368
Utilities	7,500	6,371	7,502
	122,604	129,427	135,727
Annual surplus (deficit)	-	(6,823)	91,631

Buffalo Point First Nation
Education

Schedule 7 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada (INAC)	283,507	292,014	287,337
Expenses			
Repairs and maintenance	-	179	226
Salaries and benefits	31,089	31,088	32,002
Supplies	-	3,055	2,225
Training	-	2,000	-
Travel	78,616	31,835	35,057
Tuition	173,802	171,264	178,803
	283,507	239,421	248,313
Annual surplus before transfers	-	52,593	39,024
Transfers between programs	-	(29,364)	(28,734)
Annual surplus	-	23,229	10,290

Buffalo Point First Nation
Capital
Schedule 8 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Indigenous and Northern Affairs Canada (INAC)	106,000	106,000	106,000
Expenses			
Amortization	266,628	243,090	320,359
Insurance	-	2,017	-
Repairs and maintenance	-	59,098	-
Supplies	106,000	4,777	-
Travel	-	324	-
Utilities	-	75	-
	372,628	309,381	320,359
Annual deficit	(266,628)	(203,381)	(214,359)

Buffalo Point First Nation
Targeted Programs
Schedule 9 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
First Peoples Development Inc.	19,205	19,204	19,204
Expenses			
Program expenses	19,205	20,755	20,407
Annual deficit	-	(1,551)	(1,203)

Buffalo Point First Nation
Wellness

Schedule 10 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
First Nations and Inuit Health (FNIH)	112,398	112,398	110,159
Expenses			
Contracted services	9,811	9,430	10,445
Fire protection	-	-	125
Miscellaneous	20,799	20,903	15,422
Office supplies and maintenance	2,797	4,113	5,334
Salaries and benefits	63,601	64,370	64,247
Travel	3,961	4,187	4,258
	100,969	103,003	99,831
Annual surplus before transfers	11,429	9,395	10,328
Transfers between programs	(10,945)	(10,945)	(10,786)
Annual surplus (deficit)	484	(1,550)	(458)

Buffalo Point First Nation
Treaty Land Entitlement
Schedule 11 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Treaty Land Entitlement Committee	36,410	32,769	28,334
Expenses			
Office supplies and maintenance	500	-	-
Professional fees	-	2,383	-
Salaries and benefits	30,000	30,000	25,000
Travel	2,600	1,417	524
Utilities	-	122	-
	33,100	33,922	25,524
Annual surplus (deficit) before transfers	3,310	(1,153)	2,810
Transfers between programs	(3,310)	(3,310)	(2,810)
Annual deficit	-	(4,463)	-

**Buffalo Point First Nation
CMHC**

Schedule 12 - Consolidated Schedule of Revenue and Expenses

For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Canada Mortgage and Housing Corporation (CMHC)	101,206	99,944	95,081
Rental income	70,000	142,697	91,407
Other revenue	1,450	26	249
	172,656	242,667	186,737
Expenses			
Amortization	74,012	106,197	106,197
Bank charges and interest	70	30	59
Insurance	8,219	7,828	8,219
Interest on long-term debt	22,862	21,442	24,232
Professional fees	9,000	3,780	11,455
Repairs and maintenance	8,800	34,434	8,546
Salaries and benefits	-	-	159
Utilities	23,000	19,589	22,445
	145,963	193,300	181,312
Annual surplus before transfers	26,693	49,367	5,425
Transfers between programs	-	(11,090)	(11,090)
Annual surplus (deficit)	26,693	38,277	(5,665)

Buffalo Point First Nation
Natural Resources
Schedule 13 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Province of Manitoba	50,000	59,900	50,000
Other revenue	-	-	1,420
	50,000	59,900	51,420
Expenses			
Salaries and benefits	50,000	50,000	-
Annual surplus	-	9,900	51,420

Buffalo Point First Nation
Development Corporation
Schedule 14 - Consolidated Schedule of Revenue and Expenses
For the year ended March 31, 2017

	<i>2017 Budget</i>	<i>2017</i>	<i>2016</i>
Revenue			
Rental income	370,000	780,113	835,998
Restaurant and golf course sales	395,500	554,337	519,790
Marina sales	6,900	537,952	583,433
Green fees	-	365,267	341,743
Other revenue	270,625	134,183	85,244
Contract revenue	159,168	117,242	87,353
Video lottery terminal (VLT)	121,671	105,776	122,829
Land lease revenue	-	37,159	433,819
Interest income	-	8,679	8,138
Property tax	-	1,993	2,181
Revenue deferred in prior year	-	8,226,099	7,827,810
Revenue deferred to subsequent year	-	(8,117,902)	(8,226,099)
	1,323,864	2,750,898	2,622,239
Expenses			
Advertising and promotion	1,000	68,826	76,228
Amortization	444,578	540,022	544,772
Automotive	35,000	14,875	41,890
Bad debts	-	787	100
Bank charges and interest	2,780	26,540	9,941
Contracted services	9,200	11,116	16,347
Fire protection	-	56	64
Insurance	74,713	104,736	68,859
Interest on long-term debt	63,173	109,044	80,066
Materials	232,706	777,536	826,980
Miscellaneous	8,200	42,956	34,183
Office supplies and maintenance	45,850	100,977	76,282
Professional fees	-	60,955	43,223
Rent	-	-	300
Repairs and maintenance	149,731	225,668	185,783
Salaries and benefits	923,120	1,336,472	1,354,964
Security	-	268	268
Supplies	-	57,946	60,356
Travel	1,400	2,104	1,969
Utilities	121,510	149,428	153,122
VLT lease	-	26,601	26,477
	2,112,961	3,656,913	3,602,174
Annual deficit before other income	(789,097)	(906,015)	(979,935)
Other income			
Gain on disposal of tangible capital assets	-	4,750	20,000
Annual deficit before transfers	(789,097)	(901,265)	(959,935)
Transfers between programs	(113,000)	(113,000)	(60,000)
Annual deficit	(902,097)	(1,014,265)	(1,019,935)